

A Company limited by guarantee not having a share capital  
An exempt charity for the purposes of the Charities Act 1993

Registered in England and Wales: Number 986729  
Registered Office: Old Royal Naval College, Park Row, Greenwich, London, SE10 9LS

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2003**

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## **OFFICERS AND PROFESSIONAL ADVISERS**

|                                |  |
|--------------------------------|--|
| Chancellor                     | The Lord Holme of Cheltenham CBE   |
| Pro Chancellor and Chairman    | Mr C.R.H. Bull   |
| Vice-Chancellor                | Prof. R.H. Trainor   |
| Secretary & Clerk to the Court | Mrs L. Cording   |
| External Auditors              | RSM Robson Rhodes LLP<br>Chartered Accountants and<br>Registered Auditors<br>Bryanston Court, Selden Hill<br>Hemel Hempstead HP2 4TN |
| Internal Auditors              | Deloitte & Touche<br>Hill House<br>1 Little New Street<br>London EC4A 3TR  |
| Bankers                        | Barclays Bank PLC<br>Maidstone Corporate Banking Centre<br>P.O. Box No 427<br>40/46 High Street<br>Maidstone<br>Kent ME14 1TW        |
| Solicitors                     | Stephenson Harwood<br>One St. Paul's Churchyard<br>London EC4M 8SH   |

## MEMBERS OF THE COURT

The following persons served as Governors during the year ended 31 July 2003. In the case of those who became or ceased to be governors during the year, the appropriate dates are shown.

|   | Appointed | Resigned |
|---|-----------|----------|
| <b>Article 7(1) – Vice-Chancellor</b>           |           |          |
| Prof R.H. Trainor (ex-officio)                  |           |          |
| <b>Article 7(2)a – Independent Members</b>      |           |          |
| Mr S Atkinson                                   |           |          |
| Mr R J Baglin                                   |           |          |
| Mr J E Brathwaite                               | 01.03.03  |          |
| Mr C R H Bull                                   |           |          |
| Ms F Crook                                      |           | 31.08.02 |
| Mrs G D duCharme                                |           |          |
| Mr J C Gould                                    |           |          |
| Mr J R H Loudon                                 |           |          |
| Mrs M McKinlay                                  |           |          |
| Lady A-M S Nelson                               |           |          |
| Mr I R Price                                    |           | 31.08.02 |
| Dr D Quarmby                                    |           |          |
| Dr C St John-Brooks                             |           | 09.12.02 |
| <b>Article 7(2)b – Academic Council Members</b> |           |          |
| Dr R M Allen                                    | 01.09.02  |          |
| Dr D Chambers                                   |           | 31.08.02 |
| Prof M Everett                                  |           | 31.12.02 |
| Dr M Stiasny                                    | 01.01.03  |          |
| <b>Article 7(2)c – Student Members</b>          |           |          |
| Miss C Phippen                                  |           | 31.07.03 |
| <b>Article 7(2)d – Co-opted Members</b>         |           |          |
| Mr S Collinson                                  | 01.01.03  |          |
| Dr L Garner                                     |           |          |
| Mr D Heathcote                                  | 01.09.02  |          |
| Ms V M Marshall                                 | 01.01.03  |          |
| Mr P E Oldham                                   |           | 31.08.02 |
| Mr D Pointer                                    |           | 31.08.02 |
| Lady P Tomlinson                                | 01.01.03  |          |

## MEMBERSHIP OF COURT COMMITTEES 2002-2003

The following are the Court Committees and their membership during the year ended 31 July 2003. In the case of those who became or ceased to be members during the year, the appropriate dates are shown.

|  |  |   |
|--|--|---|
| <b>Pro-Chancellor's Advisory Group</b> | Chris Bull<br>Frances Crook<br>Gillian duCharme<br>John Gould<br>Anne-Marie Nelson   | (Chairman)<br>(resigned 31.08.02)<br>(w.e.f. 01.09.02)  |
| <b>Audit</b>                           | John Gould<br>Simon Atkinson<br>Richard Baglin<br>Caroline St John-Brooks<br>Tim Kiddy<br>Tony Martin  | (Chairman)<br><br><br>(resigned 09.12.02)<br>(resigned 31.08.02 - not a member of the Court)<br>(w.e.f. 01.09.02 - not a member of the Court) |
| <b>Finance &amp; Estates</b>           | Anne-Marie Nelson<br>Stephen Collinson<br>James Loudon<br>Vaila Marshall<br>Mary McKinlay<br>Paul Oldham<br>Roger Price<br>David Quarmby<br>Rick Trainor | (Chairman)<br>(w.e.f. 01.01.03)<br><br>(w.e.f. 01.01.03)<br><br>(resigned 31.08.02)<br>(resigned 31.08.02)                                    |
| <b>Nominations</b>                     | Chris Bull<br>Robert Allen<br>David Chambers<br>Frances Crook<br>Gillian duCharme<br>Anne-Marie Nelson<br>Rick Trainor                                   | (Chairman)<br>(w.e.f. 01.09.02)<br>(resigned 31.08.02)<br>(resigned 31.08.02)<br>(w.e.f. 01.09.02)  |
| <b>Remuneration</b>                    | Anne-Marie Nelson<br>Chris Bull<br>Frances Crook<br>Gillian duCharme<br>John Gould<br>Rick Trainor   | (Chairman)<br><br>(resigned 31.08.02)<br>(w.e.f. 01.09.02)  |
| <b>Staffing &amp; General</b>          | Frances Crook<br>Gillian duCharme<br>Simon Atkinson<br>Richard Baglin<br>John Gould<br>Caroline St John-Brooks<br>Paulette Tomlinson<br>Rick Trainor     | (Chairman - resigned 31.08.02)<br>(Chairman – w.e.f. 01.09.02)<br><br><br>(resigned 09.12.02)<br>(w.e.f. 01.01.03)                            |

## REPORT OF THE GOVERNORS (AS DIRECTORS) FOR THE YEAR ENDED 31 JULY 2003

### INTRODUCTION

#### 1. Constitution and activities

The University of Greenwich is a company limited by guarantee without share capital and was incorporated in 1971. The University's financial statements are in compliance with the Companies Acts. On the 1 January 1995 the University became an exempt charity.

The University was established as an institution for education and research and these activities have continued during the year without significant change. In keeping with its traditions, the University prepares students for the world of work and seeks to serve a range of international, national and regional communities. The University's international presence and commitment extends to more than 100 countries.

#### 2. Mission and objectives

The University of Greenwich nurtures excellence in learning and teaching, research, consultancy, and advanced professional practice serving a range of international, national and regional communities.

The institutional objectives are:

- to continue to enhance the quality of learning and teaching, research, consultancy, and advanced professional practice
- to nurture excellence by ensuring student support which enhances the capabilities of students and assists them to fulfil their potential
- to offer programmes of study which explicitly link curriculum development and research activity
- to attract and retain students and staff from a wide range of backgrounds and to enhance equal opportunities for all
- to develop effective local, regional, national and international partnerships with other educational institutions, professional bodies, and public and private enterprises
- to engage with local and regional communities, and to provide services which meet their needs and encourage participation in University activities
- to redeploy financial resources and to diversify sources of funding to meet these objectives

#### 3. Academic issues

The University's portfolio of academic programmes continued to develop in the year 2002 – 2003. Our combined studies programme in London showed a strong growth trend with around 7% of students now following combined programmes. Building on this success in 2003-2004 we will be introducing a combined studies programme in Medway.

The University was pleased that its continued popularity with students allowed us to maintain our student numbers to the targeted level. An increase in the number of international students in the course of the session continues to enrich the already diverse nature of our student population.

The University continues to develop its strategies for widening access and participation through a wide range of work involving raising aspirations of younger school students, the development and implementation of compacts and progression accords with schools across the region, and the involvement with the Children's University which this year ran successfully at both our Avery Hill and Medway campuses.

## REPORT OF THE GOVERNORS (AS DIRECTORS) FOR THE YEAR ENDED 31 JULY 2003

### 3. Academic issues (continued)

The implementation of the Student Experience Initiative has this year had particular focus on enhanced systems and personal and pastoral support as well as study skills support for students across the University. We believe that these improvements will help our students both in the transition to the University and in success while on course with us.

Also part of our Student Experience Initiative is the development of the blended learning approach to the enhancement of teaching and learning which includes the promotion of increased flexible delivery, production and provision of good practice materials including electrical materials and resources and the development of a good practice web site. All of these strategies are designed to improve our retention rate.

The Academic Council has agreed to alter the structure of the academic year and to move away from the semester structure from September 2004. This will for example reduce the burden of assessment on staff and students while putting fewer barriers in the path of student progression. A great deal of planning for this change will be necessary and is already under way.

School research strategies have been developed taking into account the much more stringent financial environment from the new HEFCE research funding formula. The objectives of the strategies are to nurture existing strengths while simultaneously encouraging the development of themes at a much earlier stage than hitherto. It is important that the Schools increasingly identify and exploit external funding opportunities for research projects from Industry, the EU, Government Departments as well as the Research Councils.

### 4. Collaboration

The University places great importance to its collaborative venture at the Medway campus. This fits directly with the institutional missions and corporate plans of the University of Kent, Mid-Kent College and the University of Greenwich to widen participation to its courses from people within the Medway region. In expanding the interaction between HE and business through research and consultancy, this initiative will stimulate regional economic development and inward investment in line with the objectives of the South East of England Development Agency (SEEDA).

We have continued to develop our collaboration with the University of Kent and preparations for the introduction of a new undergraduate degree in Pharmacy beginning in October 2004 are well advanced. In conjunction with the University of Kent the University has been successful in raising external funding for the Chair in Pharmacy.

The University is playing a major part in the development of the Thames Gateway. The recent announcement from the office of the Deputy Prime Minister of funding for the development of the Medway campus will enable us to contribute to this important regeneration scheme.

We have continued to develop our relationship with Partner Colleges and have added an eighth college, Orpington College, to our collaborating group.

The University continues to improve its relations with business and the community. As part of the restructuring of the administration the staff involved with research contracts, business and community links and the regional agenda have been brought together into one office to enable our partners to have easy access to advice and information.

The number of industrial sponsorships and work experience placements for students has been increased and the academic mentoring days for business have also been increased.

## REPORT OF THE GOVERNORS (AS DIRECTORS) FOR THE YEAR ENDED 31 JULY 2003

### 5. External recognition

The University was delighted that the Fire Safety Engineering Group won the Queen's Anniversary Prize in 2002. The Fire Safety Engineering Group is recognised as a world leader in Fire Simulation, Fire Model Development and Evacuation Modelling and has won much recognition for its pioneering work in this area. It is particularly gratifying that the University has now won a Queen's Anniversary Prize in successive competitions.

The University's £4M investment in new facilities for Chemical and Life Sciences at Medway was opened in April by the Secretary of State for Education and Skills, the Rt. Hon Charles Clarke MP. Mr Clarke praised the University for its efforts in improving access to Higher Education, and in maintaining important research areas.

The University's new Halls of Residence for students above Greenwich's Docklands Light Railway station at Cutty Sark were opened by the Rt. Hon Nick Raynsford MP, Minister of State for Local Government and the Regions, and the MP for Greenwich and Woolwich. Mr Raynsford said that students living in the heart of Greenwich would enhance and enliven the town centre.

The University eagerly awaits the opening of further new student residential accommodation at the Rachel Macmillan Site in Deptford.

### 6. Current and future developments

Following a further review of the activities of the School of Social Sciences and Law it was decided to close the School but to retain the disciplines within the University. The departments within the School have been relocated to other Schools in the University.

The restructuring of the University's administration was completed within the course of the year following a review in 2001-02. Existing groups and functions were brought together into a new structure comprising seven administrative offices. Unfortunately because of financial restraints some jobs and functions were lost in the restructuring exercise. The Administration is now a more streamlined group of staff who are reviewing their work with a view to providing a more effective and user friendly approach.

The integrity of management information has been significantly improved in the course of the year although further work is always needed. A review of student records completed earlier, highlighted areas of inconsistent policy and practice, and these are being addressed to ensure a University-wide approach to information management is applied.

During the course of the year new Personnel and Payroll software was successfully implemented with further developments and improvements planned for 2003-04.

The relocation of the Computer Centre from the Woolwich Island Site is in progress. This necessitates a number of related moves on the Maritime Greenwich Campus and these should be complete by the end of 2003.

There are plans for future substantial developments at the Medway campus (in partnership with the University of Kent), as well as significant enhancement to facilities at the Avery Hill campus in 2003-04.

## REPORT OF THE GOVERNORS (AS DIRECTORS) FOR THE YEAR ENDED 31 JULY 2003

### 7. Scope of the financial statements

The Financial Statements comprise the consolidated results of the University (including the Natural Resources Institute) and its subsidiary companies UGMT Limited, Greenwich Property Limited and the Centre for Contaminated Land Remediation (CCLR).

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education.

### 8. Results for the year

The Group results for the year ended 31 July 2003 are summarised as follows:-

|   | 2003<br>£'000  | 2002<br>£'000 |
|---|----------------|---------------|
| University                                | (6,963)        | 5,716         |
| UGMT Ltd                                  | 62             | (84)          |
| Greenwich Property Ltd                    | (622)          | (2,081)       |
| CCLR                                      | -              | -             |
| Group historical cost (deficit) / surplus | <u>(7,523)</u> | <u>3,551</u>  |

The value of the HEFCE, TTA and Health contracts depend largely on the number of students for the year, and these are summarised as follows:-

|                   | 2002/2003     |              | 2001/2002     |              |
|-------------------|---------------|--------------|---------------|--------------|
|                   | Full-time     | Part-time    | Full-time     | Part-time    |
| HEFCE funded      | 9,025         | 5,928        | 8,669         | 5,646        |
| TTA funded        | 534           | 238          | 519           | 204          |
| Health contract   | 799           | 792          | 731           | 771          |
| Overseas (non EU) | 2,490         | 342          | 1,658         | 269          |
| Others            | 80            | 116          | 66            | 62           |
| Eu Soc Fund       | -             | -            | -             | 103          |
|                   | <u>12,928</u> | <u>7,416</u> | <u>11,643</u> | <u>7,055</u> |
| Total             | <u>20,344</u> |              | <u>18,698</u> |              |



## REPORT OF THE GOVERNORS (AS DIRECTORS) FOR THE YEAR ENDED 31 JULY 2003

### 9. Financial instruments

The Group finances its operations from its retained surplus, direct long-term borrowing and effective long term borrowing under PFI arrangements. It also has some long term debt inherited from a Local Education Authority under the Education Reform Act 1998, but the cost of this is currently fully reimbursed by the University's prime funder - Higher Education Council for England (HEFCE).

