

**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2004**





GOLDSMITHS COLLEGE  
UNIVERSITY OF LONDON

# REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2004



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## MEMBERSHIP OF THE COUNCIL 2003-04

Chair:	Sir William Utting
Ex Officio	
Warden of the College:	Professor Ben Pimlott to 10.4.2004 Professor Kay Stables (Acting Warden from 12.1.2004)
Pro-Wardens:	Dr Philip Broadhead from 12.1.2004 Professor Helen Carr Professor Simon McVeigh Professor Kay Stables to 12.1.2004
Deputy Chair of Council:	Sir Robert Balchin
Clerk to the Goldsmiths' Company:	Mr Robin Buchanan-Dunlop
President of the Students' Union:	Ms Rhian Jones
Nominated by the University of London:	Professor Warwick Gould Professor Robert Pinker
Nominated by a local education or similar succeeding authority (to be selected by the Council) with responsibilities in South East London:	Cllr Kate Donnelly
Nominated by the Council of the London Borough of Lewisham or such succeeding body as shall exercise local jurisdiction in its place:	Ms Mee Ling Ng
Elected by the Academic Board:	Dr Carl Levy Professor Angela McRobbie Professor Robert Zimmer
Elected by the Academic Staff:	Professor Chris Jenks
Elected by the Non-Academic Staff:	Ms Marl'ene Edwin
Elected by the Students:	Vacancy
Co-opted by the Council:	Mr Keith Ajegbo Ms Marjorie Allthorpe-Guyton Mr Bob Annibale Sir Michael Burton Lady Celia Goodhart Mr Roger Harrison Mr Richard Ormond Dame Janet Ritterman Viscount Sandon Lord Slynn of Hadley

## MEMBERSHIP OF THE AUDIT COMMITTEE

<b>Chair:</b>	Mr Michael Tuke
<b>Appointed by the Council:</b>	Ms Marjorie Allthorpe-Guyton Mr Bob Annibale Mr Robin Buchanan-Dunlop Mr Alan Jinkinson Mr David Peake
<b>In attendance:</b>	Warden: Professor Ben Pimlott to 12.1.2004 Professor Kay Stables (Acting Warden from 12.1.2004) Secretary: Ms Sharon Page Director of Resources and Planning: Mr Ian Turner Head of Finance: Mr Barry Douglas
<b>Secretary: Committee Administrator:</b>	Ms Jane Offerman

## SENIOR EXECUTIVES

<b>Secretary:</b>	Ms Sharon Page
<b>Director of Resources and Planning:</b>	Mr Ian Turner
<b>Head of Finance:</b>	Mr Barry Douglas
<b>Academic Registrar:</b>	Ms Catherine Godman
<b>Head of Personnel:</b>	Mr Rob Letham
<b>Head of Estates and Services:</b>	Ms Diane Gamble
<b>Director of Information Services:</b>	Mrs Joan Pateman

## AUDITORS

**Knox Cropper**  
Chartered Accountants and Registered Auditors  
16 New Bridge Street  
London EC4V 6AX

## BANKERS

**National Westminster Bank plc**  
65 Peckham High Street  
London SE15 5RZ

## RESPONSIBILITIES OF THE COUNCIL

In accordance with the Charter and related Statutes, the Council of the College is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited Financial Statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College and enable it to ensure that the Financial Statements are prepared in accordance with the Charter and Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England (HEFCE) and the Council of the College, the Council, through its designated office holder<sup>1</sup>, is required to prepare Financial Statements for each financial year which give a true and fair view of the College's state of affairs, and of the surplus or deficit and cash flows for that year.

In causing the Financial Statements to be prepared, the Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the Financial Statements.

The Council has taken reasonable steps, including the requirement in its Ordinances for the receipt of advice from its Finance and Resources Committee on the allocation of resources and general financial management, and from its Audit Committee which has a wide independent remit over its affairs, to:

- ensure that funds from the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which that Funding Council may from time to time prescribe, and similarly with regard to funding agreements with the Teacher Training Agency (which is responsible for the funding of Initial Teacher Education) and the Learning Skills Council from which the College receives a small grant for further education provision;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.



The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly-defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approved levels set by the Council;
- comprehensive Financial Regulations detailing financial controls and procedures, approved by the Audit Committee and Council;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by Council and whose head provides the Audit Committee with a report on the internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

**1** In accordance with the Financial Memorandum, the College has to designate a principal office holder, acceptable to the Funding Council, who is required to:

- satisfy the College's Council that all conditions relating to the use of funds provided by the Funding Council are complied with;
- advise the College's Council if at any time any action or policy under consideration by it appears to the designated office holder to be incompatible with the terms of the Financial Memorandum. The designated office holder is required to inform the Chief Officer of the Funding Council in writing should the College's Council decide nevertheless to proceed.

**The Acting Warden of the College, Professor Kay Stables, is its designated office holder.**

# REPORT OF THE WARDEN

## SCOPE OF THE FINANCIAL STATEMENTS

These Financial Statements cover the activities of the College for the year ended 31 July 2004. The College has one subsidiary company, The Constance Howard Foundation which was incorporated in October 2003 and is a Company Limited by Guarantee. The Constance Howard Foundation has not yet traded.

