



the
UNIVERSITY
of
GREENWICH

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 2007

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OFFICERS AND PROFESSIONAL ADVISERS

Chancellor	The Lord Holme of Cheltenham CBE
Pro Chancellor and Chairman	Lady A-M S Nelson
Vice-Chancellor	Baroness Blackstone
Secretary & Clerk to the Court	Mrs L. Cording
External Auditors	Grant Thornton UK LLP Chartered Accountants and Registered Auditors Bryanston Court, Selden Hill Hemel Hempstead HP2 4TN
Internal Auditors	RSM Bentley Jennison 30-34 Moorgate London EC2 6DN
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP
Solicitors	Stephenson Harwood One St. Paul's Churchyard London EC4M 8SH



MEMBERSHIP OF THE COURT

The following persons served as Governors during the year ended 31 July 2007. In the case of those who became or ceased to be governors during the year, the appropriate dates are shown.

Article 7(1) – Vice-Chancellor	Baroness Blackstone	
Article 7(2)a – Independent Members	Mr S Atkinson Mr R J Baglin Mr J E Brathwaite Mr J C Gould Mr J R H Loudon Sir Callum McCarthy Mrs M McKinlay Lady A-M S Nelson Dr D Quarmby Lady P E Tomlinson	
Article 7(2)b – Academic Council Members	Dr P M B Meers Mr M Sharp	
Article 7(2)c – Student Members	Mr V Choudhary	(appointed 01-08-06)
Article 7(2)d – Co-opted Members	Ms M Branch-Davis Mr S Etherington Dr L Garner DR A S Pugh Miss C H Rose Mr R R Spinney	(resigned 31-12-06) (appointed 19-03-07)

MEMBERSHIP OF COURT COMMITTEES

The following are the Court Committees and their membership during the year ended 31 July 2007. In the case of those who became or ceased to be members during the year, the appropriate dates are shown.

Pro-Chancellor's Advisory Group	Anne-Marie Nelson Richard Baglin John Gould James Loudon Mary McKinlay	(Chairman)
Audit	Richard Baglin Simon Atkinson Mary McKinlay Alaric Pugh Steve Davie	(Chairman) (not a member of the Court)
Finance	James Loudon Tessa Blackstone Stuart Etherington John Gould Callum McCarthy David Quarmby Ron Spinney	(Chairman)
Nominations	Anne-Marie Nelson Tessa Blackstone John Gould James Loudon Mary McKinlay Mike Sharp	(Chairman)
Remuneration	James Loudon Richard Baglin Tessa Blackstone Mary McKinlay Anne-Marie Nelson	(Chairman)
Staffing	Mary McKinlay Tessa Blackstone Alaric Pugh Paulette Tomlinson	(Chairman)
Strategy	John Gould Richard Baglin Tessa Blackstone Jim Braithwaite Anne-Marie Nelson David Quarmby	(Chairman)



REPORT OF THE GOVERNORS (AS DIRECTORS)

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 comply with the Companies Act. On the 1st January 1995, the University became an exempt charity.

The University was established as an institution for education and research and its 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 aims to provide high quality education, research and enterprise for international, national, regional and local communities.

In doing so, it focuses on expanding opportunities for students of all ages and many backgrounds; providing programmes with an emphasis on employability; the application of enterprise and research to defined needs.

The University's strategic objectives are:-

(a) Enhancing learning and teaching

- To enhance the quality of learning and teaching through providing innovative programmes which take into account advances in knowledge, research and use of new technology
- To provide a distinctive learning experience for all students that fosters success through a high quality and strongly supported learning environment

(b) Employability

- To offer programmes of study which equip our graduates to obtain relevant employment and to be creative in the application of their knowledge and skills
- To ensure students are supported to complete their programmes of study and embark on graduate careers

(c) Expanding opportunities

- To attract and retain students and staff from a wide range of backgrounds and to promote equal opportunities for all
- To develop partnerships, both in the UK and overseas which encourage progression through the different levels of higher education

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

2. Mission and objectives (continued)

(d) Enterprise and research

- To undertake enterprise and research with the public and private sectors including consultancy and knowledge transfer activities
- To engage with local and regional communities and to provide services that meet their needs and encourage participation in University activities

(e) Effectiveness and efficiency

- To promote good management and effective solutions, both in terms of cost and performance, in all activities

3. Developments

The University has had a successful start in implementing its corporate plan approved in 2006.