The powers of the University to raise funds, and enter into hedging arrangements, are controlled by the University's Memorandum of Association, its Financial Memorandum with HEFCE, and the Charities Acts.

Powers to invest surplus funds are restricted by the Trustee Investments Act 1961, and by regulations of the University's Finance & Estates Committee. Year-end cash and investments totalled £27m including £2.4m required to be retained in a separate charged account under the terms of the Bond. The University adopts a cautious investment policy for surplus funds, with deposits limited by amount and maturity across financial institutions with a minimum investment rating of AA. No funds are held with maturity in excess of 12 months.

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and currency risk. The Court reviews and agrees policies for managing each of these risks and these are summarised below. These policies have remained unchanged.

### 10. Liquidity risk

Under the terms of the Bond, the Group is required to maintain a ratio of current assets to current liabilities at not less than 1:1. It is also required to retain 12 months of Bond servicing cost, (currently £2.4m), in a charged account and to maintain a minimum cash balance; £4m in the year to 31 July 2003, increasing to £5m thereafter.

The Group's total debt at 31 July 2003 was £47.5m, of which £27.8m represents the Bond on which interest only is payable up to 31 July 2003; £15.0m represents a PFI debt repayable in 2026, and £4.7m is debt inherited from a Local Education Authority, the debt servicing of which is currently re-imbursable by HEFCE. At 31 July 2003, the maturity profile of borrowings (all of which were long term) shows an average maturity of 24 years. It is calculated that 2% is repayable in each of the periods that fall within one year and in 1 to 2 years, 7% in 2 to 5 years and 89% in more than 5 years.

In addition to its known financial liabilities, the Group has disputed with the Inland Revenue assessments raised in respect of withholding tax on payments made under a PFI scheme. Appeals have been lodged against these assessments.

### 11. Foreign currency risk

Approximately 1.5% of the Group's business is research and consultancy contracts that are denominated in foreign currencies. The Group's policy is to minimise currency exposures on contracts by considering currency exposure as part of its risk assessment on these contracts. Where appropriate a contingency is built into the contract price, and subcontracting is priced in the currency of the contract. All other turnover is denominated in sterling.

## REPORT OF THE GOVERNORS (AS DIRECTORS) FOR THE YEAR ENDED 31 JULY 2003

### 11. Foreign currency risk (continued)

The Group's policy towards currency risk is to eliminate all exposures that will impact on reported profit as soon as they arise. This is reflected in a sensitivity analysis which estimates that five to ten percentage point increases in the value of sterling against all other currencies would have had minimal impact on profit. The University did not enter into any hedging arrangement during the year.

### 12. Interest rate risk

10% of the Group's borrowings are at variable rates of interest, and relate to a debt inherited from a Local Education Authority, the repayments of which are currently re-imbursable by HEFCE. The balance of 90% is at fixed interest rates, of which 59% relates to the 30 year bond with 31% being in respect of the PFI arrangement. The Group has limited powers to enter into interest rate swaps for its borrowings and does not propose to enter into any such arrangements at the present time.

### 13. Directors

All the Governors of the University are Directors of the Company. Details of all Directors during 2002/03 are set out on page 3. No Director had any interest in any contract made by the University during the financial year, other than a contract of employment as a member of staff.

### 14. Personnel policy and strategy

Following a process of scrutiny by specialist external assessors, in January 2003 the University's human resources strategy was endorsed by HEFCE as meeting the full requirements for special funding under the Rewarding and Developing Staff in Higher Education initiative. The strategy and associated action plan focus on a number of targeted outcomes in the areas of staff recruitment and retention, staff development, improving the proportion of under represented groups, skill mix changes, encouraging high levels of staff performance and improving communications with staff. Major developments during the year included the introduction of a market premium payments scheme for staff in areas of skill shortage and a strengthening of the University's Management Development programmes.

Towards the end of the year a major staff restructuring exercise was undertaken across the University's administration with the objective of reducing costs. This resulted in 62 staff leaving on voluntary severance at the end of July 2003.

### 15. Disability policy

The University operates in accordance with the requirements of the Disability Discrimination Act 1995, and practises the concept of "reasonable adjustment" enshrined in the Acts in considering applications for employment from people with a disability.

## REPORT OF THE GOVERNORS (AS DIRECTORS) FOR THE YEAR ENDED 31 JULY 2003

### 16. Race equality

The University values the richness of the diversity of its students and staff, and in promoting equal opportunities seeks to develop effective measures for ensuring that all groups and individuals are able to work and study in an environment which is free from discrimination and harassment. We have developed a Race Equality Policy and have an ambitious agenda for the coming year.

We will continue to review our policies and procedures to ensure that they do not have an adverse impact on any group and that they are consistent with the goal of combating racism and promoting race equality.

### 17. Employee involvement

Employee representatives are elected by and from members of staff as members of the University Court and of the Academic Council. Access to minutes of these meetings is available to all staff through the University's intranet and on paper. Internal communications are facilitated through discussions at meetings and regular briefings on the main University-wide developments which are cascaded to staff via senior managers and by the regular issue of the University's newsletter Greenwich Line.

Once again the Vice-Chancellor held meetings with staff at each campus during the course of the year to keep staff up to date with strategic issues, and also had regular meetings with representatives of campus trade unions. These supplemented termly meetings of the Joint Negotiating Committees for both academic and support staff.

### 18. Auditors

In May 2003, RSM Robson Rhodes transferred its business to RSM Robson Rhodes LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Governors (Directors) have used their statutory powers to treat the appointment of RSM Robson Rhodes as extending to RSM Robson Rhodes LLP.

In accordance with the elective resolution passed by the Members of the Company on 5 July 1991 under Section 379A of the Companies Act 1985 (as amended) dispensing with the obligations in Section 386 of the Companies Act 1985 (as amended) to appoint auditors annually, RSM Robson Rhodes' term of appointment as auditors continued.

On behalf of the Court

L Cording  
Secretary

## CORPORATE GOVERNANCE

The University is a company limited by guarantee and members of the Court of Governors are legally Directors of the Company. The University Court comprises lay persons and staff and students appointed according to the Articles of Association. Other than the Vice-Chancellor all are non executive. The specific powers and responsibility of the Court are set out in the Articles of Association and in the Financial Memorandum with the Higher Education Council for England.

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life, and with the guidance which has been provided by the Committee of University Chairmen.

The Court holds to itself approval for the strategic development of the University's major developments, annual estimates of income and expenditure, ensuring solvency of the institution and the safeguarding of its assets. The Court receives regular reports from Executive Officers on day to day operations of its business and its subsidiary companies.

The Vice-Chancellor is the head of the University and has general responsibility to the Court for the organisation, direction, and management of the Institution. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated officer who can be summoned to appear before the Public Accounts Committee.

The University Secretary (who is also Company Secretary) is appointed under the Articles of Association to act as Secretary to the Court and its Committees. All Governors have access to the advice and services of the University Secretary and can seek independent advice should they wish to do so.

The Court appoints Independent and Co-opted Governors following recommendations by the Nominations Committee. There is a majority of Lay members in Court.

All terms of office, with the exception of that of the Vice-Chancellor and the student nominee, are for 3 years which can be renewed.

According to agreed terms, newly appointed Governors receive briefing and training, as appropriate, on the University, the role of Court and on higher education in general to ensure that they are fully conversant with their responsibilities.

The Court meets at least 4 times a year. Much of the detailed work is initially considered by Committees including Finance and Estates, Staffing and General, Nominations, Remuneration, and Audit. All of these Committees are formally constituted with terms of reference and membership approved by Court. Membership of these Committees is given on the following pages.

The Finance and Estates Committee is responsible to Court for the University's annual revenue and capital budgets and for monitoring performance in relation to approved allocations. The Committee also reviews the University's Annual Accounts.

The Staffing and General Committee determines matters in relation to conditions of employment of all University Staff with the exception of the Vice-Chancellor, Pro Vice Chancellors and University Secretary.

The Nominations Committee considers the appointment of Independent and Co-opted Governors and the Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Pro Vice Chancellors and University Secretary. Remuneration of other staff is considered by the Staffing and General Committee.

The Audit Committee meets at least three times annually and receives reports from HEFCE's Audit Service as they affect the University's business and monitors adherence with the regulatory requirements. The Committee meets at least once a year with the External Auditors for their own independent discussions. The Committee also regularly meets independently with the Internal Auditors.

The Director of Finance, and the University Secretary, who acts as the Secretary to the Committee, attend meetings of the Audit Committee and have direct and independent access to the members of that Committee.

## CORPORATE GOVERNANCE (continued)

The Committee considers detailed audit reports together with recommendations for the improvement of the University systems of internal control and risk management issues. Management Responses and implementation plans are considered, approved and monitored. This assists the Audit Committee in assessing the soundness and comprehensiveness of the system of internal and financial controls, and the action necessary to remedy weaknesses and the appropriateness of the existing monitoring systems.

All Committees of the Court submit their minutes and recommendations to the Court. The Audit Committee also provides an annual report on its activities, which is sent to the HEFCE Chief Auditor. The Vice-Chancellor provides an oral report on the University's activities at each Court meeting and Senior Officers are present to expand on their reports and answer any other questions. The Court has an annual meeting in which strategy is reviewed and the Court formally approves the University's corporate plan and implementation plan.

The University maintains a Register of Interests of the members of Court and senior managers, which is updated annually. The Register of Interests may be consulted by arrangement with the University Secretary.

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that financial statements are prepared in accordance with the HEFCE Accounts Direction and Statement of Recommended Practice (SORP) – Accounting for Further and Higher Education, and other relevant accounting standards. In accordance with the terms and conditions of the Financial Memorandum agreed with the Higher Education Funding Council for England, the University prepares financial statements for each financial year which will give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In accordance with Article 16, paragraph 12 of the Memorandum and Articles of Association the following matters may not be delegated:

- (a) The appointment or dismissal of the Vice Chancellor, Pro Vice Chancellors or Secretary.
- (b) Those matters delegated to the Academic Council pursuant to paragraph (2) hereof other than to the Academic Council.
- (c) Approval of the annual estimates of income and expenditure.
- (d) The making, alteration, amendment, repeal or addition to any bye laws made under the provision of these Articles.
- (e) Ensuring the solvency of the University and the safeguarding of its assets.
- (f) The determination of the education character and mission of the University.
- (g) The varying or revoking of these Articles

It is further provided that the Court may only delegate the following matters to a Committee which consists exclusively of Governors.

- (h) The termination of the membership of any Member of the University.
- (i) The doing of any act or thing which under or by the virtue of any provision of the Companies Act is required to be done by the Court.
- (j) The authorisation of the expenditure of any monies of the University except within such limits as the Court shall consider necessary for the proper performance of their functions by any committee or person to whom the Court shall properly delegate any matters in accordance with this Article and provided that the Court shall give notice of the said limits to any such committee or person.

## CORPORATE GOVERNANCE (continued)

For clarification the following are included within the general matters above:

- the Corporate Plan
- Regulations relating to appointment, promotion, discipline, supervision, dismissal and grievance for all staff
- Constitution of the Students Union and legislation relating to the Students' Union
- the draft annual Report and Financial Statements with supporting schedules
- the annual Budget
- the Financial Regulations of the University
- any proposal for the University to form or join any company, partnership or other form of legal association
- any proposal for the University to borrow money or to mortgage or charge all or any part of its property
- major new initiatives in academic areas
- the use, in broad terms and within the academic policies of the University, to which all buildings of the University are put
- programmes and budgets for:-
  - (a) Building Maintenance – to include provision for contingency, planned and long term maintenance
  - (b) Building Works
- the arrangements for carrying out any estates development costing over \*£150,000 (including VAT and fees) including the appointment of consultants

\*or other amounts determined from time to time by the Court

## RISK MANAGEMENT

1. As the governing body of the University of Greenwich, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the University's Articles of Association and the Financial Memorandum with the HEFCE.
2. 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
3. The system of internal control is based on continuing 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. The procedures which are necessary to provide a full statement of internal control for the whole of the financial year 2003-04 were in place by the end of July 2003. This takes account of the time needed to fully embed the processes which the governing body and management have agreed should be established and to improve their robustness.

## CORPORATE GOVERNANCE (continued)

### RISK MANAGEMENT (continued)

4. We have undertaken the following actions to initiate our Risk Management Strategy:
  - (a) Drafted and adopted a risk management policy.
  - (b) Developed and adopted a risk management strategy and action plan, and a more detailed risk register for strategic risks and mapped schools identified risk against corporate risks.
  - (c) Agreed where the principle management responsibility rests for risk management.
  - (d) Held risk management workshops during which we identified the institution's objectives and risks, and determined a control strategy for each of the significant risks.
  - (e) Established a risk management working group to oversee risk management, and requested the audit committee to provide general oversight.
  - (f) Requested the audit committee to provide advice on the effectiveness of the establishment and implementation of risk management.
  - (g) Requested that the head of internal audit adapt audit planning arrangements and the methodology and approach of the auditors, so that the unit conforms to the latest professional standards reflecting the adoption of risk management.
  - (h) Developed and maintained an organisation-wide risk register which was approved by the Court on 30 June 2003.
5. We have ensured that our meeting calendar and agenda enable risk management and internal control to be considered on a regular basis during the year so that there will be a full risk and control assessment before reporting on the year ending 31 July 2004. Risk management has been incorporated more fully into the corporate planning and decision making processes for the institution.
6. The Vice Chancellor's Group and the Executive Committee will review risk registers on a quarterly basis.
7. The Court will review annually the University's approach to risk management. In addition a regular agenda item at each Court meeting will be a report on one of the strategic risks identified in the risk register.
8. The Vice Chancellor's Group have in the course of the year 2002-2003 monitored closely the budgetary situation across the University as this is the highest priority on the risk register.
9. The Court receives periodic reports from the Chairman of the audit committee concerning internal control and we require regular reports from managers on the steps they are taking to manage risk in their areas of responsibility, including progress reports on key projects.
10. Following the initial publication on the institution's risk framework, further work has been done to widen the basis of the framework and to bring about more consistency in the way in which the institutions treats risks.