## RESULTS FOR THE YEAR

The following table summarises the College's Income and Expenditure for the year ended 31 July 2004 in comparison with the previous year:

	2004 £'000	2003 £'000
Income	50,614	46,856
Expenditure	<u>49,996</u>	<u>47,115</u>
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation	618	(259)
Difference between historical cost depreciation charge and actual depreciation charge calculated on revalued amount	850	850
<b>Historic cost surplus</b>	<b><u>1,468</u></b>	<b><u>591</u></b>

The historic cost surplus on continuing operations of £1,468k represents an improvement of £877k on the previous year.

The College's total income increased by 8% in the year. Noteworthy changes within this increase are:

- Funding Council grants increased by 7.7% to £26,283k (2003 £24,407k).
- Tuition fees increased overall by 7.3% to £15,310k (2003 £14,270k). Home fees showed an increase of 1.8% and overseas fees an increase of 12.5%.
- Income from research grants and contracts has decreased by 6.2% to £1,692k (2003 £1,804k) due to a lower success rate in grant applications.
- Other income has increased by 15.7% due to an exceptional VAT recovery and an increase in income from conferences.

## CASH FLOW

Cash decreased by £524k in the year to £6,216k. Cash inflow from operations totalled £2.6m offset by expenditure, net of grants, on buildings and equipment of £2.9m.

## CREDITOR PAYMENTS POLICY

It is the College's policy to pay its creditors within the timescale set out in the terms of payment of its suppliers.

## CAPITAL PROJECTS

Capital expenditure during the year totalled £7,040k of which £4,611k related to the new Ben Pimlott Building (previously referred to as Phase 1 of the Arts Complex). The remaining £2,429k was used mainly for:

- the refurbishment of sections of the Anthropology Department, the Visual Arts Department and the Registry;
- the improvement of classrooms and computer facilities;
- improved facilities for disabled students, staff and visitors.

## **FUTURE DEVELOPMENTS**

The College is committed to a Strategic Plan which, amongst other things, includes a target to expand its student population and to further increase its research profile. Achievement of these key objectives involves the continued recruitment of teachers and researchers of national and international standing, the creation of new, stimulating and innovative academic programmes and the updating of the College's infrastructure.

The College has an ambitious Estates Strategy which identifies the need to refurbish outdated buildings and, significantly, the phased construction of a new Arts Complex on campus. The construction of Phase 1 (the Ben Pimlott Building) commenced this year and will be completed in 2004-05 at a cost of £10.2m. The building has been partially funded by the HEFCE Poor Estates Initiative Funding (£2.4m) and the HEFCE Science Research Investment Fund grants (£2.2m). Further work is required to develop a detailed specification for the remaining phases of the Arts Complex but initial estimates show that the project is likely to cost approximately £57m. As funding of this magnitude will not come from public sector sources alone, the College is planning a major fundraising initiative spearheaded by the newly-established Development Office.

## **DISABILITY STATEMENT**

The College welcomes applications from students with learning difficulties and disabilities. We are committed to a policy which allows, as far as possible, for equality of opportunity and access to the higher and further education programmes which we provide. In furtherance of this policy, the College has agreed a capital programme totalling £3m to address issues identified in a recently-commissioned disability audit of its accommodation. The College has undertaken a considerable amount of work in relation to the Disability Discrimination Act 2000 and the Disabled Persons (Employment) Act 1994 and is carrying out further works over the next few of years to ensure that the majority of the campus and halls are accessible to all.

## **CONCLUSION**

The College aims to build on its success and grow significantly over the medium term. The bold estates developments planned, including the construction of the Ben Pimlott Building, is expected to aid the realisation of our goal to increase student numbers. The College's latest financial forecast shows that, providing the target for growth in tuition fee income is met, investment in improving research quality together with other key strategic objectives may be achieved whilst maintaining a historic cost surplus. The College's strategy is ambitious and therefore not without risk, but it is underpinned by a determination to ensure its targets are met.

The College relies heavily upon its management, staff and committees to realise its objectives, and I would like to take this opportunity to record my thanks to them all for their support and endeavour over the past year. Special thanks are due to our external members of Council, whose advice and support have been invaluable during this challenging period.

Finally it remains for me to acknowledge the special contribution made to Goldsmiths College by the late Professor Ben Pimlott, Warden of the College from October 1998 to April 2004. It was with great sadness that earlier this year I heard of Professor Pimlott's untimely death after a short illness. During his tenure Ben presided over significant growth in College income, further advances in the Research Assessment Exercise and, perhaps most importantly, a steady improvement in the College's financial position. Professor Pimlott's clear vision for the College has guided it to many successes. Staff, students and members of Council value the excellent contribution made by Ben to Goldsmiths College and are deeply saddened by his passing.

**Professor Kay Stables**  
Acting Warden

**November 2004**

# CORPORATE GOVERNANCE

College Council, the Governing Body of Goldsmiths College, has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the College's Statutes and the Financial Memorandum with the HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2004 and up to the date of approval of the Financial Statements, and accords with HEFCE guidance.