We have continued to enhance our academic portfolio by introducing new programmes with an explicit vocational focus to meet employers' needs at both national and regional levels. Innovative foundation degrees involving partnership with employers have been developed for entry in September 2007. Over 800 students enrolled on foundation degrees in 2006/7, more than double the number for the preceding academic year.

Employability initiatives include an enhanced focus on placement opportunities and work related learning through, for example the mentoring and student ambassador schemes, volunteering and student representation. Student Ambassadors play a particularly important part in supporting and raising the aspirations of young people in schools and colleges while also developing their own employability skills. Several thousand young people have been supported in the region through a range of widening participation activities including taster days, subject days, summer Schools and homework clubs.

We have continued our strategy of focussing research and enterprise funding. Maintaining the growth rate, which was achieved in the previous financial year, will remain challenging and plans are in place to build on cross School collaborations to develop new research and enterprise activities. Our four spin out companies continue to exploit innovative research undertaken in our Schools and a major drug development licensing agreement with British Technology Group.

Some of this year's developments give a flavour of the variety of work in the University:

- We have formed a partnership with Medway Council which aims to help elderly people to maintain their independence longer than otherwise would be the case by modernising older people's services in Medway. The partnership aims to increase opportunities for people who provide care services in Medway to enhance the employability of students once they have graduated and to retain the best graduates to work in Medway.
- A research collaboration between the University, the University of Washington, local authorities and primary care trusts in London, Kent and Medway is investigating developing health care that meets the needs of African Americans by studying public health in the UK. The causes of the differences in health care received by ethnic minorities will be one area of this research. The United States is more advanced in understanding and studying diversity, but the UK is more advanced in delivering services to diverse populations.
- We were pleased to congratulate the first group of graduates from the Medway School of Pharmacy a joint School with the University of Kent. Students were awarded Foundation Degrees in Pharmacy



REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

3. Developments (continued)

Practice, the first in this country accredited by the Royal Pharmaceutical Society of Great Britain. We look forward to our first cohort of Master of Pharmacy graduates in 2008.

- Water and waste engineering are at the heart of new courses in Public Health Engineering developed during the year. The University is working closely with industry partners to tackle the national skills shortage in engineers, specialising in water supplies and waste water management. The Thames Gateway and the South East of England face huge challenges to provide the water infrastructure needed by the Government's house building programme. Our students will graduate knowing how to conserve and recycle water and waste for the benefit of national and international communities.
- The Natural Resources Institute continues to work across a range of activities and countries in Africa. In 2006-07 it has played a significant part in identifying the role of European agricultural research for development, and how European expertise can best be used to address growing hunger and poverty because of climate change and environmental degradation. Development and adoption of agricultural technologies as well as sustainable management of biological, physical and hydrological cycles are the key to reducing poverty and enhancing livelihoods. The NRI is well equipped to provide the necessary expertise.
- Staff from the School of Computing and Mathematical Sciences are playing a key role in the project to conserve the Cutty Sark. Researchers have been working with the Cutty Sark Trust to develop a digital representation of the ship which has been used to inform the conservation programme. Computer modelling was used to predict the structural behaviour of the ship and how to maintain it in the future. Following the fire on the ship in May 2007, the researchers used their technology to assess the extent of the damage.
- Our School of Humanities ran a successful summer course on how to start a business in the creative industries. Creative industries make up the fastest growing sector of the economy but people involved in these areas often lack business skills and knowledge. The course helps creative entrepreneurs to understand business models and how to pursue their interests as a business as well as a creative venture.

We continue to improve student access to technology. We have maintained our programme of increasing the availability of PCs for students across all of our campuses. We are also planning to improve student learning services to ensure that they are fit for purpose and to implement appropriate ICT technologies in social spaces across the University to help students work in informal environments.

During 2006/07 two new buildings at the Avery Hill Campus were completed, a multi-purpose sports hall and teaching building, and the new headquarters for the School of Health and Social Care. At the Medway Campus the newly refurbished Pilkington Building provides high quality teaching facilities and improved catering facilities. The Greenwich Campus has also added to its catering facilities with the opening of the University Cafe in the Queen Mary Building.