## CORPORATE GOVERNANCE (continued)

### RISK MANAGEMENT (continued)

11. In addition to the actions mentioned above, in the coming year the institution plans to:
- (a) Arrange a regular programme of facilitated School and Administrative Office meetings to identify and keep up to date the record of local risks and of the risks facing the organisation.
  - (b) Introduce within these meetings a programme of risk awareness training.
  - (c) Establish a system of key performance and risk indicators.
  - (d) Arrange for reports from Schools and Office heads on internal control activities.
  - (e) Ensure that all projects submitted to Court or Court Committees for approval must have a risk assessment attached, which conforms to the University's policy. This will assist us to review the institution's risk registers.
12. The institution has an internal audit committee, which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.
13. Our review of the effectiveness of the system on internal control is informed by the work of the internal auditors and the executive managers within the institutions 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.

R.H. Trainor  
Vice-Chancellor \_\_\_\_\_



## RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF GREENWICH

In accordance with the Education Reform Act, the Court of the University of Greenwich is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act, the Companies Act, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions 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 and the Court of the University, the Court, through its designated office holder (the Vice-Chancellor), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Court has ensured 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 University will continue in operation. The Court is satisfied that the University 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 Court has also taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that funds from the Teacher Training Agency are used only for the purposes for which they have been given and in accordance with the Funding Agreement with the Agency, and any other conditions which the Agency may from time to time prescribe;
- 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 University and to prevent and detect fraud;
- secure the economical, efficient and effective management of the University resources and expenditure.

The key elements of the University'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 schools and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;

## **RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF GREENWICH (continued)**

- regular reviews of academic performance 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 approval levels set out by the Court;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and Estates Committee and Court;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of the Court, has reviewed the effectiveness of the Group's system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

RSM Robson Rhodes LLP have not been asked to give an opinion on this statement.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COURT OF UNIVERSITY OF GREENWICH**

We have audited the financial statements of The University of Greenwich for the year ended 31 July 2003, which comprise the income and expenditure account, the balance sheet, the cashflow statement, the statement of total recognised gains and losses and the related notes.

This report is made solely to the members of the court of the University. Our audit work has been undertaken so that we might state to the Members of Court those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Members of the Court as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Members of the Court and Auditors**

As described in the statement of responsibilities of the Court of the University of Greenwich, the Court 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 University 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 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 Governors (as Directors) is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Governors (as Directors) and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom 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 Court in the preparation of the financial statements, and of whether the accounting policies are appropriate to the University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE COURT OF UNIVERSITY OF GREENWICH (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the University of Greenwich and the group at 31 July 2003 and of the group's deficit for the year then ended.

In our opinion, in all material respects, funds from whatever source administered by the University for specific purposes were properly applied for the intended purposes and, where relevant, managed in accordance with appropriate legislation for the year ended 31 July 2003.

In our opinion, in all material respects, funds provided by the Higher Education Funding Council for England were applied in accordance with the financial memorandum dated 1 August 2000 and any other terms and conditions attached to them for the year ended 31 July 2003.

RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors

8 December 2003

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### 1. Basis of preparation and accounting

The financial statements have been prepared in accordance with the Statement of Recommended practice (SORP): Accounting in Further and Higher Education Institutions and applicable accounting Standards.

The financial statements have been prepared under the historical cost convention modified by the inclusion of certain fixed assets at valuation.

### 2. Basis of consolidation

Consolidated financial statements have been prepared for the University and its subsidiaries Greenwich Property Limited, UGMT Limited and the Centre for Contaminated Land Remediation (CCLR), and an associated company, NR International Limited. With respect to the latter, the consolidated Income and Expenditure Account includes the group's share of the profit/loss of that undertaking and the consolidated Balance Sheet includes the investment of the group's share of its underlying net assets. For all other associate undertakings, it is considered that their results are not material and therefore have not been included in the consolidated financial statements.

Intra-group sales and profits are eliminated fully on consolidation.

The activities of the University of Greenwich Students Union have not been included in the consolidated financial statements as the University does not have sufficient control and influence over policy decisions to warrant consolidation as defined in FRS 2 (*Accounting for Subsidiary Undertakings*).

### 3. Recognition of income

Income from Research Grants and Contracts and Other Services Rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year, together with any related contribution towards overhead costs. Any future predicted losses on individual long term contracts are recognised immediately.

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

Income from short term deposits is credited to the Income and Expenditure Account on a receivable basis.

### 4. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transaction. Monetary assets and liabilities are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

### 5. Fixed assets

#### a. Land and buildings

The University's policy is to carry all assets at historical cost except for assets inherited from the Inner London Education Authority, which are included in the balance sheet at the valuation existing at 31 July 1999, when the University implemented FRS15 (*Tangible Fixed Assets*) for the first time. The University has not adopted a policy of annual revaluations for the future. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. Improvements to buildings are depreciated over 10 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

#### b. Equipment

Equipment costing less than £6,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its useful economic life as follows:

|  |              |
|--|--------------|
| Computers  | 5 years      |
| Telephone Equipment  | 7 years      |
| Motor Vehicles and other general equipment                 | 5 years      |
| Equipment acquired for specific research or other projects | project life |

Where equipment is acquired with the aid of grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

Equipment purchased by the University on behalf of clients for use on projects commissioned by them is written off as an expense in the year of purchase where the client retains an interest in the equipment and the right to give instructions on its disposal when it is no longer required.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

### 6. Leased assets

Fixed assets held under finance leases and the related obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of the assets.

Rental costs under operating leases are charged to expenditure in equal amounts over the period of the lease.

### 7. Education reform act 1988

Under the Education Reform Act 1988, ILEA's freehold and leasehold interest in properties occupied by the University transferred to the University with effect from 1st April 1989. At the same time, loan debts associated with the transferred assets also transferred to the University, and therefore the total value of assets transferred was brought into the balance sheet at the same amount as the loan debt. Within this total valuation, categories of assets were valued as set out below:-

**Leasehold Interest:** Brought in at nil cost but revalued by the Court on the basis of a valuation by Grimley, International Property Advisors on 31st July 1991 on the basis of open market value for the existing use.

**Freehold land & buildings:** The cost value of freehold land and buildings is assumed to represent the amount of loan debt transferred from ILEA to the University, less the cost attributable to equipment. The land and buildings were valued by Grimley, International Property Advisors on 31st July 1991. The freehold properties were mainly valued on a depreciated replacement cost basis.

### 8. Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Endowment asset investments are included in the Balance Sheet at market value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

### 9. Stocks and work in progress

Stocks and work in progress are stated at the lower of cost or net realisable value. Stocks consist of books held for resale, chemicals and other consumables. Work in progress is in respect of research and consultancy contracts and comprises direct expenses, salaries and attributable overheads, less provision for any anticipated losses on long term contracts.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

### 10. Private finance initiative

Through its subsidiary company, Greenwich Property Ltd (GPL), the University entered into a Private Finance Initiative scheme with a contractor for the construction of 662 en-suite bedrooms, and for the facilities management of those premises for a period of 30 years. Under the terms of the scheme the contractor has raised the finance for the construction of buildings which have subsequently been let on a long lease to GPL. As part of these arrangements the University paid £35.4m to its subsidiary company for an occupational lease of 30 years, and the subsidiary company made a loan of £34.6m to the University repayable in variable amounts, over a 30-year period. These transactions are reflected in the Accounts for the University itself and GPL, but are set off in the consolidated results. The consolidated balance sheet therefore includes the new buildings as a fixed asset with a consequential, and matching, long-term creditor.

### 11. Provisions

Provisions are recognised where the University, as a result of a past event, has a present legal or constructive obligation, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the obligation.

### 12. Research and development expenditure

The cost of research and development work carried out under contract for clients is matched by either income or work-in-progress. No such work was carried out by the University Group on its own behalf.

### 13. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

### 14. Taxation

The University is a 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 Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 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 University receives no similar exemption in respect of Value Added Tax. The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### 15. Pensions

The two principal pension schemes for the University's staff are the Teachers Superannuation Scheme (TSS) and the LPFA Pension Fund. These are defined benefit schemes and are externally funded and contracted out of the State Earnings related Pension Scheme. The funds are valued every three years by actuaries using the aggregate method, the rates of contribution being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuation of the Schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from its employees' services. Variations from regular cost are spread over the average remaining working lives of members of the Schemes after making allowances for future withdrawals.



## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 JULY 2003

|   | Note  | 2003<br>£'000         | 2002<br>£'000       |
|---|-------|-----------------------|---------------------|
| <b>INCOME</b>   |       |                       |                     |
| Funding council grants  | 1     | 48,094                | 46,540              |
| Tuition fees and education contracts  | 2     | 37,381                | 30,845              |
| Research grants and contracts   | 3     | 7,502                 | 9,118               |
| Other income  | 4     | <u>19,877</u>         | <u>19,152</u>       |
| Total Income  |       | <u>112,854</u>        | <u>105,655</u>      |
| <b>Expenditure</b>  |       |                       |                     |
| Staff costs   | 5     | 55,329                | 53,414              |
| Reorganisation costs  | 7     | 2,997                 | 2,555               |
| Depreciation  | 14(a) | 4,290                 | 3,664               |
| Other operating expenses  | 8     | <u>50,593</u>         | <u>47,200</u>       |
| Total Expenditure   |       | <u>113,209</u>        | <u>106,833</u>      |
| <b>Deficit on continuing operations after depreciation of tangible fixed assets at valuation and before tax</b>   |       | (355)                 | (1,178)             |
| Exceptional items   | 9     | (7,238)               | 658                 |
| Profit on disposal of assets  | 10    | <u>651</u>            | <u>2,965</u>        |
| <b>(Deficit)\surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and before interest and tax</b> |       | (6,942)               | 2,445               |
| Share of profits of associated undertaking  |       | 9                     | 25                  |
| Interest receivable   | 11    | 993                   | 575                 |
| Interest payable  | 12    | <u>(3,625)</u>        | <u>(3,635)</u>      |
| <b>Deficit on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and interest but before tax</b>           |       | (9,565)               | (590)               |
| Taxation  |       | -                     | -                   |
| <b>Deficit on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets, interest and tax</b>                     |       | <u><u>(9,565)</u></u> | <u><u>(590)</u></u> |

*The Income and Expenditure Account is in respect of continuing operations.*

**NOTE OF HISTORICAL COST SURPLUS  
YEAR ENDED 31 JULY 2003**

|   | <b>2003</b>           | <b>2002</b>         |
|---|-----------------------|---------------------|
|   | <b>£'000</b>          | <b>£'000</b>        |
| Deficit after depreciation of assets at valuation on continuing operations and before tax                               | (9,565)               | (590)               |
| Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount | 196                   | 349                 |
| Realisation of property revaluation gains of previous years   | <u>1,846</u>          | <u>3,792</u>        |
| Historical cost (deficit)\surplus before tax  | (7,523)               | 3,551               |
| Taxation  | <u>-</u>              | <u>-</u>            |
| Historical cost (deficit)\surplus after tax   | <u><u>(7,523)</u></u> | <u><u>3,551</u></u> |

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2003**

|   | <b>2003</b><br><b>£'000</b> | <b>2002</b><br><b>£'000</b> |
|---|-----------------------------|-----------------------------|
| Deficit on continuing operations after depreciation of assets at valuation, disposal of assets, and tax | (9,565)                     | (590)                       |
| Investments – movements on endowment funds  | 74                          | 63                          |
| Transfer re Bergman Osterberg trust   | (45)                        | -                           |
| Capital reserve created in respect of loan repayments reimbursed by HEFCE                               | 144                         | 136                         |
|   | <hr/>                       | <hr/>                       |
| <b>Total recognised losses relating to the period</b>   | <b>(9,392)</b>              | <b>(391)</b>                |
|   | <hr/> <hr/>                 | <hr/> <hr/>                 |
| <b>Reconciliation:-</b>   |                             |                             |
| Opening reserves and endowments   | 21,222                      | 21,613                      |
| Total recognised losses for the year  | (9,392)                     | (391)                       |
|   | <hr/>                       | <hr/>                       |
| Closing reserves and endowments   | <b>11,830</b>               | <b>21,222</b>               |
|   | <hr/> <hr/>                 | <hr/> <hr/>                 |