Council has responsibility for reviewing the effectiveness of the system of internal control and has established the following processes:

- Meetings at least three times per year to consider the plans and strategic direction of the institution.
- The receipt of periodic reports from the Chair of the Audit Committee concerning internal control, and requests for reports from managers on the steps being taken to manage risks, including progress reports on key projects.
- The Audit Committee has taken on the formal responsibility for providing the oversight of risk issues.
- The Audit Committee receives reports from the Head of Internal Audit, which include their independent opinion on the adequacy and effectiveness of the Institution's system of internal control, together with recommendations for improvement.
- A regular programme of facilitated workshops, under the direction of a member of the College's Senior Management Team, the Director of Resources and Planning, is held to identify and keep up to date the record of risks facing the organisation.
- A programme of risk awareness training is under way.
- A system of key performance and risk indicators has been developed.
- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established.
- An organisation-wide risk register is now maintained.
- Reports are received from budget holders, department heads and project managers on internal control activities.

Our review of the effectiveness of the system of internal control is informed by the internal audit unit, which operates to standards defined in the HEFCE Audit Code of Practice and which has been reviewed for effectiveness by the HEFCE Audit Service. The internal auditors submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

# INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF GOLDSMITHS COLLEGE

We have audited the Financial Statements on pages 13 to 32 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets), and in accordance with the accounting policies set out on pages 17 to 19.

This report is made solely to the Council's members, as a body, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. Our audit work has been undertaken so that we might state to the Council's members those matters which we are required to state to them in an auditors' report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report or for the opinion we have formed.

## RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

As described in the statement of the Council's responsibilities on pages 6 and 7, the Council is responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view. We also report to you whether in our opinion monies expended out of funds from whatever source administered by the College for specific purposes were properly applied for those purposes and where relevant managed in accordance with appropriate legislation and whether monies expended out of funds provided by the Higher Education Funding Council for England and the Learning and Skills Council and the Teacher Training Agency were applied in accordance with the Financial Memorandum, and any other terms and conditions attached to them.

We also report to you if, in our opinion, the Report of the Warden is not consistent with the Financial Statements, if the College has not kept proper accounting records, the accounting records do not agree with the Financial Statements or if we have not received all the information and explanations we require for our audit.

We also, at the request of Council, review whether the statement on page 10 reflects the College's compliance with the relevant provisions of the Combined Code specified for our review by Council and we report if it does not.

We read the other information contained in the Warden's Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

## BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the Financial Statements and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

## OPINION

In our opinion:

- (i) the Financial Statements give a true and fair view of the state of affairs of the College at 31 July 2004 and of the surplus of income in relation to expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- (ii) in all material respects income from the Higher Education Funding Council for England, the Learning and Skills Council, and the Teacher Training Agency, and grants and income for specific purposes and from other restricted funds administered by the College, have been applied for the purposes for which they were received;
- (iii) in all material respects income has been applied in accordance with the College's Charter and Statutes and, where appropriate, with the Financial Memorandum (dated 1 October 2003) with the Higher Education Funding Council for England and funding agreements with the Learning and Skills Council, and the Teacher Training Agency.

Knox Cropper  
Chartered Accountants  
and Registered Auditors

16 New Bridge Street  
London EC4V 6AX

10 December 2004

# INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2004

	Note	2004 £'000	2003 £'000
<b>INCOME</b>			
Funding Council Grants	2	26,283	24,407
Tuition Fees and Support Grants	3	15,310	14,270
Research Grants and Contracts	4	1,692	1,804
Other Income	5	6,906	5,967
Endowment and Investment Income	6	423	408
<b>Total Income</b>		<b>50,614</b>	<b>46,856</b>
<b>EXPENDITURE</b>			
Staff Costs	7	31,095	29,219
Other Operating Expenses	9	15,970	15,001
Depreciation	12	2,443	2,407
Interest Payable	10	488	488
<b>Total Expenditure</b>		<b>49,996</b>	<b>47,115</b>
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before taxation		<b>618</b>	<b>(259)</b>
Taxation	11	–	–
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and taxation		<b>618</b>	<b>(259)</b>

## NOTE OF HISTORICAL SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2004

	Note	2004 £'000	2003 £'000
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and taxation		<b>618</b>	<b>(259)</b>
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	20	850	850
<b>Historical cost surplus for the period after taxation</b>		<b>1,468</b>	<b>591</b>

None of the College's major activities were acquired or discontinued during the above financial years

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

### FOR THE YEAR ENDED 31 JULY 2004

	Note	2004 £'000	2003 £'000
Surplus/(Deficit) after Depreciation of Assets at Valuation and Tax		618	(259)
(Depreciation)/Appreciation of Endowment Asset Investments	19	(12)	1
Endowment & Specific Funds Income Surplus	19	14	15
New Endowment Funds	19	2	13
<b>Total Recognised Gains/(Losses) relating to the year</b>		<b>622</b>	<b>(230)</b>
<b>RECONCILIATION</b>			
Opening Reserves and Endowments		40,628	40,858
Total Recognised Gains/(Losses) relating to the year		622	(230)
<b>Closing Reserves and Endowments</b>		<b>41,250</b>	<b>40,628</b>