In the coming year we will continue to work towards the achievement of the targets highlighted in our corporate plan and to improve our services to our students.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

4. Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University (including the Natural Resources Institute) and its subsidiary companies Greenwich University Enterprises 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.

5. Results for the year

The Group results for the year ended 31 July 2007 are summarised as follows:-

	2007 £'000	2006 £'000
University (including NRI):-		
Operating surplus	2,895	3,438
Gain(loss) on restatement of bond (FRS 25/26)	2,491	(549)
	5,386	2,889
Greenwich University Enterprises Limited	(4)	(9)
Greenwich Property Ltd	-	-
Centre for Contaminated Land Remediation (CCLR)	(1)	-
Group historical cost surplus	5,381	2,880

The group had a historical cost surplus of £5.3million (2006: £2.9million) for the 2006/07 financial year. This surplus includes a credit of £2.5 million that arises from the requirement of FRS 25/26 (Financial Instruments) to restate the University's bond at its market value (as quoted on the Luxemburg Stock Exchange) at the Balance Sheet date. After adjusting for this credit, there is an underlying operating surplus of £2.8million (2006: £3.4million).

This strong underlying performance is again reflective of the University's ability to attract students onto its many programmes and to meet its teaching contracts with its funders. Other factors contributing to the strong performance are favourable margins on the tuition fee income and investment income, the latter resulting from higher than forecast cash balances available for investment and higher than budgeted returns on investment.

On the expenditure side of the Income and Expenditure account, there was a significant increase in payments to Partner and Link Colleges associated with the expansion of the University's provision in these institutions. There have also been other increases in costs, notably for utilities, but generally all costs have been contained within their budgets.

The tangible fixed assets of the group at the balance sheet date were £89.4 million (2006: £85.3 million). Additions to fixed assets in the year were £9.2 million for which the University received capital grants of £4 million. Of these additions, £5.6 million are the cost to completion of two capital projects on the Avery Hill campus (a multi-purpose sports and lecture facility, and a new building for the School of Health and Social Care), with £1.5million spent on the renewal of the University's equipment and IT infrastructure. There were no disposals of properties during the year.



REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

5. Results for the year (continued)

A significant aspect of the group financial statements is a £12m reduction in the FRS 17 (Retirement Benefits) pension liability in respect of the LPFA pension scheme of which the University's administrative and support staff are members. This reduction results from improved investment returns and a stabilisation of the scheme's liabilities. The latter is due in the main to higher discount factors used in estimating the schemes liabilities, reflecting higher yields on corporate bonds on which the discount factors are based. The improvement in the pension deficit contributes to a 70% increase in net assets after pension liability to £46.4m (2006: £27.3m).

Other key Balance Sheet ratios continue to be healthy. Short-term investments increased by 13% to £68.9m because of the strong underlying operating surplus and the funding of a significant part of fixed asset expenditure with capital grants received. Creditors due within one year were £48.1 million (2006: £38.8 million). Net current assets showed a small reduction on the previous year but remain strong at £28.5m while Income and Expenditure reserves increased by 22% to £30.2m.

Recruitment to the teaching contracts and international student recruitment are the foundation on which the University's financial performance is built with any shortfall against target having negative implications for the University's business plan. The number of recorded students in 2006-07 is summarised below:-

	2006/2007		2005/2006	
	Full-time	Part-time	Full-time	Part-time
HEFCE funded	9,936	7,041	9,464	7,119
TDA funded	724	238	699	239
Health contract	1,089	1,033	1,094	1,114
Overseas (non EU)	3,327	1,065	2,886	992
Others	327	247	169	162
	<u>15,403</u>	<u>9,624</u>	<u>14,312</u>	<u>9,626</u>
Total	<u>25,027</u>		<u>23,938</u>	

6. Principal risks and uncertainties

The principal risks and uncertainties of the University are associated with the student markets in which it operates.

The University must recruit and retain Home and EU students in sufficient numbers to meet its agreed targets for its HEFCE, TDA and Health teaching contracts. The markets for these students are very competitive and will continue to be so in the foreseeable future. The University manages this risk by careful analysis of these markets, and positioning the University (in terms of both its range of programmes and its pricing of these) to minimise the risk of under-recruitment. Allied to this it continues to invest across a range of academic and support areas with the objective of further improving the students' experience and increasing retentions.