## BALANCE SHEET AS AT 31 JULY 2003

|  | Note  | Group         |               | University    |               |
|--|-------|---------------|---------------|---------------|---------------|
|  |       | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| <b>Fixed Assets</b>  |       |               |               |               |               |
| Tangible assets  | 14    | 69,492        | 77,927        | 69,491        | 77,912        |
| Investments  | 15    | 216           | 207           | 172           | 172           |
|  |       | <u>69,708</u> | <u>78,134</u> | <u>69,663</u> | <u>78,084</u> |
| <b>Endowment Asset Investments</b>                             | 16\17 | <u>571</u>    | <u>497</u>    | <u>571</u>    | <u>497</u>    |
| <b>Current Assets</b>  |       |               |               |               |               |
| Properties in the course of disposal                           |       | 1,380         | 355           | 1,380         | 355           |
| Stocks   | 18    | 17            | 21            | 17            | 21            |
| Debtors  | 19    | 7,007         | 7,463         | 30,996        | 30,783        |
| Investments  | 20    | 26,365        | 19,478        | 26,365        | 19,440        |
| Cash at bank and in hand                                       |       | 1,447         | 1,583         | 1,127         | 1,380         |
|  |       | <u>36,216</u> | <u>28,900</u> | <u>59,885</u> | <u>51,979</u> |
| <b>Creditors: amounts falling due within one year</b>          | 21    | (30,185)      | (23,781)      | (26,260)      | (20,940)      |
| <b>Net Current Assets</b>                                      |       | <u>6,031</u>  | <u>5,119</u>  | <u>33,625</u> | <u>31,039</u> |
| <b>Total Assets less Current Liabilities</b>                   |       | 76,310        | 83,750        | 103,859       | 109,620       |
| <b>Creditors: amounts falling due after more than one year</b> | 22    | (50,251)      | (49,094)      | (74,565)      | (72,325)      |
| <b>Provision for Liabilities &amp; Charges</b>                 | 23    | (4,152)       | (4,194)       | (4,152)       | (4,194)       |
| <b>Net Assets</b>  |       | <u>21,907</u> | <u>30,462</u> | <u>25,142</u> | <u>33,101</u> |
| <b>Deferred Capital Grants</b>                                 | 24    | <u>10,077</u> | <u>9,240</u>  | <u>10,077</u> | <u>9,240</u>  |
| <b>Endowments</b>  | 16\17 |               |               |               |               |
| General  |       | 159           | 159           | 159           | 159           |
| Specific   |       | 412           | 338           | 412           | 338           |
|  |       | <u>571</u>    | <u>497</u>    | <u>571</u>    | <u>497</u>    |
| <b>Reserves</b>  | 25    |               |               |               |               |
| Revaluation reserve  |       | 8,367         | 10,409        | 8,367         | 10,409        |
| Income and expenditure account                                 |       | 2,892         | 10,316        | 6,127         | 12,955        |
|  |       | <u>11,259</u> | <u>20,725</u> | <u>14,494</u> | <u>23,364</u> |
| <b>Total Funds</b>   |       | <u>21,907</u> | <u>30,462</u> | <u>25,142</u> | <u>33,101</u> |

The Financial Statements on pages 21 to 60 were approved by the Court on 8 December 2003 and signed on its behalf by:-

A-M S Nelson  
Pro Chancellor \_\_\_\_\_

R.H. Trainor  
Vice-Chancellor \_\_\_\_\_

## CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31 JULY 2003

|  | Note      | 2003<br>£'000         | 2002<br>£'000    |
|--|-----------|-----------------------|------------------|
| <b>Net Cash Inflow From Operating Activities</b>                             | <b>28</b> | <u>6,477</u>          | <u>8,300</u>     |
| <b>Returns on investments and servicing of finance</b>                       |           |                       |                  |
| Income from endowments   |           | 10                    | 9                |
| Interest received  |           | 993                   | 575              |
| Interest paid - finance leases   |           | (1,194)               | (1,211)          |
| - other  |           | <u>(2,365)</u>        | <u>(2,362)</u>   |
| <b>Net cash outflow from returns on investments and servicing of finance</b> |           | <u>(2,556)</u>        | <u>(2,989)</u>   |
| <b>Capital expenditure and financial investment</b>                          |           |                       |                  |
| Purchase of tangible fixed assets  |           | (4,146)               | (8,088)          |
| Sale of fixed tangible assets  |           | 945                   | 10,000           |
| Sale/(purchase) of endowment asset investments                               |           | -                     | -                |
| Deferred capital grants received   |           | 2,177                 | 4,327            |
| HEFCE - proceeds from lease capitalisations                                  |           | 2,739                 | -                |
| HEFCE - grant received for debt repayment                                    |           | 136                   | 127              |
| Endowments (withdrawn)/received  |           | <u>150</u>            | <u>67</u>        |
| <b>Net cash inflow from capital expenditure and financial investment</b>     |           | <u>2,001</u>          | <u>6,433</u>     |
| <b>Acquisitions and disposals</b>  |           |                       |                  |
| Purchase of shares in associated company                                     |           | <u>-</u>              | <u>-</u>         |
| <b>Net cash inflow before use of liquid resources and financing</b>          |           | <u>5,922</u>          | <u>11,744</u>    |
| <b>Management of liquid resources</b>  |           |                       |                  |
| Fixed term and notice bank deposits  |           | <u>(6,887)</u>        | <u>(11,359)</u>  |
| <b>Financing</b>   |           |                       |                  |
| Finance Lease  |           | (231)                 | (214)            |
| Ex ILEA debt repayment   |           | (136)                 | (127)            |
| Other  |           | <u>-</u>              | <u>-</u>         |
| <b>Net cash outflow from financing</b>                                       |           | <u>(367)</u>          | <u>(341)</u>     |
| <b>(Decrease)increase in net cash</b>  |           | <u><u>(1,332)</u></u> | <u><u>44</u></u> |

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2003**

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2003</b>   | <b>2002</b>   |
|  | <b>£'000</b>  | <b>£'000</b>  |
| <b>1. Funding council grants</b>                 |               |               |
| <b>HEFCE:-</b>                                   |               |               |
| Recurrent grant                                  | 39,627        | 39,774        |
| Specific grants                                  | 2,800         | 1,852         |
| Inherited liabilities                            | 1,611         | 1,806         |
| Deferred capital grants released in year         | 1,075         | 550           |
| Release of HEFCE capitalised rent                | 348           | 218           |
| <b>Teacher Training Agency:-</b>                 |               |               |
| Recurrent grant                                  | 2,365         | 2,181         |
| Other  | 268           | 159           |
|  | <u>48,094</u> | <u>46,540</u> |
| <b>2. Tuition fees and educational contracts</b> |               |               |
| Full-time home and EU students                   | 10,814        | 10,107        |
| Full-time students charged overseas fees         | 13,939        | 9,171         |
| Part-time fees                                   | 4,435         | 4,078         |
| Health Authority contract                        | 8,193         | 7,489         |
|  | <u>37,381</u> | <u>30,845</u> |
| <b>3. Research grants and contracts</b>          |               |               |
| Grants and contracts                             | 7,502         | 9,118         |
|  | <u>7,502</u>  | <u>9,118</u>  |
| <b>4. Other income</b>                           |               |               |
| Residences, catering and conferences             | 8,237         | 8,155         |
| Other income generating activities               | 2,241         | 2,186         |
| Other grant income                               | 8,037         | 6,864         |
| Other income                                     | 1,362         | 1,947         |
|  | <u>19,877</u> | <u>19,152</u> |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 5. Staff

|                        | Group         |               |
|------------------------|---------------|---------------|
|                        | 2003<br>£'000 | 2002<br>£'000 |
| <b>(i) Staff costs</b> |               |               |
| Salaries and wages     | 47,253        | 46,148        |
| Social Security Costs  | 3,785         | 3,869         |
| Other Pension Costs    | 4,291         | 3,397         |
|                        | 55,329        | 53,414        |

|   | 2003<br>No. | 2002<br>No. |
|---|-------------|-------------|
| <b>Average staff numbers by major category:-</b>                  |             |             |
| Academic staff  | 759         | 779         |
| Administrative, professional & technical support staff            | 865         | 898         |
| Premises and ground staff   | 149         | 211         |
| Refectory / hostel staff  | 24          | 37          |
| Other staff – including staff seconded to N.R. International Ltd. | 107         | 109         |
|   | 1,904       | 2,034       |

Remuneration of higher paid staff, including externally generated earnings, contracts and sponsorship, but excluding employer's pension contributions (but including FURBs, see next section) were:-

|                     | 2003<br>No. | 2002<br>No. |
|---------------------|-------------|-------------|
| £50,000 - £60,000   | 45          | 31          |
| £60,001 - £70,000   | 22          | 12          |
| £70,001 - £80,000   | 2           | 1           |
| £80,001 - £90,000   | 3           | 3           |
| £140,001 - £150,000 | 1           | 1           |

### (ii) Voluntary severance

The University undertook a fundamental reorganisation of its administrative offices in the year to 31 July 2003. Under a voluntary severance scheme 62 administrative posts were removed at a cost of £1.5m. In addition to this, there have been various other administrative and academic severances during the year the cost of which was £1.0m, together with further reorganisation costs of the Natural Resources Institute at a cost of £0.5m.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 5. Staff (Continued)

#### (iii) Directors' emoluments

The aggregate amount of Directors' emoluments was £380,358 (2001: £330,598). All payments were in respect of services as members of staff and relate to the relevant period of office. Where appropriate these emoluments are also included in the bands for higher paid staff (including the Vice-Chancellor).

8 Directors (2002: 6) are accruing benefits under defined pension schemes, as set out in note 31.

The emoluments of the highest paid director (Vice-Chancellor) were:-

|                     | 2003<br>£      | 2002<br>£      |
|---------------------|----------------|----------------|
| Salary              | 135,123        | 130,419        |
| FURBS               | 10,130         | 9,350          |
| Taxable car benefit | 4,018          | 4,554          |
|                     | <u>149,271</u> | <u>144,323</u> |

University superannuation payments:-

|  |        |        |
|--|--------|--------|
| Universities Superannuation Scheme         | 13,692 | 13,440 |
| FURBS (see above) – included in emoluments | 10,130 | 9,350  |

The University contributes to a separate retirement benefits scheme (FURBS) in respect of the Vice-Chancellor, and the amount shown represents the total costs of this arrangement and is included in total emoluments as well as being shown under superannuation payments. Although the cost obviously relates to superannuation arrangements, it might be considered not to reflect the true position if it was excluded from emoluments.

The Vice-Chancellor's accrued benefits on service to 31 July 2003 were: USS accrued annual pension £17,097 and lump sum £51,273. FURBS transfer value was £16,615.

#### (iv) Directors' loans

The University operates an interest-free loan scheme for the purchase of travel season tickets and computers, which is available to all employees. No Governor (2002: none), in their capacity as an employee, was advanced a loan under this scheme.

### 6. Directors

The University is a company limited by guarantee with the liability of its Directors limited to £1. The University's professional indemnity insurance provides cover for directors to a maximum of £1 million within any one year period.



## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 7. Reorganisation costs

The University undertook a fundamental reorganisation of its administrative offices in the year to 31 July 2003. Under a voluntary severance scheme 62 administrative posts were removed at a cost of £1.5m. In addition to this, there have been various other administrative and academic severances during the year the cost of which was £1.0m, together with further reorganisation costs of the Natural Resources Institute at a cost of £0.5m.

### 8. Other operating expenses

|  | Group         |               |
|--|---------------|---------------|
|  | 2003<br>£'000 | 2002<br>£'000 |
| Fees to other colleges                           | 6,107         | 4,393         |
| Books and periodicals                            | 825           | 810           |
| Consumables and laboratory expenditure           | 1,440         | 1,881         |
| Printing, postage and stationery                 | 2,993         | 2,473         |
| Residence, catering and conference               | 4,646         | 4,303         |
| Rents, rates and insurance                       | 6,741         | 6,602         |
| Electricity, gas and water                       | 913           | 980           |
| Building maintenance and repair                  | 2,046         | 2,522         |
| Students union subvention grant                  | 850           | 825           |
| Publicity and advertising                        | 666           | 826           |
| Computers, software and IT maintenance contracts | 2,530         | 2,169         |
| Research and consultancy – reimbursable costs    | 1,833         | 2,316         |
| Provision for losses on long term contracts      | 169           | (462)         |
| Telephone and other communication costs          | 667           | 704           |
| Cutty Sark contribution - DLR                    | 400           | 200           |
| Other expenses                                   | 17,767        | 16,658        |
|  | 50,593        | 47,200        |

Other operating expenses are stated after charging:-

|                                |                          |       |       |
|--------------------------------|--------------------------|-------|-------|
| Auditors' remuneration         | - external audit         | 53    | 57    |
|                                | - other services         | 25    | 7     |
| Rentals under operating leases | - equipment and vehicles | 1     | 1     |
|                                | - other assets           | 6,019 | 6,000 |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 9. Exceptional items

Exceptional items in the year ended 31 July 2003 are in respect of:-

- (a) the write down (£6.465m) of the freehold/leasehold property values of the Woolwich campus to reflect the current open market value of the campus. This is in pursuance of the University's estate strategy under which this campus is surplus to requirements.
- (b) a provision (£0.773m) in the books of Greenwich Property Limited, a subsidiary company. This is in addition to a similar provision made in the previous financial year (see below), and relates to Inland Revenue assessments raised on that company in respect of withholding tax on payments made under a PFI arrangement. These assessments have been disputed by the company and appeals have been lodged against them.

In the previous financial year exceptional items were :-

- (a) a receipt (£2.650m) in settlement of a legal claim relating to the affairs of the Natural Resources Institute.
- (b) a provision (£1.992m) in the books of Greenwich Property Limited (a subsidiary company), for Inland Revenue assessments raised on that company in respect of withholding tax on payments made under a PFI arrangement. These assessments have been disputed by the company and appeals have been lodged against them.

### 10. Profit on disposal of assets

In further pursuance of its estates strategy, the University divested itself of three small freehold properties; The Cottage (Kidbrooke), Kings North Oakfield Lane (Dartford), and 102 Bexley Road (Eltham). The surplus arising from these disposals was £0.651m.

In the previous financial year the University disposed of its Dartford campus with a resultant surplus of £2.650m.