## BALANCE SHEET

AS AT 31 JULY 2004

	Note	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>			
Tangible Assets	12	59,178	54,581
Investments	13	28	28
<b>ENDOWMENT ASSET INVESTMENTS</b>			
	14	1,232	1,228
<b>CURRENT ASSETS</b>			
Stocks		104	132
Debtors	15	2,509	2,007
Investments		2,399	2,310
Cash at Bank and in Hand		3,817	4,341
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	16	(7,158)	(6,472)
<b>NET CURRENT ASSETS</b>		<b>1,671</b>	<b>2,318</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>62,109</b>	<b>58,155</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
	17	(7,461)	(7,536)
<b>TOTAL NET ASSETS</b>		<b>54,648</b>	<b>50,619</b>
Represented by:			
<b>DEFERRED CAPITAL GRANTS</b>			
	18	13,398	9,991
<b>ENDOWMENTS</b>			
Specific	19	1,232	1,228
<b>RESERVES</b>			
Revaluation Reserve	20	28,797	29,647
General Reserve	21	11,221	9,753
<b>TOTAL FUNDS</b>		<b>54,648</b>	<b>50,619</b>

The Financial Statements on pages 13 to 32 were approved by Council on 9 December 2004 and signed on its behalf by:

Sir William Utting  
Chair of Council

Professor Kay Stables  
Acting Warden

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 JULY 2004

	Note	2004 £'000	2003 £'000
Net Cash Inflow from operating activities	24	2,621	3,381
Returns on Investments and servicing of Finance	25	(65)	(80)
Tax Paid		–	–
Capital Expenditure and Financial Investment	26	(2,916)	(2,176)
Management of Liquid Resources	27	(105)	(109)
Financing	28	(59)	(121)
<b>(Decrease)/Increase in Cash for the Period</b>		<b>(524)</b>	<b>895</b>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

(Decrease)/Increase in Cash for the Period	(524)	895
Decrease in Liquid Funds	105	109
Decrease in Loans	59	121
<b>Change in Net Debt</b>	<b>(360)</b>	<b>1,125</b>
Opening Net Funds at 1 August	(547)	(1,672)
<b>Closing Net Debt at 31 July</b>	<b>(907)</b>	<b>(547)</b>

# NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2004

## 1. PRINCIPAL ACCOUNTING POLICIES

### **Basis of Preparation**

The Financial Statements have been prepared in accordance with the statement of recommended practice (SORP): Accounting for Further and Higher Education and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council for England.

### **Basis of Accounting**

The Financial Statements have been prepared under the historical cost convention modified by the revaluation of certain fixed assets.

### **Consolidation**

In accordance with FRS 2, the Financial Statements do not contain those of the Goldsmiths Students' Union as, whilst the College is obliged to monitor expenditure and budgets within codes of practice, it does not exert control or have dominant influence over policy decisions which do not conflict with those codes. The expenditure shown in the Income and Expenditure Account of the College relates to the College's contribution to Union activities.

### **Recognition of Income**

Income from sponsored research grants, contracts and other services rendered is recognised to the extent of direct expenditure incurred during the year plus any related contributions towards overhead costs. All income from short-term deposits is credited to the Income and Expenditure Account in the period in which it is earned.

Investment income attributable to Endowment Funds and Prize Funds is credited direct to those funds and not passed through the Income and Expenditure Account except to the extent of matching related expenditure. Investment income relating to general funds is taken to the Income and Expenditure Account.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

### **Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

### **Maintenance of Premises**

Expenditure on routine corrective maintenance is charged to the Income and Expenditure Account as incurred.

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

### Tangible Fixed Assets

In keeping with FRS 15, all land and buildings existing at 31 July 1993 and revalued at 31 July 1994 by Frank Durrant Westmore and Reeves, Chartered Surveyors, will be retained at those values as cost. Properties used for educational and hostel purposes have been valued on the Depreciated Replacement Cost basis and residential properties on the basis of Open Market Value For Existing Use. Additions since revaluation are stated at cost.

Buildings purchased under leasing arrangements that transfer substantially all the risks and rewards of ownership to the College have been capitalised. The capital element of future rental obligations is included in creditors. The interest element of the rental obligations is charged to the Income and Expenditure Account so as to produce a proportionate rate of charge on the basis of future obligations for each accounting period. Assets held under finance leases are depreciated on the same basis as similar assets according to categories shown below.

All Plant and Equipment below an initial cost of £7,500 per individual item or group of related items have been written off against the funds provided for their purchase. Plant and Equipment costing £7,500 and over are capitalised and written off over their useful lives as indicated in the depreciation table below.

Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated according to the categories in which they fall. The related grants are treated as deferred capital grants and released to income over their expected useful lives.

Fixed assets in the course of construction are not depreciated until their year of completion.

Depreciation is provided on cost or valuation on a straight-line basis so as to write off the assets over their estimated useful lives. The rates of depreciation used are as follows:

Freehold Land	Nil
Freehold Buildings (Long-term)	2.5% per annum
Freehold Buildings (Short-term and Refurbishments)	10% per annum
Leaseholds	over the terms of the leases
Plant and Equipment (Library Stacks)	10% per annum
Administrative Computer Systems	20% per annum
Other Plant and Equipment	33.33% per annum

### Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks held by departments are written off as purchased as being of immaterial value.