The overseas students market is important for all UK HE institutions. This market has undergone some recent contraction with modest growth only forecast for 2008-09 and beyond. The University manages its risk in relation to this market by making decisions informed by its market analysis about the segments to be targeted, and investing in marketing and recruitment in its chosen market segments.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

7. Financial instruments

The Group finances its operations from its retained surplus, direct long-term borrowing and effective long-term borrowing under PFI arrangements.

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 Committee. Year-end cash and investments totalled £68.9m including £2.4m 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-. The group does not hold funds with a maturity date 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.

The Group's policy is that no trading in financial instruments shall be undertaken.

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

(a) 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 of £5m.

The Group's total debt at 31 July 2007 was £43m, of which £28.9m is in respect of the Bond and £14.1m represents a PFI debt repayable in 2026. At 31 July 2007, the maturity profile of borrowings (all of which were long term) shows an average maturity of 20 years. It is calculated that 4.7% is repayable in each of the periods that fall within one year and in 1 to 2 years, 8.4% in 2 to 5 years and 86.9% in more than 5 years.

(b) Currency Risk

Approximately 2.5% of the Group's business is research and consultancy contracts that are denominated in foreign currencies. The Group's policy is to mitigate currency exposures on contracts by reviewing currency risk 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.

The University did not enter into any hedging arrangements during the year.



REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

7. Financial instruments (continued)

(c) Credit Risk

The Group's main financial assets are its trade debtors, short-term investments, and bank balances, which represent its maximum exposure to credit risk in relation to its financial assets.

The Group's credit risk is mainly attributable to its trade debtors (primarily student and commercial debt). This risk is managed by monitoring the group's aggregate exposure to the non-payment of students' fees and non-payment by significant commercial customers. The amounts disclosed in the balance sheet are net of allowances for bad and doubtful debts, based on management's prior experience, and a comprehensive assessment of the quality of the debtor book.

The credit risk on short-term investments, and bank balances is low, given the Group's policy of a minimum rating of AA- (Standards and Poor) for counterparty banks and deposit takers.

(d) Interest Rate Risk

The Group's borrowings are at fixed lending rates, of which 67% relates to the 30 years bond with 33% being in respect of the PFI financing of student residences.

8. Personnel Policy and Strategy

During the year, a local agreement was reached with recognised trade unions on the terms of transfer of all academic and support staff to the new single pay spine introduced as part of the National Framework Agreement on Pay and Grading. The benchmarking stage of the job evaluation process needed to underpin the new grading structure required under the terms of the Agreement was also completed.

During the year work continued on the development and implementation of a new grading structure for all staff in line with the National Framework Agreement on Pay and Grading. Following the completion of a role matching exercise all teaching and research staff were assimilated to one of five new academic grades which came into effect on 1 August 2007. Negotiations with trade unions on the transition to new support staff grades are continuing.

A succession planning study was undertaken during the year, highlighting the need to encourage management development for staff with leadership potential. Arising from this study, additional funding was made available for University staff in Schools and Offices to participate in development programmes organised by the Leadership Foundation for Higher Education.

A new Teaching Fellowship scheme was introduced during the year and the first annual round of Teaching Fellow appointments were made. The Scheme rewards staff who have achieved excellence in their teaching and provides a means by which their contribution to staff development within their School and the wider University can be recognised and enhanced.

9. 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 Act in considering applications for employment from people with a disability. Under its Equal Opportunities Policy, the University is committed to develop effective measures for ensuring that all groups and individuals, including disabled staff and students, are able to work, study and develop their full potential in an environment, which is free from discrimination and harassment.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

10. Diversity

The University operates in accordance with the requirements of all relevant Acts related to Equal Opportunities. Under its Equal Opportunities policy, the University is committed to developing effective measures for ensuring that all groups and individuals are able to work study and develop their full potential in an environment free from discrimination and harassment

In line with recent legislation new policies have been approved in respect of Disability and Gender Discrimination. An Impact Assessment Group has been established and will undertake impact assessments in relation to anti discrimination legislation in the coming year.

11. Employees

The quality and commitment of our employees is paramount in the achievement of our objects as an institution of teaching, learning and research.

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.

12. Post Balance Sheet Events

There were no post balance sheet events.

13. Directors

The Governors of the University are Directors of the Company.