### 11. Interest receivable

|                                      | Group         |               |
|--------------------------------------|---------------|---------------|
|                                      | 2003<br>£'000 | 2002<br>£'000 |
| Bank deposits                        | 326           | 208           |
| Other                                | 657           | 358           |
| Transferred from specific endowments | 10            | 9             |
|                                      | 993           | 575           |

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2003**

**12. Interest payable**

|  | Group |       |
|--|-------|-------|
|  | 2003  | 2002  |
|  | £'000 | £'000 |
| Bond interest  | 1,974 | 1,969 |
| Greenwich Property Ltd. - PFI  | 1,194 | 1,211 |
| Loan interest - Royal Borough of Kensington & Chelsea - (inherited debt) | 421   | 455   |
| Other  | 36    |       |
|  | 3,625 | 3,635 |

**13. Deficit of parent company**

The Income and expenditure Account of the parent company (University of Greenwich) has not been presented as part of these financial statements. This dispensation is allowed under section 230 of the Companies Act 1985.

The deficit after depreciation of assets at valuation of the parent company (University of Greenwich) was £9.014 million (2002 - surplus of £1.575 million).

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 14. Tangible fixed assets

#### (a) Group

|                                | ← Land and Buildings → |                |              |                   |                 |              |                 |
|--------------------------------|------------------------|----------------|--------------|-------------------|-----------------|--------------|-----------------|
|                                | Freehold               | Long           | Short        | Assets in         | Equipment       | Vehicles     | Total           |
|                                | £'000                  | Leases         | Leases       | Course of         | £'000           | £'000        | £'000           |
|                                |                        | £'000          | £'000        | Construc-<br>tion |                 |              |                 |
|                                |                        |                |              | £'000             |                 |              |                 |
| <b>Cost or Valuation</b>       |                        |                |              |                   |                 |              |                 |
| At 1 August 2002               | 48,403                 | 35,736         | 153          | 3,910             | 12,106          | 234          | 100,542         |
| Additions at cost              | 998                    | 1,451          | -            | 247               | 908             | 11           | 3,615           |
| Disposals                      | (25)                   | -              | -            | -                 | -               | (27)         | (52)            |
| Property write down            | (3,333)                | (3,093)        | (39)         | -                 | -               | -            | (6,465)         |
| Transfers to current assets    | (2,234)                | -              | -            | -                 | -               | -            | (2,234)         |
| Transfers                      | 705                    | 3,205          | -            | (3,910)           | -               | -            | -               |
| At 31 July 2003                | <u>44,514</u>          | <u>37,299</u>  | <u>114</u>   | <u>247</u>        | <u>13,014</u>   | <u>218</u>   | <u>95,406</u>   |
| <b>Depreciation</b>            |                        |                |              |                   |                 |              |                 |
| At 1 August 2002               | (9,758)                | (3,323)        | (111)        | -                 | (9,236)         | (187)        | (22,615)        |
| Disposals                      | 6                      | -              | -            | -                 | -               | 26           | 32              |
| Transfers to current assets    | 959                    | -              | -            | -                 | -               | -            | 959             |
| Charge for year:-              |                        |                |              |                   |                 |              |                 |
| Finance leases                 | (166)                  | -              | -            | -                 | -               | -            | (166)           |
| Other                          | (1,439)                | (1,588)        | (2)          | -                 | (1,075)         | (20)         | (4,124)         |
|                                | <u>(1,605)</u>         | <u>(1,588)</u> | <u>(2)</u>   | <u>-</u>          | <u>(1,075)</u>  | <u>(20)</u>  | <u>(4,290)</u>  |
| At 31 July 2003                | <u>(10,398)</u>        | <u>(4,911)</u> | <u>(113)</u> | <u>-</u>          | <u>(10,311)</u> | <u>(181)</u> | <u>(25,914)</u> |
| <b>Net Book Value:-</b>        |                        |                |              |                   |                 |              |                 |
| Finances leases                | 6,658                  | -              | -            | -                 | -               | -            | 6,658           |
| Others                         | 27,458                 | 32,388         | 1            | 247               | 2,703           | 37           | 62,834          |
| At 31 July 2003                | <u>34,116</u>          | <u>32,388</u>  | <u>1</u>     | <u>247</u>        | <u>2,703</u>    | <u>37</u>    | <u>69,492</u>   |
| Finances leases                | 6,824                  | -              | -            | -                 | -               | -            | 6,824           |
| Others                         | 31,821                 | 32,413         | 42           | 3,910             | 2,870           | 47           | 71,103          |
| At 31 July 2002                | <u>38,645</u>          | <u>32,413</u>  | <u>42</u>    | <u>3,910</u>      | <u>2,870</u>    | <u>47</u>    | <u>77,927</u>   |
| Inherited                      | 7,770                  | -              | -            | -                 | -               | -            | 7,770           |
| Financed by capital grants     | -                      | 7,857          | -            | -                 | 2,320           | -            | 10,177          |
| Other                          | 26,346                 | 24,531         | 1            | 247               | 383             | 37           | 51,545          |
| Net book value at 31 July 2003 | <u>34,116</u>          | <u>32,388</u>  | <u>1</u>     | <u>247</u>        | <u>2,703</u>    | <u>37</u>    | <u>69,492</u>   |

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2003**

**14. Tangible fixed assets (continued)**

**(b) University**

|                                   | ← Land and Buildings → |                         |                          | Assets in<br>Course of<br>Construc-<br>tion | Equipment       | Vehicles     | Total           |
|-----------------------------------|------------------------|-------------------------|--------------------------|---|-----------------|--------------|-----------------|
|                                   | Freehold<br>£'000      | Long<br>Leases<br>£'000 | Short<br>Leases<br>£'000 | £'000                                       | £'000           | £'000        | £'000           |
| <b>Cost or Valuation</b>          |                        |                         |                          |   |                 |              |                 |
| At 1 August 2002                  | 48,403                 | 35,736                  | 153                      | 3,910                                       | 11,859          | 234          | 100,295         |
| Additions at cost                 | 998                    | 1,451                   | -                        | 247   | 908             | 11           | 3,615           |
| Disposals                         | (25)                   | -                       | -                        | -   | -               | (27)         | (52)            |
| Property write-down               | (3,333)                | (3,093)                 | (39)                     | -   | -               | -            | (6,465)         |
| Transfers - current assets pro    | (2,234)                | -                       | -                        | -   | -               | -            | (2,234)         |
| Transfers                         | 705                    | 3,205                   | -                        | (3,910)                                     | -               | -            | -               |
| At 31 July 2003                   | <u>44,514</u>          | <u>37,299</u>           | <u>114</u>               | <u>247</u>                                  | <u>12,767</u>   | <u>218</u>   | <u>95,159</u>   |
| <b>Depreciation</b>               |                        |                         |                          |   |                 |              |                 |
| At 1 August 2002                  | (9,758)                | (3,323)                 | (111)                    | -   | (9,004)         | (187)        | (22,383)        |
| Disposals                         | 6                      | -                       | -                        | -   | -               | 26           | 32              |
| Transfers - current assets        | 959                    | -                       | -                        | -   | -               | -            | 959             |
| Charge for year:-                 |                        |                         |                          |   |                 |              |                 |
| Finance leases                    | (166)                  | -                       | -                        | -   | -               | -            | (166)           |
| Other                             | (1,439)                | (1,588)                 | (2)                      | -   | (1,061)         | (20)         | (4,110)         |
|                                   | <u>(1,605)</u>         | <u>(1,588)</u>          | <u>(2)</u>               | <u>-</u>                                    | <u>(1,061)</u>  | <u>(20)</u>  | <u>(4,276)</u>  |
| At 31 July 2003                   | <u>(10,398)</u>        | <u>(4,911)</u>          | <u>(113)</u>             | <u>-</u>                                    | <u>(10,065)</u> | <u>(181)</u> | <u>(25,668)</u> |
| <b>Net Book Value:-</b>           |                        |                         |                          |   |                 |              |                 |
| Finances leases                   | 6,658                  | -                       | -                        | -   | -               | -            | 6,658           |
| Others                            | 27,458                 | 32,388                  | 1                        | 247   | 2,702           | 37           | 62,833          |
| At 31 July 2003                   | <u>34,116</u>          | <u>32,388</u>           | <u>1</u>                 | <u>247</u>                                  | <u>2,702</u>    | <u>37</u>    | <u>69,491</u>   |
| Finances leases                   | 6,824                  | -                       | -                        | -   | -               | -            | 6,824           |
| Others                            | 31,821                 | 32,413                  | 42                       | 3,910                                       | 2,855           | 47           | 71,088          |
| At 31 July 2002                   | <u>38,645</u>          | <u>32,413</u>           | <u>42</u>                | <u>3,910</u>                                | <u>2,855</u>    | <u>47</u>    | <u>77,912</u>   |
| Inherited                         | 7,770                  | -                       | -                        | -   | -               | -            | 7,770           |
| Financed by capital grants        | -                      | 7,857                   | -                        | -   | 2,320           | -            | 10,177          |
| Other                             | 26,346                 | 24,531                  | 1                        | 247   | 382             | 37           | 51,544          |
| Net book value<br>at 31 July 2003 | <u>34,116</u>          | <u>32,388</u>           | <u>1</u>                 | <u>247</u>                                  | <u>2,702</u>    | <u>37</u>    | <u>69,491</u>   |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 14. Tangible fixed assets (continued)

The transitional rules set out in FRS 15 (Tangible Fixed Assets) were applied on its implementation. Accordingly, book values at implementation were retained.

The basis of the revaluation is set out in Note 5 of the Statement of Principal Accounting Policies.

Freehold land with a book value of £8.384m (Group and University) and assets in the course of construction stated at £0.247m (Group and University) are not depreciated.

In the year to 31 July 2003, the University wrote down to their open market value, two properties that have been identified in its estate strategy as surplus to requirement. The open market value used is based on a valuation dated January 2002, that was carried out by the University property advisors Messrs. GVA Grimley. The properties were as follows:-

- (a) The "Island Site" Woolwich; this property is characterised by a complex of freehold and leasehold properties. These were held at a net book value of £6.357m and were written down to an open market value of £1.275m.
- (b) The Bathway building (Woolwich); this is a long leasehold property situated to the north-east of the "Island Site" (Woolwich), and was the former home of the Students Union at that campus. It was held at a net book value of £1.608m and was written down to an open market value of £0.225m. The latter is based on a valuation dated January 2002, carried out by the University's property advisors, Messrs GVA Grimley.

Under the terms of the £30m Bond, certain assets are subject to a fixed charge, and there is a floating charge over all the University's undertakings and assets, other than those not capable of being so charged under the conditions of the relevant leases. There is a negative pledge over other assets.

Capital expenditure on a leasehold building, King William, Maritime Greenwich campus, was funded in part from Treasury sources, and therefore the Treasury has a deemed interest in this building to the value of that funding. If the University assigns, or otherwise disposes of this building, the University would either have to surrender all, or part, of the proceeds to the Treasury, or use them in accordance with directions from HEFCE.

### Group and University

Depreciation of finance leases was £330,433 (2002: £330,433). The net book value of assets held under finance leases was £15,008,638 (2001: £15,339,071).

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2003**

**15. Investments – at cost**

|   | Group         |               | University    |               |
|---|---------------|---------------|---------------|---------------|
|   | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Shares in CVCP Properties Plc                   | 38            | 38            | 38            | 38            |
| Shares and retained profit in associate company | 178           | 169           | 134           | 134           |
|   | <u>216</u>    | <u>207</u>    | <u>172</u>    | <u>172</u>    |

CVCP Properties Plc was formed to fund the acquisition and refurbishment of new offices for Universities UK (UUK). All Universities agreed to subscribe for ordinary shares in this company in proportion to the subscription formula applying as at June 1995. The University of Greenwich holds 37,714 (0.9%) of the shares.

|  | Group and University |               |
|--|----------------------|---------------|
|  | 2003<br>£'000        | 2002<br>£'000 |
| <b>Investment in subsidiaries at cost</b>  |                      |               |
| UGMT Ltd                                   | -                    | -             |
| Greenwich Property Ltd                     | -                    | -             |
| Uniqueraise Ltd (dissolved 2 October 2002) | -                    | -             |
| London Science Park Ltd                    | -                    | -             |
| CCLR                                       | -                    | -             |
|  | <u>-</u>             | <u>-</u>      |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 15. Investments (continued)

#### Investment in subsidiary and associated companies:

#### Subsidiary companies:

##### UGMT Ltd

The University holds 100% of the issued share capital (£1 ordinary shares) of UGMT Ltd which is incorporated in the UK and whose principal activity is the provision of consultancy, management development programmes, and hotel and conference activities. The results for the year ended 31 July 2003 have been consolidated in these financial statements with those of the University. The company holds 43 shares (3.85%) in Smart Chemical Co. Ltd.

##### Greenwich Property Ltd

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Greenwich Property Limited, a company registered in England and operating in the UK and whose principal activity is to facilitate the provision of student accommodation for the benefit of the University's students. The results for the year ended 31 July 2003 have been consolidated in these financial statements with those of the University.

##### Uniqueraise Ltd

The University held 100% of the issued share capital of Uniqueraise Limited, a company registered in England to carry on business as a general commercial company. The company was dormant in the period to 2 October 2002, and was dissolved on that date.

##### London Science Park Ltd

The University holds outright 100% of the issued share capital (£1 Ordinary Shares) in London Science Park Limited, which is incorporated in the UK to carry on business as a general commercial company.

##### Centre for Contaminated Land Remediation Ltd

On 26 March 1999, the University formed the Centre for Contaminated Land Remediation Ltd, a company limited by guarantee with the University as the sole member, and incorporated in the UK. The principle business of the company is to procure the remediation of contaminated land, and to undertake research and education on waste management. The company is not able to distribute any profits. The results for the year ended 31 July 2003 have been consolidated in these financial statements with those of the University.



## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 15. Investments (continued)

#### Investment in subsidiary and associated companies:

#### Associated companies:

##### Natural Resources International Ltd

The University holds 25% of the issued share capital (10 pence Ordinary Shares) in Natural Resources International Limited. A further 25% of the issued share capital is held by the University of Edinburgh, with Imperial College holding the remainder (50%). The University also holds 25% of the issued B share capital, with the remainder being held by the University of Edinburgh and Imperial College in the same proportions as that of the 10p ordinary shares.