### Investments

Fixed Asset Investments and Endowment Asset Investments are shown at market value where known. Endowment and restricted funds held on temporary deposit or on short-term money market form part of the liquid funds. These funds are shown as capital contributed plus net accumulated interest.

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

### **Pensions**

The two pension schemes in which the College participates are the Universities Superannuation Scheme (USS) for academic and academically-related staff and the London Pension Fund Authority (LPFA) for other administrative technical, clerical and manual staff. Both schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P).

The liabilities are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years actuaries review the progress of the schemes. Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services.

The annual employers' pension contributions borne by the College are included in salary costs charged to the various heads of expenditure. Further details of the schemes are given in Note 30 to the Accounts.

Costs relating to premature retirement, restructuring and unfunded pensions are treated as additional salary costs.

### **Taxation**

The College is an educational charity incorporated under a Royal Charter granted on 1 January 1990. It is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or gains received within categories covered by Section 505 of ICTA 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

In regard to income from research and consultancy and from non-student lettings and associated income, the College has applied the Inland Revenue guidelines and has considered that the level of activity in each of those areas does not constitute a trade and so will not give rise to a charge to tax. Accordingly, no provision has been made in the Accounts for taxation.

# NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>2. FUNDING COUNCIL GRANTS</b>		
<b>Recurrent Grants</b>		
Higher Education Funding Council		
Teaching	13,430	13,223
Research	6,421	6,207
Teacher Training Agency	3,263	2,378
Learning and Skills Council	233	264
<b>Total Recurrent Grants</b>	<b>23,347</b>	<b>22,072</b>
Higher Education Funding Council		
Premature Retirement Compensation	180	186
HR Supplement	849	551
Reach-out	150	145
Learning and Teaching	48	70
Other Grants	274	97
Teacher Training Agency		
Other Grants	734	723
<b>Total Recurrent &amp; Specific Grants</b>	<b>25,582</b>	<b>23,844</b>
<b>Deferred Capital Grants Released in Year</b>		
Buildings (Note 18)	380	388
Equipment (Note 18)	321	175
	<b>26,283</b>	<b>24,407</b>
<b>3. TUITION FEES AND SUPPORT GRANTS</b>		
Full-time Students	5,945	5,940
Non-EU Students	7,516	6,679
Part-time Students	1,447	1,320
Short Course Fees	366	298
Research Training Support Grants	36	33
	<b>15,310</b>	<b>14,270</b>
Fees funded through the United States Family Education Loan Programme amounted to £285k and represented 2.11% of total full-time fees		
<b>4. RESEARCH GRANTS AND CONTRACTS</b>		
Research Councils	723	571
UK Based Charities	360	404
Other Grants and Contracts	609	829
	<b>1,692</b>	<b>1,804</b>

# NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>5. OTHER INCOME</b>		
Residence, Catering and Conferences	4,875	4,476
Other Services Rendered	764	789
Other Income	800	702
Exceptional VAT recovery	467	–
	<b>6,906</b>	<b>5,967</b>

## 6. ENDOWMENT AND INVESTMENT INCOME

Transferred from Specific Endowments (Note 19)	55	58
Income from Short Term Investments	368	350
	<b>423</b>	<b>408</b>

## 7. STAFF COSTS

The average weekly number of persons (including senior post-holders) employed by the College during the period, expressed as full-time equivalents, was:

	Number	Number
Teaching and Research	402	393
Administrative	133	123
Technical	61	60
Clerical	176	176
Other	80	84
	<b>852</b>	<b>836</b>

	£'000	£'000
Salaries and Wages	25,963	24,420
Social Security Costs	2,170	1,923
Other Pension Costs (Note 30)	2,663	2,512
Restructuring Costs	299	364
	<b>31,095</b>	<b>29,219</b>

Academic Departments	19,965	18,576
Academic Services	2,222	2,059
Research Grants and Contracts	905	1,054
Residences, Catering and Conferences	594	590
Premises	1,743	1,707
Administration	4,705	4,268
General Educational	263	195
Other Services Rendered	399	406
Other	299	364
	<b>31,095</b>	<b>29,219</b>

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>8. REMUNERATION OF DIRECTORS AND HIGHER PAID EMPLOYEES</b>		
The emoluments of the Warden's post (Professor Ben Pimlott to 10.4.2004 and Professor Kay Stables from that date) were:		
Remuneration	117	133
USS Pension contributions (paid at the same rates as for other academic staff)	17	19
Taxable benefit in kind (fiscal year basis)	–	–
	<b>134</b>	<b>152</b>
Remuneration of other Higher Paid Staff, excluding employer's pension contributions, fall in the following band:		
	<b>Number</b>	<b>Number</b>
£70,000-£79,999	1	1
£80,000-£89,999	1	–
	<b>£'000</b>	<b>£'000</b>
<b>9. OTHER OPERATING EXPENSES</b>		
Academic Departments	3,044	2,796
Academic Services	963	1,019
Research Grants and Contracts	489	415
Residences, Catering and Conferences	3,655	3,246
Premises	3,390	3,453
Administration	2,879	2,671
General Educational	1,352	1,223
Other Services Rendered	198	178
<b>Total</b>	<b>15,970</b>	<b>15,001</b>
Other Operating Expenses include:		
Auditors' Remuneration (External Audit)	32	30
Auditors' Remuneration (Internal Audit)	29	37
Equipment Operating Lease Rentals	–	–
<b>10. INTEREST PAYABLE</b>		
Loans not wholly repayable within five years	98	104
Finance Leases	390	384
	<b>488</b>	<b>488</b>
<b>11. TAXATION</b>		
The charitable status of the College and the application of the CVCP/Revenue guidelines to its other quasi-commercial activities do not render the College liable to Corporation Tax. Accordingly no provision has been made for taxation.		



# NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2004

## 12. TANGIBLE ASSETS

	Land & Buildings			Equipment	Total
	Freehold	Short Leasehold	Financed Leasehold		
	£'000	£'000	£'000	£'000	£'000
<b>Valuation/Cost</b>					
At 1 August 2003					
Valuation	44,469	20	–	–	44,489
Cost	16,236	–	5,785	5,736	27,757
Additions at Cost	6,442	–	–	598	7,040
At 31 July 2004					
Valuation	<b>44,469</b>	<b>20</b>	–	–	<b>44,489</b>
Cost	<b>22,678</b>	–	<b>5,785</b>	<b>6,334</b>	<b>34,797</b>
<b>Depreciation</b>					
At 1 August 2003	12,117	5	496	5,047	17,665
Charge for Year	1,670	1	165	607	2,443
At 31 July 2004	<b>13,787</b>	<b>6</b>	<b>661</b>	<b>5,654</b>	<b>20,108</b>
<b>Net Book Value</b>					
At 31 July 2004	<b>53,360</b>	<b>14</b>	<b>5,124</b>	<b>680</b>	<b>59,178</b>
At 1 August 2003	<b>48,588</b>	<b>15</b>	<b>5,289</b>	<b>689</b>	<b>54,581</b>

Buildings with a net book value of £9,698k and cost of £12,942k have been funded from Treasury sources; should these particular buildings be sold, the College would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the HEFCE.

	2004 £'000	2003 £'000
<b>13. LONG-TERM INVESTMENTS</b>	<b>28</b>	<b>28</b>

Investments are shown at cost and represent 27,782 ordinary shares, fully paid, in CVCP Properties plc and 240 £1 shares in i2 Media Ltd representing a 24% shareholding.

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>14. ENDOWMENT ASSET INVESTMENTS</b>		
Balance at 1 August 2003	1,228	1,199
Additions	16	28
Appreciation/(Depreciation) in Market Value	(12)	1
	<b>1,232</b>	<b>1,228</b>
Represented by:		
Equities	819	831
Bank Balances	413	397
	<b>1,232</b>	<b>1,228</b>
<b>15. DEBTORS</b>		
<b>Amounts falling due within one year</b>		
Student Debts	677	363
Other Debts	807	638
Prepayments and accrued income	1,015	1,006
	<b>2,499</b>	<b>2,007</b>
Amounts falling due after more than one year	10	–
	<b>2,509</b>	<b>2,007</b>
<b>16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Mortgages and Unsecured Loans	31	25
Obligations Under Finance Leases (Note 22)	44	34
Trade Creditors	3,641	3,404
Social Security and Other Taxation Payable	769	738
Accruals and Deferred Income	2,673	2,271
	<b>7,158</b>	<b>6,472</b>
<b>17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Mortgage secured on residential property repayable by 2021	1,803	1,834
Others	5,658	5,702
	<b>7,461</b>	<b>7,536</b>

A 25 year mortgage taken out in March 1996 is held by Capital Bank Plc (part of the Royal Bank of Scotland) on Raymont Hall. The rate of interest is fixed until March 2005 and averages 5.31%.

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>18. DEFERRED CAPITAL GRANTS FROM THE HEFCE AND ITS PREDECESSORS</b>		
At 1 August:		
Buildings	9,806	9,929
Equipment	185	319
Cash received:		
Buildings	3,587	265
Equipment	521	41
<b>Total</b>	<b>4,108</b>	<b>306</b>
Released to Income & Expenditure		
Buildings Depreciation (Note 2)	380	388
Equipment Depreciation (Note 2)	321	175
<b>Total</b>	<b>701</b>	<b>563</b>
At 31 July:		
Buildings	13,013	9,806
Equipment	385	185
<b>Total</b>	<b>13,398</b>	<b>9,991</b>
<b>19. ENDOWMENTS AND SPECIFIC FUNDS</b>		
At 1 August	1,228	1,199
Income for Year	69	73
Transferred to Income and Expenditure Account (Note 6)	(55)	(58)
New Funds	2	13
Increase/(Decrease) in Market Value of Investments	(12)	1
<b>At 31 July</b>	<b>1,232</b>	<b>1,228</b>
<b>Representing:</b>		
Prize and Memorial Funds	503	487
Chairs and Lectureships Funds	717	727
Other Funds	12	14
	<b>1,232</b>	<b>1,228</b>