The Governors who served during the year ended 31 July 2007 are listed on page 3 of this report. 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. Statement of Directors responsibility for the Financial Statements

The statement of the responsibility of the Court for the financial statements is set out on pages 16 and 17 of this report.

15. Disclosure of information to auditors

At the date of making this report each of the University's directors (governors), as set out on page 3, confirm the following:

- so far as each director (governor) is aware, there is no relevant information needed by the University's auditors in connection with preparing their report of which the University's auditors are unaware, and
- each director (governor) has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information needed by the University's auditors in connection with preparing their report and to establish that the University's auditors are aware of that information.



REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

16. Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 27 July 2007, creating a casual vacancy which the directors have filled by appointing Grant Thornton. The appointment was ratified by the Court at its 15 October 2007 meeting.

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, Grant Thornton UK LLP term of appointment as auditors continued.

17. Approval

The Report of the Governors (directors) was approved by the Court on 10 December 2007 and signed on its behalf by:

L Cording
Secretary

CORPORATE GOVERNANCE

The University is committed to exhibiting current best practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life and with the guidance to institutions of higher education from the Committee of University Chairmen in its Guide for Members of HE Governing Bodies in the UK. This summary describes the University's corporate governance arrangements and the manner in which the University has applied the principles of the Combined Code, insofar as they are applicable to Higher Education Institutions.

The purpose of this statement is to help the reader of the accounts understand how the principles have been applied.

Summary of the University Structure of Corporate Governance

1. The University was established under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. It is a company limited by guarantee and members of the University Court are legally Directors of the Company. The specific powers and responsibilities of the University Court are set out in the Memorandum and Articles of Association and in the Financial Memorandum with the Higher Education Funding Council for England. The current version of the Articles was approved by the Privy Council in 1996.
2. The Articles require the University to have a governing body, the University Court, and an Academic Council, each with clearly defined functions and responsibilities to oversee and manage its activities.
3. The Court is the executive governing body responsible for approval of the strategic direction of the University, of major developments, annual estimates of income and expenditure, and ensuring solvency of the institution and the safeguarding of its assets. It is specifically required to determine the educational character and mission of the University and to set its strategic direction.
4. The Court has a majority of lay persons who do not receive any reimbursement for the work that they do. The Court appoints independent and co-opted members following recommendations by the Nominations Committee. Staff and students are co-opted according to the Articles of Association. The role of the Chair of Court is separate from that of the Chief Executive, the Vice-Chancellor. The Chair is elected from the independent members.
5. Newly appointed members 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.
6. The Court is responsible for the system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.
7. The Court is of the opinion that there is a continuous process for identifying, evaluating and managing the University's significant risks of all types which is linked to the achievement of the University's objectives and has been in place for the year ended July 2007 and up to the date of the approval of the annual report and accounts. The Court receives an Annual Report on the arrangements for risk management and annually reviews the Institutional Risk Register which indicates the likelihood and impact of risks. The Court discusses an aspect of risk management at each of its meetings. The Court is of the opinion that the University follows the best practice guidelines of HEFCE and BUFDG in its approach to risk management.
8. The Vice-Chancellor as head of the institution has a general responsibility to the Court for the organisation, direction and management of the University. The Vice-Chancellor is the chief accounting officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons. She is responsible for the development of institutional strategy and the identification and planning of new developments. The senior staff of the University all contribute in various ways to this work, but the ultimate responsibility rests with the Court.
9. In accordance with the Articles of Association the Secretary and Registrar is appointed to act as Secretary to the Court and its Committees and as Company Secretary. In that capacity, she provides independent advice to Members of Court on matters of governance.



CORPORATE GOVERNANCE (continued)