The company, which is incorporated in the UK, commenced trading on 1 August 1996 as part of the acquisition of the former Natural Resources Institute from the Overseas Development Administration (ODA). The principal activity of the company is to supply the Department for International Development (formerly ODA) and other potential clients with expertise on conservation management and sustainable development of natural resources. It delivers this work largely through sub contracts to members of the consortium, and to external organisations. The company reported a profit of £35,654 (2002: £100,014).

##### Medway Campus Ltd

The University is one of seven members of Medway Campus Ltd, a company limited by guarantee. The principal activity of the company is to contribute to the regeneration of the Medway towns in providing support for job creation by harnessing the technological potential of the area. The results are not included in the Group accounts as they are not material.

#### Other arrangements:

##### Kent Thameside

The University is one of 7 parties forming a forum to co-ordinate activity to facilitate the regeneration of the Kent Thameside area in the Boroughs of Dartford and Gravesham. The results are not included in the Group accounts as they are not material.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2003**

**15. Investments (continued)**

**Investment in subsidiary and associated companies**

**Summary**

|   | Turnover<br>£'000 | Operating<br>profit /<br>(loss)<br>£'000 | Net assets<br>£'000 |
|---|-------------------|--|---------------------|
| NR International Ltd                                  | 17,923            | 36                                       | 712                 |
| NR International Ltd – trade with the University      | 4,939             | -  | -                   |
| NR International Ltd – other than with the University | 12,984            | -  | -                   |

**16. Endowment asset investment**

|   | <b>Group and University</b> |                |
|---|-----------------------------|----------------|
|   | <b>2003</b>                 | <b>2002</b>    |
|   | <b>£</b>                    | <b>£</b>       |
| Balance at 1 August 2002                      | 496,884                     | 434,146        |
| Additions                                     | 80,750                      | 78,281         |
| Disposals                                     | (9,882)                     | (8,565)        |
| Increase / (decrease) in value of investments | 3,054                       | (6,978)        |
| Balance at 31 July 2003                       | <u>570,806</u>              | <u>496,884</u> |
| Represented by:                               |                             |                |
| COIF income shares                            | 47,553                      | 22,508         |
| Managed funds                                 | 516,907                     | 468,030        |
| Debtors                                       | 6,346                       | 6,346          |
|   | <u>570,806</u>              | <u>496,884</u> |
| Market value of COIF income shares            | 47,553                      | 22,508         |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 17. Endowments

|  | Group and University          |                |                  |                           | Balance<br>31 July<br>2003<br>£ |
|--|-------------------------------|----------------|------------------|---------------------------|---------------------------------|
|  | Balance<br>1 Aug<br>2002<br>£ | Additions<br>£ | Withdrawals<br>£ | Investment<br>income<br>£ |                                 |
| <b>General</b>                           |                               |                |                  |                           |                                 |
| Governors' General Reserve               | 159,045                       | -              | -                | -                         | 159,045                         |
| <b>Specific</b>                          |                               |                |                  |                           |                                 |
| * Walter Busbridge Fund                  | 4,579                         | -              | (4,579)          | -                         | -                               |
| * D.C. Stapley Prize Fund                | 5,788                         | -              | (5,788)          | -                         | -                               |
| * Osborn Howe Prize Fund                 | 3,748                         | -              | (3,748)          | -                         | -                               |
| * Penfold Memorial Trust Fund            | 761                           | -              | (761)            | -                         | -                               |
| * Pidgen Prize Fund                      | 328                           | -              | (328)            | -                         | -                               |
| * Foundation Prize Fund                  | 12,772                        | -              | (12,772)         | -                         | -                               |
| * Lord Marks Fund                        | 4,300                         | -              | (4,300)          | -                         | -                               |
| * Blanche Lemon Prize Fund               | 1,008                         | -              | (1,008)          | -                         | -                               |
| * Else Haydon Carrier Prize Fund         | 2,502                         | -              | (2,502)          | -                         | -                               |
| * Grace McNicol Prize Fund               | 699                           | -              | (699)            | -                         | -                               |
| * Phillips Fund                          | 1,182                         | -              | (1,182)          | -                         | -                               |
| * Old Students Association Prize Fund    | 6,595                         | -              | (6,595)          | -                         | -                               |
| * Freda Jarvis Memorial Fund             | 30,196                        | -              | (30,196)         | -                         | -                               |
| * Dennis Frank Todd Memorial Prize Fund  | 534                           | -              | (534)            | -                         | -                               |
| * Kittson Prize Fund                     | 797                           | -              | (797)            | -                         | -                               |
| * Spalding Memorial Prize Fund           | 597                           | -              | (597)            | -                         | -                               |
| * Broughton Trade Lad Prize Fund         | 2,723                         | -              | (2,723)          | -                         | -                               |
| Bergman Osterberg Trust                  | -                             | 120,892        | (1,342)          | 4,487                     | 124,037                         |
| School of Land & Construction Prize Fund | 35                            | -              | -                | 1                         | 36                              |
| E.de Barry Barnett Memorial Prize Fund   | 5,551                         | -              | -                | 187                       | 5,738                           |
| Garnett Prize Fund                       | 18,030                        | -              | -                | 607                       | 18,637                          |
| Humanities Prize Fund                    | 9,755                         | -              | -                | 328                       | 10,083                          |
| Coker Prize Fund                         | 684                           | -              | -                | 23                        | 707                             |
| DP Connect – Business School Prize Fund  | 1,170                         | -              | -                | 39                        | 1,209                           |
| D. Fussey Memorial Choral Exhibition     | 223,315                       | 28,846         | (8,540)          | 7,497                     | 251,118                         |
| John-Hood Williams Prize Fund            | 190                           | -              | -                | 6                         | 196                             |
|  | <u>337,839</u>                | <u>149,738</u> | <u>(88,991)</u>  | <u>13,175</u>             | <u>411,761</u>                  |
| <b>Total</b>                             | <u>496,884</u>                | <u>149,738</u> | <u>(88,991)</u>  | <u>13,175</u>             | <u>570,806</u>                  |

\* Under a Charity Commissioner Scheme dated 26 March 2003, these prize funds were amalgamated with the Bergman Osterberg Trust to be administered as a single charity.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 18. Stocks

|                               | Group         |               | University    |               |
|-------------------------------|---------------|---------------|---------------|---------------|
|                               | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Raw materials and consumables | 17            | 21            | 17            | 21            |
|                               | <u>17</u>     | <u>21</u>     | <u>17</u>     | <u>21</u>     |

### 19. Debtors

|   | Group         |               | University    |               |
|---|---------------|---------------|---------------|---------------|
|   | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| <i>Due within one year</i>                    |               |               |               |               |
| Trade debtors                                 | 3,180         | 3,598         | 2,430         | 3,017         |
| Amounts owed by subsidiaries                  | -             | -             | 430           | 570           |
| Amounts owed by associated company            | 965           | 1,161         | 965           | 1,161         |
| Amounts recoverable under long term contracts | 377           | 337           | 377           | 337           |
| Other debtors                                 | 487           | 761           | 370           | 622           |
| Prepayments & accrued income                  | 1,509         | 1,271         | 1,478         | 1,236         |
| Amounts due from HEFCE                        |               |               |               |               |
| Principal and interest on capital debt        | 286           | 284           | 286           | 284           |
| Other   | 203           | 51            | 203           | 51            |
|   | <u>7,007</u>  | <u>7,463</u>  | <u>6,539</u>  | <u>7,278</u>  |
| <i>Due in more than one year</i>              |               |               |               |               |
| Amounts owed by subsidiaries                  | -             | -             | 24,457        | 23,505        |
|   | <u>7,007</u>  | <u>7,463</u>  | <u>30,996</u> | <u>30,783</u> |

### 20. Investments (current assets)

|   | Group         |               | University    |               |
|---|---------------|---------------|---------------|---------------|
|   | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Debt service reserve                    | 2,412         | 1,908         | 2,412         | 1,908         |
| Fixed term and notice bank deposits     | 23,953        | 17,548        | 23,953        | 17,532        |
| Quoted investments – COIF Income Shares | -             | 22            | -             | -             |
|   | <u>26,365</u> | <u>19,478</u> | <u>26,365</u> | <u>19,440</u> |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 21. Creditors: Amounts falling due within one year

|  | Group         |               | University    |               |
|--|---------------|---------------|---------------|---------------|
|  | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Bank overdraft   | 2,510         | 1,314         | 2,504         | 1,286         |
| Bond   | 512           | -             | 512           | -             |
| Finance leases   | 250           | 231           | -             | -             |
| Loan debt payable to Royal Borough of Kensington and Chelsea             | 145           | 136           | 145           | 136           |
| Interest on loan debt payable to Royal Borough of Kensington and Chelsea | 139           | 148           | 139           | 148           |
| Trade creditors  | 5,784         | 4,387         | 5,637         | 4,387         |
| Amounts owed by subsidiaries   | -             | -             | 1,960         | 1,766         |
| Prepaid long term contract income  | 4,130         | 4,801         | 4,130         | 4,502         |
| PAYE and other taxation payable  | 1,624         | 1,500         | 1,572         | 1,500         |
| Other creditors  | 4,999         | 3,459         | 2,895         | 1,571         |
| Accruals - reorganisation costs  | -             | 520           | -             | 520           |
| - losses on long term contracts  | 827           | 418           | 827           | 418           |
| - others   | 5,865         | 4,924         | 2,539         | 2,763         |
| Deferred income  | 3,400         | 1,943         | 3,400         | 1,943         |
|  | <u>30,185</u> | <u>23,781</u> | <u>26,260</u> | <u>20,940</u> |

### 22. Creditors: Amounts falling due after more than one year

|  | Group         |               | University    |               |
|--|---------------|---------------|---------------|---------------|
|  | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Bond   | 27,854        | 28,301        | 27,854        | 28,301        |
| Finance lease                                  | 14,970        | 15,220        | -             | -             |
| Loan - Greenwich Property Limited              | -             | -             | 39,284        | 38,451        |
| Loan - Royal Borough of Kensington and Chelsea | 4,711         | 4,856         | 4,711         | 4,856         |
|  | <u>47,535</u> | <u>48,377</u> | <u>71,849</u> | <u>71,608</u> |
| Others – deferred lease capitalisations        | 2,716         | 717           | 2,716         | 717           |
|  | <u>50,251</u> | <u>49,094</u> | <u>74,565</u> | <u>72,325</u> |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 22. Creditors: Amounts falling due after more than one year (continued)

#### Analysis of loan repayments

|  | Group         |               | University    |               |
|--|---------------|---------------|---------------|---------------|
|  | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Repayable between one and two years          |               |               |               |               |
| Bond   | 546           | 512           | 546           | 512           |
| Finance lease                                | 270           | 250           | -             | -             |
| Loan - Greenwich Properties Limited          | -             | -             | -             | -             |
| Loan - Royal Borough of Kensington & Chelsea | 156           | 145           | 156           | 145           |
|  | <u>972</u>    | <u>907</u>    | <u>702</u>    | <u>657</u>    |
| Repayable between two and five years         |               |               |               |               |
| Bond   | 1,857         | 1,744         | 1,857         | 1,744         |
| Finance lease                                | 946           | 876           | -             | -             |
| Loan - Greenwich Properties Limited          | -             | -             | -             | -             |
| Loan - Royal Borough of Kensington & Chelsea | 531           | 498           | 531           | 498           |
|  | <u>3,334</u>  | <u>3,118</u>  | <u>2,388</u>  | <u>2,242</u>  |
| Repayable after five years                   |               |               |               |               |
| Bond   | 25,451        | 26,045        | 25,451        | 26,045        |
| Finance lease                                | 13,754        | 14,094        | -             | -             |
| Loan - Greenwich Properties Limited          | -             | -             | 39,284        | 38,451        |
| Loan - Royal Borough of Kensington & Chelsea | 4,024         | 4,213         | 4,024         | 4,213         |
|  | <u>43,229</u> | <u>44,352</u> | <u>68,759</u> | <u>68,709</u> |
|  | <u>47,535</u> | <u>48,377</u> | <u>71,849</u> | <u>71,608</u> |

#### Bond

On 14 October 1998, the University issued £30m Guaranteed Secured Bonds due 2028 at an interest coupon of 6.36% on the Luxembourg Stock Exchange. In the period to 31 July 2003, interest only is payable, and from that date the Bond will be redeemed on an annuity basis up to 31 July 2028. Payments of interest and principal are guaranteed by AMBAC Insurance UK Ltd, for which guarantee the University paid a premium covering the 30 year period. Payments are semi-annual on 31 January and 31 July.

There are provisions for early redemption and for the University, or any of its subsidiaries, to purchase bonds in the open market or otherwise, at any price. Any offer to purchase by tender, must be made to all Bondholders. Although there is no security to value, the University has granted a fixed charge over certain properties, and a first floating charge over all its undertakings and assets, other than those not capable of being so charged by the conditions under relevant leases. There is a negative pledge over other assets.

The University is required to maintain a charged Debt Service Reserve comprising cash, or cash equivalents, sufficient to meet the next two scheduled Bond payments. The premium paid to AMBAC and all other direct costs associated with the issue have been capitalised and will be written-off over the life of the Bond. The effective rate of interest is 6.97% after taking into account all issue and guarantee costs.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 22. Creditors: Amounts falling due after more than one year (continued)

#### Loan debt - Royal Borough of Kensington and Chelsea

Loans associated with tangible fixed assets transferred from ILEA to the University under the Education Reform Act 1988. The loans are unsecured and are repayable by instalments over various years up to 2021, at an average rate of interest of 8.615% (2002: 8.957%).

The University is liable for servicing this debt to the Royal Borough of Kensington and Chelsea (as successor body to ILEA for this purpose); both principal and interest are reimbursed by HEFCE under current arrangements.