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>20. REVALUATION RESERVE</b>		
Land and Buildings at 1 August	29,647	30,497
Contributions to Depreciation (Note 21)	(850)	(850)
<b>As at 31 July</b>	<b>28,797</b>	<b>29,647</b>
<b>21. GENERAL RESERVE</b>		
Balance at 1 August	9,753	9,162
Surplus/(Deficit) after depreciation of assets at valuation and tax	618	(259)
Releases from Revaluation Reserve (Note 20)	850	850
<b>Balance at 31 July</b>	<b>11,221</b>	<b>9,753</b>
<b>22. LEASE OBLIGATIONS</b>		
<b>Obligations under finance leases fall due as follows:</b>		
Between two and five years (Note 17)	266	229
Over five years	5,392	5,473
<b>Total over one year</b>	<b>5,658</b>	<b>5,702</b>
Within one year (Note 16)	44	34
<b>Total</b>	<b>5,702</b>	<b>5,736</b>
<b>Operating lease commitments for the forthcoming financial year are as follows:</b>		
<b>Land and Buildings</b>		
On leases expiring within one year	–	–
On leases expiring within two and five years	194	194
On leases expiring after five years	1,467	1,419
<b>Equipment</b>		
On leases expiring within one year	–	–
On leases expiring within two and five years	–	–
On leases expiring after five years	–	–
<b>Total</b>	<b>1,661</b>	<b>1,613</b>

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>23. CAPITAL COMMITMENTS</b>		
Commitments contracted as at 31 July	5,033	2,193
Authorised but not contracted as at 31 July	7,650	13,606
(To be partially funded by HEFCE capital grant of £6,531k)		
	<b>12,683</b>	<b>15,799</b>
<b>24. RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH FROM OPERATIONS</b>		
Operating Surplus/(Deficit) before transfers	618	(259)
Depreciation	2,443	2,407
Contribution to Depreciation from Capital Grants	(701)	(563)
Investment Income	(423)	(408)
Loan Interest Paid – Residences	488	488
Decrease/(Increase) in Stocks	28	(14)
(Increase)/Decrease in Debtors	(502)	752
Increase in Creditors	670	978
<b>Net Cash Inflow from Operations</b>	<b>2,621</b>	<b>3,381</b>
<b>25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Income from Endowments and Specific Funds (Note 6)	55	58
Income from Short-term Investments (Note 6)	368	350
Interest Paid (Note 10)	(488)	(488)
	<b>(65)</b>	<b>(80)</b>
<b>26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS</b>		
Payments to acquire Tangible Fixed Assets (Note 12)	(7,040)	(2,510)
Receipts from sale of Tangible Fixed Assets	–	–
Deferred Capital Grants received (Note 18)	4,108	306
Endowment and Specific Fund Additions and Income (Note 19)	16	28
	<b>(2,916)</b>	<b>(2,176)</b>
<b>27. MANAGEMENT OF LIQUID RESOURCES</b>		
Short Term Deposits	(105)	(109)
<b>28. FINANCING</b>		
Loan Redemptions	(25)	(100)
Capital Element of Finance Lease Repayments	(34)	(21)
	<b>(59)</b>	<b>(121)</b>

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	At 31 July 2003 £'000	Cash Flow £'000	Other Changes £'000	At 31 July 2004 £'000
<b>29. ANALYSIS OF CHANGES IN NET DEBT</b>				
Cash at Bank and in Hand	4,341	(524)		3,817
Current Asset Investment	2,707	105		2,812
Debts due within one year	(59)	59	(75)	(75)
Debts due after more than one year	(7,536)	–	75	(7,461)
<b>Net Debt and Total Movements</b>	<b>(547)</b>	<b>(360)</b>	<b>–</b>	<b>(907)</b>

## 30. PENSION SCHEMES

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the London Pension Fund Authority (LPFA). The assets of the schemes are held in separate trustee-administered funds. The schemes are defined benefit schemes which are externally funded and are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

### University Superannuation Scheme

The USS is a defined benefits scheme which is externally funded and contracted out of the State Second Pension (SP2). The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify the institution's share of the underlying assets and liabilities in the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions which have the most significant effect on the result of the valuation are those relating to rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the valuation of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

### 30. PENSION SCHEMES (CONTINUED)

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5m (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

The total pension cost for the institution was £2,299k (2003: £2,171k). This includes £291k (2003: £269k) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of pensionable salaries.

#### London Pension Fund Superannuation Scheme

The London Pension Fund Superannuation Scheme is valued every three years by a professionally qualified independent actuary using the projected unit credit method, the rate of contribution payable being determined by the actuary. The latest formal valuation of the fund for the purpose of setting employer's actual contributions was at 31 March 2001, the valuation as at 31 March 2004 being still in progress.