10. The Court meets at least four times a year and much of its business is conducted through the following committees: Audit, Finance, Nominations, Strategy, Staffing, Remuneration. All of these Committees are formally constituted with terms of reference and membership approved by Court. All Committees of the Court submit their minutes and recommendations to the Court.
11. At each Court meeting, Senior Officers are present to expand on reports and answer any other questions. The Court formally approves and monitors the University's corporate plan and implementation plan.
12. The Finance Committee is responsible to Court for the University's annual revenue and capital budgets and for monitoring performance in relation to approved allocations.
13. The Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Deputy and Pro Vice Chancellors and Secretary and Registrar. The Staffing Committee determines matters in relation to conditions of employment of other University Staff.
14. The Audit Committee meets at least three times annually. It receives reports from HEFCE's Audit Service as they affect the University's business and monitors adherence to the regulatory requirements. The Committee meets at least once a year with the External Auditors for their own independent discussions. The Director of Finance, and the Secretary and Registrar 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 as do the external and internal auditors.
15. The Committee considers detailed audit reports together with recommendations for the improvement of the University systems of internal control and risk management issues. This assists the Audit Committee in assessing the soundness and comprehensiveness of the system of internal control, the action necessary to remedy weakness and to assess whether the existing monitoring systems are appropriate. The Committee receives regular reports on risk management issues and annually reviews the institutional risk register which is informed by management consideration of Schools and Administrative Office reviews of risk before submission of the register to Court.
16. The senior management team receives reports setting out key performance and risk indicators and considers potential control issues brought to its attention by early warning mechanisms which are embodied in risk registers. The senior management team and the Audit Committee receive regular reports from the Internal Auditors.
17. The Court maintains the Register of Interests of its members and senior officers which is updated annually, and can be viewed on request to the Secretary and Registrar.
18. Subject to the overall responsibility of the University Court, the Academic Council has oversight of the academic affairs of the University. Its membership is drawn from staff and students of the University. It is particularly concerned with general issues relating to academic standards, learning and teaching, and research.

Baroness Blackstone
Vice-Chancellor

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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 overseeing the University's activities and determining its future direction, 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 Training and Development Agency for schools 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.



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

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;
- 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 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.

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 2007, 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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 report to you if, in our opinion, 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 International Standards on Auditing (UK and Ireland) 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:

- i. 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 2007, and of the surplus of income over expenditure, recognised gains and losses and cashflows for the year then ended; and the statements have been properly prepared in accordance with the Companies Act and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions.
- ii. The information given in the Report of the Governors (as Directors) is consistent with the financial statements.
- iii. In all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for schools grants and income for specific purposes and from other restricted funds administered by the University of Greenwich have been applied only for the purposes for which they were received.
- iv. In all material respects, income has been applied in accordance with the University of Greenwich's statutes and where appropriate in accordance with the financial memorandum with the Higher Education Funding Council for England dated 1 August 2006.

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Hemel Hempstead, England

December 2007

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2007

	<i>Note</i>	2007 £'000	2006 £'000
INCOME			
Funding council grants	2	63,340	60,222
Tuition fees and education contracts	3	52,476	44,583
Research grants and contracts	4	7,127	7,465
Other income	5	18,022	19,138
Total Income		<u>140,965</u>	<u>131,408</u>
EXPENDITURE			
Staff costs	6	69,024	63,116
Depreciation	12	5,033	4,583
Other operating expenses	8	61,613	59,843
Total Expenditure		<u>135,670</u>	<u>127,542</u>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		5,295	3,866
Share of profits of associated undertaking		15	10
Interest receivable	9	3,624	2,625
Interest payable	10	(3,641)	(3,736)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and interest but before tax		<u>5,293</u>	<u>2,765</u>
Taxation		-	-
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets, interest and tax		<u><u>5,293</u></u>	<u><u>2,765</u></u>

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



STATEMENT OF HISTORICAL COST SURPLUS AND DEFICITS FOR THE YEAR ENDED 31 JULY 2007

	2007 £'000	2006 £'000
Surplus after depreciation of assets at valuation on continuing operations and before tax	5,293	2,765
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	88	115
Historical cost surplus before tax	<u>5,381</u>	<u>2,880</u>
Taxation	-	-
Historical cost surplus after tax	<u><u>5,381</u></u>	<u><u>2,880</u></u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2007

	2007 £'000	2006 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, and tax	5,293	2,765
Investments – movements on endowment funds	69	2
Capital reserve created in respect of loan repayments reimbursed by HEFCE	-	4,394
FRS 17 Retirement Benefits - actuarial gains/(losses)	12,114	(869)
Total recognised gains relating to the period	<u>17,476</u>	<u>6,292</u>
Reconciliation:-		
Opening reserves and endowments	(1,953)	(8,245)
Total recognised gains for the year	17,476	6,292
Closing reserves and endowments	<u>15,523</u>	<u>(1,953)</u>