### 23. Provisions for liabilities and charges

|                  | Group and University          |                               |                |
|------------------|-------------------------------|-------------------------------|----------------|
|                  | Enhanced<br>pensions<br>£'000 | Decontam-<br>ination<br>£'000 | Total<br>£'000 |
| At 1 August 2002 | 3,218                         | 976                           | 4,194          |
| Interest charge  | 174                           | -                             | 174            |
| Payments in year | (216)                         | -                             | (216)          |
| At 31 July 2003  | <u>3,176</u>                  | <u>976</u>                    | <u>4,152</u>   |

The provision for decontamination relates to a former pyrotechnic site at North Dartford and is based on work undertaken by University staff qualified in environmental issues. There are environmental and health and safety issues concerning land pollution and a large number of small buildings impregnated with explosive material. The University is currently addressing this issue, but the timing of decontamination work is subject to detailed discussions with various agencies.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2003**

**24. Deferred capital grants**

|                                      | Group and University |                    |                    |                    |               |
|--------------------------------------|----------------------|--------------------|--------------------|--------------------|---------------|
|                                      | Hefce                |                    | Other              |                    | Total         |
|                                      | Equipment<br>£'000   | Buildings<br>£'000 | Equipment<br>£'000 | Buildings<br>£'000 | £'000         |
| At 1 August 2002                     | 1,763                | 7,159              | 153                | 165                | 9,240         |
| Received in the year                 | 803                  | 1,114              | 51                 | -                  | 1,968         |
| Released to Income & Expenditure Alc | (485)                | (590)              | (45)               | (11)               | (1,131)       |
|                                      | <u>2,081</u>         | <u>7,683</u>       | <u>159</u>         | <u>154</u>         | <u>10,077</u> |

**25. Reserves**

**(a) Group**

|   | Revaluation<br>Reserve<br>£'000 | Income &<br>Expenditure<br>£'000 | Total<br>Reserves<br>£'000 |
|---|---------------------------------|----------------------------------|----------------------------|
| At 1 August 2002  | 10,409                          | 10,316                           | 20,725                     |
| Deficit for year  | -                               | (9,565)                          | (9,565)                    |
| Transfer from reserves re depreciation                      | (196)                           | 196                              | -                          |
| Realisation of property revaluation gains of previous years | (1,846)                         | 1,846                            | -                          |
| Transfer re HEFCE debt reimbursement                        | -                               | 144                              | 144                        |
| Transfer re Bergman Osterberg trust                         | -                               | (45)                             | (45)                       |
| At 31 July 2003   | <u>8,367</u>                    | <u>2,892</u>                     | <u>11,259</u>              |

**(b) University**

|   |              |              |               |
|---|--------------|--------------|---------------|
| At 1 August 2002  | 10,409       | 12,955       | 23,364        |
| Deficit for year  | -            | (9,014)      | (9,014)       |
| Transfer from reserves re depreciation                      | (196)        | 196          | -             |
| Realisation of property revaluation gains of previous years | (1,846)      | 1,846        | -             |
| Transfer re HEFCE debt reimbursement                        | -            | 144          | 144           |
| At 31 July 2003   | <u>8,367</u> | <u>6,127</u> | <u>14,494</u> |

The transfer re the Bergman Osterberg trust arises because the trust was consolidated in the University's financial statements in the 2002 financial year, but in the current year it is treated as an endowment (see note 17).



## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 26. Lease obligations

The finance lease obligations to which the University is committed are as follows:-

|   | Group         |               | University    |               |
|---|---------------|---------------|---------------|---------------|
|   | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| <b>Obligations under finance leases:-</b> |               |               |               |               |
| Due within one year                       | 250           | 231           | -             | -             |
| Due between two and five years            | 1,216         | 1,126         | -             | -             |
| Due over five years                       | 13,754        | 14,094        | -             | -             |
|   | <u>15,220</u> | <u>15,451</u> | <u>-</u>      | <u>-</u>      |

The payments which the University is committed to make in the next year under operating leases are as follows:-

|  | Group         |               | University    |               |
|--|---------------|---------------|---------------|---------------|
|  | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| <b>Operating lease commitments:-</b>         |               |               |               |               |
| <b>Land and buildings</b>                    |               |               |               |               |
| Expiring within two and five years inclusive | 505           | 458           | 505           | 458           |
| Expiring in over five years                  | 5,634         | 5,567         | 5,634         | 5,567         |
|  | <u>6,139</u>  | <u>6,025</u>  | <u>6,139</u>  | <u>6,025</u>  |

### 27. Capital commitments

|  | Group         |               | University    |               |
|--|---------------|---------------|---------------|---------------|
|  | 2003<br>£'000 | 2002<br>£'000 | 2003<br>£'000 | 2002<br>£'000 |
| Commitments contracted at 31 July 2003 | <u>1,017</u>  | <u>2,078</u>  | <u>1,017</u>  | <u>2,078</u>  |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 28. Reconciliation of consolidated operating deficit to net cash from operating activities

|  | 2003<br>£'000 | 2002<br>£'000 |
|--|---------------|---------------|
| Deficit before tax                                   | (9,565)       | (590)         |
| Depreciation (Note 14)                               | 4,290         | 3,664         |
| Write down of freehold/leasehold properties          | 6,465         | -             |
| Profit on sale of properties                         | (651)         | (2,965)       |
| Deferred capital grants released to income (Note 24) | (1,131)       | (592)         |
| Release of lease capitalisation                      | (348)         | (217)         |
| Investment income                                    | (993)         | (575)         |
| Interest payable                                     | 3,625         | 3,635         |
| (Increase) / decrease of stocks                      | 4             | 23            |
| (Increase) / decrease in debtors                     | 441           | 1,754         |
| Increase / (decrease) in creditors                   | 4,391         | 4,013         |
| Increase / (decrease) in provisions                  | (42)          | 175           |
| Share of (profit) of associated undertaking          | (9)           | (25)          |
| Net cash inflow from operating activities            | <u>6,477</u>  | <u>8,300</u>  |

### 29. Reconciliation of net cash flow to movement in net debt

|  | 2003<br>£'000   | 2002<br>£'000   |
|--|-----------------|-----------------|
| (Decrease)/increase in cash in the period            | (1,332)         | 44              |
| Cash outflow re increase in liquid resources         | 6,887           | 11,359          |
| Cash outflow re decrease in debt and lease financing | 367             | 341             |
|  | <u>5,922</u>    | <u>11,744</u>   |
| <b>Net debt at 1 August</b>                          | <u>(28,936)</u> | <u>(40,680)</u> |
| <b>Net debt at 31 July</b>                           | <u>(23,014)</u> | <u>(28,936)</u> |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 30. Reconciliation of net cash flow to movement in net debt (continued)

#### Analysis of changes in net debt

|  | 2003<br>£'000          | 2002<br>£'000          |
|--|------------------------|------------------------|
| Cash in hand, at bank & deposits repayable on demand | 1,447                  | 1,583                  |
| Overdraft  | <u>(2,510)</u>         | <u>(1,314)</u>         |
|  | (1,063)                | 269                    |
| Liquid resources                                     | 26,365                 | 19,478                 |
| Debt due within 1 year                               | (657)                  | (136)                  |
| Debt due after 1 year                                | (32,439)               | (33,096)               |
| Finance leases                                       | (15,220)               | (15,451)               |
| Total  | <u><u>(23,014)</u></u> | <u><u>(28,936)</u></u> |

### 31. Contributions to Pension Funds

Payments are made to the Teachers' Pensions Agency, in accordance with the Teachers' Superannuation Scheme for academic staff and to the London Pension Fund for non-academic staff.

Both Funds are defined benefit schemes, whose financial position and income and expenditure are disclosed in their annual audited financial statements. The rates of employers' contribution are reviewed periodically on the basis of actuarial valuations.

#### Teacher's Superannuation Scheme

A review of the Teachers Superannuation Scheme by the Government in February 1997 set the employers contribution rate at 7.2% from 1st July 1997, and made individual employers responsible for the costs of early retirements as from 1st September 1997. Following the 1996 actuarial valuation, the rate increased to 7.4% from 1 April 2000, 8.35% from 1 April 2002, and 13.5% from 1 April 2003.

The assets of the TSS scheme are held in separate trustee-administered funds, but it is not possible to identify each institution's share of the underlying assets and liabilities of the schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes. The cost recognised within the surplus/deficit for the year in the income and expenditure account is equal to the contributions payable to the scheme for the year.

An actuarial valuation was due as at 31 March 2003.

Where the Institution closes and there is no successor establishment, the Secretary of State becomes the compensating authority.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 July 2003

### 31. Contributions to pension funds (continued)

#### London Pension Fund Authority (LPFA)

In accordance with the Local Government Superannuation regulations, a valuation of the London Pensions Fund (Active Sub-Fund) as at 31 March 2001 determined that, on the basis of the projected unit method, the University's contribution increased from 8.7% to 11.4% with effect from 1 April 2002. The next valuation is due as at 31 March 2004.

The main actuarial assumptions used in the 2003 valuation were:

Rate of return on investments :-

|            |       |
|------------|-------|
| - equities | 6.75% |
| - bonds    | 5.75% |

Rate of pay increases 4.3%

Rate of pension increases 2.8%

Valuation of assets Average market value in the 12 months ended 31 March 2001.

At 31 March 2001 the market value of the assets of the Active Sub-Fund was £1,447m.

Pension contributions are charged to the Income and Expenditure Account in the year to which the salaries on which they are payable relate. Other creditors include £240,108 (2002 £240,618) payable to the London Pensions Fund Authority in respect of the University's contributions on salaries for July 2003.

The following disclosures in relation to LPFA are to comply with the transitional requirements of FRS 17:

| Assumptions as at year end | 2003<br>% pa | 2002<br>% pa | 2001<br>% pa |
|----------------------------|--------------|--------------|--------------|
| Price increases            | 2.6%         | 2.4%         | 2.5%         |
| Salary increases           | 4.1%         | 3.9%         | 4.0%         |
| Pension increases          | 2.6%         | 2.4%         | 2.5%         |
| Discount rate              | 5.5%         | 6.0%         | 5.7%         |

  

| Assets in the whole LPFA fund and expected rate of return | Assumed long term return % pa at July 2003 | Value at 31 July 2003 £m | Assumed long term return % pa at July 2002 | Value at 31 July 2002 £m | Assumed long term return % pa at July 2001 | Value at 31 July 2001 £m |
|---|--|--------------------------|--|--------------------------|--|--------------------------|
| Equities  | 8.0%                                       | 1,053                    | 8.0%                                       | 983                      | 7.0%                                       | 1,129                    |
| Bonds   | 5.0%                                       | 170                      | 5.5%                                       | 183                      | 5.5%                                       | 226                      |
| Property  | 6.0%                                       | 66                       | 6.0%                                       | -                        | 6.0%                                       | -                        |
| Cash  | 3.5%                                       | -                        | 4.0%                                       | 17                       | 4.0%                                       | 23                       |
| <b>Total</b>  | <b>7.5%</b>                                | <b>1,289</b>             | <b>7.6%</b>                                | <b>1,183</b>             | <b>6.7%</b>                                | <b>1,378</b>             |

  

|   |                |                |                |
|---|----------------|----------------|----------------|
| % of Fund attributed to University Value (£m) | 3.9%<br>£50.4m | 4.1%<br>£48.4m | 4.0%<br>£55.5m |
|---|----------------|----------------|----------------|

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 July 2003**

**31. Contributions to pension funds (continued)**

|   | <b>2003</b>     |                  | <b>2002</b>     |                  | <b>2001</b>    |
|---|-----------------|------------------|-----------------|------------------|----------------|
|   | <b>£'000</b>    |                  | <b>£'000</b>    |                  | <b>£'000</b>   |
| <b>Net Pension Asset</b>  |                 |                  |                 |                  |                |
| <b>(University's share of LPFA Active Sub fund)</b>   |                 |                  |                 |                  |                |
| Estimated employer assets (A)   | 50,350          |                  | 48,380          |                  | 55,530         |
| Present value of scheme liabilities (B)   | 77,540          |                  | 62,640          |                  | 58,750         |
| Present value of unfunded liabilities (C)   | 480             |                  | 440             |                  | 460            |
| <b>Net pension asset / (liability) (A - B - C)</b>  | <b>(27,670)</b> |                  | <b>(14,700)</b> |                  | <b>(3,680)</b> |
| <b>If the above amounts had been recognised in the financial statements the group's net assets and general reserve (I&amp;E account) would be</b> |                 |                  |                 |                  |                |
| Net assets excluding pension liability  | 21,907          |                  | 30,462          |                  |                |
| Pension liability   | (27,670)        |                  | (14,700)        |                  |                |
| <b>Net assets including pension liability</b>   | <b>(5,763)</b>  |                  | <b>15,762</b>   |                  |                |
| General reserve/ I&E account excluding pension liability  | 2,892           |                  | 10,316          |                  |                |
| Pension liability   | (27,670)        |                  | (14,697)        |                  |                |
| <b>General reserve/ I&amp;E account including pension liability</b>   | <b>(24,778)</b> |                  | <b>(4,381)</b>  |                  |                |
|   | <b>2003</b>     | <b>% of</b>      | <b>2002</b>     | <b>% of</b>      |                |
|   | <b>£'000</b>    | <b>pay costs</b> | <b>£'000</b>    | <b>pay costs</b> |                |
| <b>Analysis of amount that would be charged to operating surplus in Income and Expenditure account</b>  |                 |                  |                 |                  |                |
| Service cost  | 2,210           | 13.2%            | 2,420           | 14.4%            |                |
| Past service costs  | 90              | 0.5%             | 420             | 2.5%             |                |
| Curtailments and settlements  | 260             | 1.6%             | 80              | 0.5%             |                |
| <b>Total Operating Charge (A)</b>   | <b>2,560</b>    | <b>15.3%</b>     | <b>2,920</b>    | <b>17.4%</b>     |                |
| <b>Projected amount credited to other finance income</b>  |                 |                  |                 |                  |                |
| Expected return on employer assets  | 3,720           | 22.3%            | 3,170           | 18.9%            |                |
| Interest on pension scheme liabilities  | (3,780)         | (22.6%)          | (3,400)         | (20.3%)          |                |
| <b>Net return (B)</b>   | <b>(60)</b>     | <b>(0.3%)</b>    | <b>(230)</b>    | <b>(1.4%)</b>    |                |
| <b>Net Income &amp; Expenditure account cost would be (A - B)</b>   | <b>2,620</b>    | <b>15.6%</b>     | <b>3,150</b>    | <b>18.8%</b>     |                |
| <b>Analysis of amount that would be recognised in Statement of Total Recognised Gains and Losses</b>  |                 |                  |                 |                  |                |
|   | <b>2003</b>     |                  | <b>2002</b>     |                  |                |
|   | <b>£000</b>     |                  | <b>£000</b>     |                  |                |
| Actual return less expected return on pension scheme assets   | (3,290)         |                  | (10,630)        |                  |                |
| Experience gains and losses arising on the scheme liabilities   | (60)            |                  | (4,700)         |                  |                |
| Changes in assumptions underlying present value of scheme liabilities   | (8,870)         |                  | 6,050           |                  |                |
| Actuarial gain/ (loss) in pension plan  | (12,220)        |                  | (9,280)         |                  |                |
| <b>Actuarial gain/ (loss) recognised in STRGL</b>   | <b>(12,220)</b> |                  | <b>(9,280)</b>  |                  |                |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 July 2003