In accordance with Financial Reporting Standard ('FRS') 17, the actuarial valuation at 31 July 2003 has been reviewed and updated as at 31 July 2004 based upon the following annual financial assumptions:

	2004 Percentage per annum	2003 Percentage per annum
Inflation assumption	2.9%	2.6%
Rate of increase in salaries	4.4%	4.1%
Rate of increase in pensions payment	2.9%	2.6%
Discount rate	5.8%	5.5%

The pension fund assets and expected rate of return as at 31 July are as follows:

	Expected rate of return at:		Fair value as at:	
	2004 Percentage per annum	2003 Percentage per annum	2004 £'000	2003 £'000
Equities	7.9%	8.0%	1,093,000	1,052,900
Bonds	5.4%	5.0%	159,000	169,800
Property	6.7%	6.0%	105,000	65,800
Cash	4.5%	3.5%	17,000	–
<b>Total</b>	<b>7.5%</b>	<b>7.5%</b>	<b>1,374,000</b>	<b>1,288,500</b>

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>30. PENSION SCHEMES (CONTINUED)</b>		
On the basis of the actuary's calculation the asset share in respect of the College as at 31 July 2004 was 1.13% (2003 1.11%) made up as follows:		
Estimated Asset Share	<b>15,584</b>	<b>14,360</b>
Present value of scheme liabilities	(22,927)	(21,150)
Present value of unfunded liabilities	(428)	(420)
<b>Total value of liabilities</b>	<b>(23,355)</b>	<b>(21,570)</b>
<b>Net Pension Liability</b>	<b>(7,771)</b>	<b>(7,210)</b>
Under the transitional arrangements of FRS 17, the College has made no provision for the institution's share of the deficit of the scheme. If provision were made the entries would be:		
<b>Balance Sheet Presentation</b>		
Net Assets excluding FRS 17 pension liability	54,648	50,619
Net pension liability	(7,771)	(7,210)
<b>Net Assets including FRS 17 pension liability</b>	<b>46,877</b>	<b>43,409</b>
<b>Reserves Note</b>		
General Reserve excluding FRS 17 pension liability	11,221	9,753
Net pension liability	(7,771)	(7,210)
<b>Net Reserves including FRS 17 pension liability</b>	<b>3,450</b>	<b>2,543</b>
<b>Analysis of the amount charged to the Income and Expenditure Account</b>		
Service cost	796	540
Past service costs	–	–
<b>Total Operating Charge</b>	<b>796</b>	<b>540</b>
<b>Analysis of the net return on pension scheme assets</b>		
Expected return on pension scheme assets	1,082	1,080
Interest on pension scheme liabilities	(1,203)	(1,060)
<b>Net Return</b>	<b>(121)</b>	<b>20</b>



# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>30. PENSION SCHEMES (CONTINUED)</b>		
<b>Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	9	(980)
Experience gains and losses arising on the scheme liabilities	(18)	(140)
Changes in financial assumptions underlying the present value of the scheme liabilities	(29)	(2,360)
<b>Actuarial loss in pension plan recognised in STRGL</b>	<b>(38)</b>	<b>(3,480)</b>
<b>Movement in Deficit during the year</b>		
Deficit at the beginning of the year	(7,210)	(3,520)
Current service cost	(796)	(540)
Employer contributions net of benefits paid	363	310
Contributions in respect of unfunded benefits	31	–
Net return on assets	(121)	20
Actuarial loss	(38)	(3,480)
<b>Deficit at 31 July</b>	<b>(7,771)</b>	<b>(7,210)</b>
<b>History of Experience Gains and Losses</b>		
Difference between the expected and actual return on assets	9	(980)
Value of assets	15,584	14,360
<i>Percentage of assets</i>	<i>(0.1%)</i>	<i>(6.8%)</i>
Experience losses on liabilities	(18)	(140)
Present value of liabilities	23,355	21,570
<i>Percentage of the present value of liabilities</i>	<i>(0.1%)</i>	<i>(0.6%)</i>
Actuarial losses recognised in STRGL	(38)	(3,480)
Present value of liabilities	23,355	21,570
<i>Percentage of the present value of liabilities</i>	<i>(0.2%)</i>	<i>(16.1%)</i>

With effect from April 2001, the College's contribution was 7.3% of pensionable salaries for non-academic staff. The pension charge for the year to 31 July 2004 was £364k (2003 £341k).

# NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 JULY 2004

	2004 £'000	2003 £'000
<b>31. HARDSHIP FUNDS</b>		
Balance at 1 August	73	72
Funding Council Grants	551	583
Interest Earned	4	4
Disbursed to Students and Administration	(622)	(586)
<b>Underspent at 31 July</b>	<b>6</b>	<b>73</b>
<b>32. TTA TRAINING BURSARIES</b>		
Balance at 1 August	245	127
Grants received	2,385	2,165
Payments to Trainees	(2,349)	(2,047)
<b>Underspent at 31 July</b>	<b>281</b>	<b>245</b>
<b>33. TTA SECONDARY SHORTAGE SUBJECT SCHEME</b>		
Balance at 1 August	2	3
Grants received	108	94
Payments to Trainees	(110)	(95)
<b>Underspent at 31 July</b>	<b>–</b>	<b>2</b>

Funding Council grants shown in notes 31-33 are available solely for students, the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. The balance at 31 July is included in Creditors.

## **34. RELATED PARTY TRANSACTIONS**

Due to the nature of the College's operations and the composition of the Council (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.



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