### 31. Contributions to pension funds (continued)

|  | 2003<br>£'000   | 2002<br>£'000   |
|--|-----------------|-----------------|
| <b>Movement in surplus / deficit during the year</b>               |                 |                 |
| <b>Surplus / (deficit) at beginning of the year</b>                | <b>(14,700)</b> | <b>(3,680)</b>  |
| Current service cost   | (2,210)         | (2,420)         |
| Employer contributions   | 1,880           | 1,410           |
| Past service costs   | (90)            | (420)           |
| Impact of settlements and curtailments                             | (260)           | (80)            |
| Net return on assets   | (60)            | (230)           |
| Actuarial gains / (losses)   | (12,220)        | (9,280)         |
| <b>Surplus / (deficit) at end of year</b>                          | <b>(27,660)</b> | <b>(14,700)</b> |
| <b>History of Experience Gains and Losses</b>                      |                 |                 |
| <b>Difference between the expected and actual return on assets</b> | <b>(3,290)</b>  | <b>(10,630)</b> |
| Value of assets  | 50,350          | 48,380          |
| Percentage of assets   | (6.5%)          | (22.0%)         |
| <b>Experience gains / (losses) on liabilities</b>                  | <b>(60)</b>     | <b>(4,700)</b>  |
| Present value of liabilities                                       | 78,020          | 62,640          |
| Percentage of the present value of liabilities                     | (0.1%)          | (7.5%)          |
| <b>Actuarial gains / (losses) recognised in STRGL</b>              | <b>(12,220)</b> | <b>(9,280)</b>  |
| Present value of liabilities                                       | 78,020          | 62,640          |
| Percentage of the present value of liabilities                     | (15.7%)         | (14.8%)         |

### Analysis of projected amount to be charged to operating profit for the year to 31 July 2004

|  | Year to<br>2004<br>£'000 | % of<br>pay costs | Year to<br>2003<br>£'000 | % of<br>pay costs |
|--|--------------------------|-------------------|--------------------------|-------------------|
| <b>Estimated current service cost &amp; total operating charge (A)</b> | <b>2,740</b>             | <b>16.4%</b>      | <b>2,192</b>             | <b>12.6%</b>      |
| Expected return on employer assets                                     | 3,850                    | 23.0%             | 3,671                    | 21.0%             |
| Interest on pension scheme liabilities                                 | (4,290)                  | (25.6%)           | (3,791)                  | (21.7%)           |
| <b>Net return (B)</b>  | <b>(440)</b>             | <b>(2.6%)</b>     | <b>(120)</b>             | <b>(0.7%)</b>     |
| <b>Expected net I&amp;E account cost (A – B)</b>                       | <b>3,180</b>             | <b>19.0%</b>      | <b>2,312</b>             | <b>13.3%</b>      |

### Information relevant to 2003/04 roll forward as at July 2003

|  |       |       |
|--|-------|-------|
| Present value of expected future employee contributions  | 6,920 | 6,918 |
| Present value of 1% of future earnings of active members | 1,150 | 1,148 |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 July 2003

### 31. Contributions to pension funds (continued)

The pension charge for the year includes an amount in respect of enhanced pension entitlements of staff taking early retirement under the reorganisation programme. Provision was made for the cost of early retirement, based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 3.5% in excess of price inflation.

An amount of £3.176 m (2002: £3.218m) is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceed actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

The total pension cost for the University and its subsidiaries was:-

|                              | 2003<br>£'000 | 2002<br>£'000 |
|------------------------------|---------------|---------------|
| Contributions to TSS         | 2,380         | 1,814         |
| Contributions to USS         | 34            | 22            |
| Contributions to LPFA        | 1,877         | 1,561         |
| Total pension costs (note 5) | <u>4,291</u>  | <u>3,397</u>  |

### 32. Taxation

|   | 2003<br>£'000 | 2002<br>£'000 |
|---|---------------|---------------|
| <b>U.K. corporation tax on the profits of, and by</b> |               |               |
| UGMT Ltd  | -             | -             |
| Greenwich Property Ltd.                               | -             | -             |
|   | <u>-</u>      | <u>-</u>      |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 33. Contingent liabilities

The University is a member of U.M. Association (Terrorism) Ltd. (UMALT), a mutual association for terrorism risk solely for institutions of higher education with a membership of 77 institutions. The association has a reserve fund of £9.9m, a £15m "internal" loan facility from member institutions, and a £300m aggregate layer of "excess" cover obtained through the Lloyds Market. Institutions pay advance contributions based on the value of the property and geographical location. If necessary, a supplementary contribution may be called from each member calculated pro rata to the advance contributions made in the relevant indemnity year. No claims have been made on UMALT since it was formed in 1993.

### 34. Related party transactions

During the year the University traded with an associated company – Natural Resources International Ltd, in which it holds 25% of the share capital. The value of work performed for the company was £4.93 m (2002: £7.53 m). The University sold services to N R International Ltd to the value of £11,113 (2002: £195,970). The company has called-up share capital of £136,001 and reserves of £575,822.

The University seconded approximately 5 of its staff (2002: 6) to the company at a cost of £0.260m (2002: £0.300m), and charged the company £0k for premises and related costs (2002: £66k)

A register of Governor's interests is maintained by the University, and any transaction involving organisations in which a member of the court may have an interest is conducted at arm's length, and in accordance with the University's financial regulations and normal procedures.

At the year end the total amount owed to the University by N R International Ltd was £0.965m (2002: £1.14m).

All related party transactions between the University and its wholly owned subsidiaries are not disclosed because of a specific exemption under FRS 8.

The University is one of four equal partners in Kent-Man Limited, a company formed on 1 April 2002, and limited by guarantee, maintaining microwave radio links between HE institutions in Kent.

### 35. Post Balance Sheet Events

There are no post balance sheet events to report.



**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2003**

**36. HEFCE – Student support funding**

|                        | <b>2003</b>  | <b>2002</b>  |
|------------------------|--------------|--------------|
|                        | <b>£'000</b> | <b>£'000</b> |
| Funding council grants | 1,330        | 1,195        |
| Interest earned        | 10           | 10           |
|                        | <u>1,340</u> | <u>1,205</u> |
| Disbursed to students  | (1,340)      | (1,123)      |
|                        | <u>-</u>     | <u>82</u>    |
| Balance at year end    | <u>-</u>     | <u>82</u>    |

HEFCE Student Support Funding (Hardship Fund, Opportunity Bursaries, and Fee Waiver Fund) is available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income & Expenditure Account.

**37. TTA – Training Bursary**

|                       |            |            |
|-----------------------|------------|------------|
| TTA grant             | 1,416      | 863        |
| Disbursed to students | (1,241)    | (763)      |
|                       | <u>175</u> | <u>100</u> |
| Balance at year end   | <u>175</u> | <u>100</u> |

TTA training bursaries are available solely for students with the University acting as paying agent.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 38. Financial instruments - Group

#### a. Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

#### b. Interest rate profile of financial liabilities of the Group

| Currency | As at 31 July 2003 |                           |                        | As at 31 July 2002 |                           |                        |
|----------|--------------------|---------------------------|------------------------|--------------------|---------------------------|------------------------|
|          | Total<br>£'000     | Floating<br>rate<br>£'000 | Fixed<br>rate<br>£'000 | Total<br>£'000     | Floating<br>rate<br>£'000 | Fixed<br>rate<br>£'000 |
| Sterling | 48,442             | 4,856                     | 43,586                 | 48,744             | 4,992                     | 43,752                 |

NOTE: At present HEFCE re-imburses the floating rate financial liabilities

All the Group's creditors falling due within one year (other than borrowings) are excluded from the above table either due to the exclusion of short term items or because they do not meet the definition of financial liabilities. There are no material financial liabilities on which interest is not paid.

| Currency | As at 31 July 2003<br>weighted average |                                      | As at 31 July 2002<br>weighted average |                                      |
|----------|--|--------------------------------------|--|--------------------------------------|
|          | Interest<br>rate                       | Period for<br>which rate<br>is fixed | Interest<br>rate                       | Period for<br>which rate<br>is fixed |
| Sterling | 7.33%                                  | 24 Years                             | 7.33%                                  | 25 Years                             |

#### c. Interest rate risk of financial assets

The group had the following financial assets as at 31<sup>st</sup> July:-

| Currency  | As at 31 July 2003 |                           |                        | As at 31 July 2002 |                           |                        |
|-----------|--------------------|---------------------------|------------------------|--------------------|---------------------------|------------------------|
|           | Total<br>£'000     | Floating<br>rate<br>£'000 | Fixed<br>rate<br>£'000 | Total<br>£'000     | Floating<br>rate<br>£'000 | Fixed<br>rate<br>£'000 |
| Sterling  | 26,962             | 597                       | 26,365                 | 20,301             | 861                       | 19,440                 |
| Euro      | 595                | 595                       | -                      | 579                | 579                       | -                      |
| US Dollar | 255                | 255                       | -                      | 181                | 181                       | -                      |
|           | <u>27,812</u>      | <u>1,447</u>              | <u>26,365</u>          | <u>21,061</u>      | <u>1,621</u>              | <u>19,440</u>          |

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 38. Financial instruments – Group Continued

#### d. Currency exposures

As explained in the Directors Report, the University's objective in managing the currency exposures arising from the normal course of business is to limit risks as far as possible by making any subcontracts in the same currency as the main contract.

At 31<sup>st</sup> July, the sterling value of debtors and creditors in foreign currencies was as follows:-

| Currency  | Debtors        |                | Creditors |           |
|-----------|----------------|----------------|-----------|-----------|
|           | 2003<br>£      | 2002<br>£      | 2003<br>£ | 2002<br>£ |
| EURO      | 174,549        | 423,820        | -         | -         |
| US \$     | 354,212        | 406,937        | -         | -         |
| SA Rand   | 4,781          | -              | -         | -         |
| NOK       | 15,551         | -              | -         | -         |
| S.A. Rand | 25,964         | 16,848         | -         | -         |
|           | <u>575,057</u> | <u>847,605</u> | <u>-</u>  | <u>-</u>  |

#### e. Maturity of financial liabilities

The maturity of the Group's financial liabilities, other than short-term creditors and accruals, as at 31 July was:-

| Currency   | As at 31 July 2003 |                           |                        | As at 31 July 2002 |                           |                        |
|--|--------------------|---------------------------|------------------------|--------------------|---------------------------|------------------------|
|  | Total<br>£'000     | Floating<br>rate<br>£'000 | Fixed<br>rate<br>£'000 | Total<br>£'000     | Floating<br>rate<br>£'000 | Fixed<br>rate<br>£'000 |
| In one year or less, or on demand                    | 907                | 145                       | 762                    | 367                | 136                       | 231                    |
| In more than one year, but not more than two years   | 972                | 156                       | 816                    | 907                | 145                       | 762                    |
| In more than two years, but not more than five years | 3,334              | 531                       | 2,803                  | 3,118              | 498                       | 2,620                  |
| In more than five years                              | 43,229             | 4,024                     | 39,205                 | 44,352             | 4,213                     | 40,139                 |
|  | <u>48,442</u>      | <u>4,856</u>              | <u>43,586</u>          | <u>48,744</u>      | <u>4,992</u>              | <u>43,752</u>          |

NOTE: At present HEFCE re-imburses the floating rate financial liabilities

#### f. Borrowing facilities

The Group has no undrawn borrowing facilities.

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2003

### 38. Financial instruments – Group (continued)

#### g. Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of all the Group's financial assets and liabilities as at 31<sup>st</sup> July:-

Primary financial instruments held or issued to finance the Group's operations

|   | As at 31 July 2003  |                     | As at 31 July 2002  |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Book value<br>£'000 | Fair value<br>£'000 | Book value<br>£'000 | Fair value<br>£'000 |
| Current portion of long term borrowings     | 907                 | 907                 | 367                 | 367                 |
| Long term borrowings                        | 47,535              | 52,626              | 48,377              | 49,823              |
| Cash deposits and current asset investments | 27,812              | 27,812              | 21,061              | 21,061              |
| Shares in CVCP Properties Plc               | 38                  | 38                  | 38                  | 38                  |

The fair value of the long-term borrowings has been determined by reference to prices available in the market in respect of the Bond, and fair value for the PFI element is assumed at book value.

Further details concerning the Bond are set out in note 22.

#### h. Gains and losses on currency hedges

The Group has no forward currency contracts.