BALANCE SHEET

AS AT 31 JULY 2007

		Group		University	
	Note	2007 £'000	2006 £'000	2007 £'000	Restated 2006 £'000
Fixed Assets					
Tangible assets	12	89,428	85,300	89,428	85,300
Investments	13	275	259	172	172
		<u>89,703</u>	<u>85,559</u>	<u>89,600</u>	<u>85,472</u>
Endowment Asset Investments	14/15	<u>681</u>	<u>612</u>	<u>681</u>	<u>612</u>
Current Assets					
Stocks	16	27	15	27	15
Debtors	17	6,996	5,183	35,332	32,698
Investments	18	68,981	62,039	68,981	62,039
Cash at bank and in hand		711	1,033	605	847
		<u>76,715</u>	<u>68,270</u>	<u>104,945</u>	<u>95,599</u>
Creditors: amounts falling due within one year	19	<u>(48,130)</u>	<u>(38,803)</u>	<u>(49,548)</u>	<u>(38,435)</u>
Net Current Assets		<u>28,585</u>	<u>29,467</u>	<u>55,397</u>	<u>57,164</u>
Total Assets less Current Liabilities		118,969	115,638	145,678	143,248
Creditors: amounts falling due after more than one year	20	(45,063)	(48,944)	(71,611)	(76,382)
Provision for Liabilities & Charges	21	(4,085)	(4,126)	(4,085)	(4,126)
Net Assets (excluding Pension Liability)		<u>69,821</u>	<u>62,568</u>	<u>69,982</u>	<u>62,740</u>
Net Pension Liability	32	(23,361)	(35,231)	(23,361)	(35,231)
Net Assets		<u>46,460</u>	<u>27,337</u>	<u>46,621</u>	<u>27,509</u>

BALANCE SHEET (continued)

AS AT 31 JULY 2007

		Group		University	
		2007	2006	2007	Restated 2006
		£'000	£'000	£'000	£'000
Represented by:					
Deferred Capital Grants	22	30,937	29,290	30,937	29,290
Endowments					
	14/15				
General		159	159	159	159
Specific		522	453	522	453
		681	612	681	612
Reserves					
	23				
Revaluation reserve		7,934	8,022	7,934	8,022
Income and expenditure account		30,269	24,644	30,430	24,816
Pension reserve		(23,361)	(35,231)	(23,361)	(35,231)
		14,842	(2,565)	15,003	(2,393)
Total Funds		46,460	27,337	46,621	27,509

The Financial Statements on pages 20 to 62 were approved by the Court on 10 December 2007 and signed on its behalf by:-

Lady A-M S Nelson
Pro Chancellor

Baroness Blackstone
Vice-Chancellor



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2007

	<i>Note</i>	2007 £'000	2006 £'000
Cash inflow from operating activities	26	10,757	14,307
Returns on investments and servicing of finance	27	469	(452)
Capital expenditure and financial investment	28	(4,842)	4,082
Net cash inflow before use of liquid resources and financing		6,384	17,937
Management of liquid resources	29	(6,942)	(11,407)
Financing	30	(618)	(6,927)
Decrease in net cash		(1,176)	(397)
 Reconciliation of net cash flow to movement in net funds			
		2007 £'000	2006 £'000
Decrease in cash in the period		(1,176)	(397)
Cash outflow re increase in liquid resources		6,942	11,407
Cash outflow re decrease in debt and lease financing		544	5,438
		6,310	16,448
Net funds / (debt) at 1 August		15,537	(911)
Net funds at 31 July	31	21,847	15,537

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

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 revaluation of certain financial assets and liabilities at fair value.

Basis of consolidation

Consolidated financial statements have been prepared for the University and its subsidiaries Greenwich Property Limited, Greenwich University Enterprises 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).

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.

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.

Bond

The University has an obligation in respect of a Guaranteed Secured Bond, which is listed on the Luxembourg Stock Exchange. In accordance with FRS 25 and FRS 26, this bond has been disclosed at fair value.



NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

FIXED ASSETS

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 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 that 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.

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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

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.

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 some 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 based on 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 valued on a depreciated replacement cost basis.

The loan debt was repaid in full on 30th November 2005.

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.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost or net realisable value. Stocks are in respect of catering 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.



NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

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 a 662-bedroom students residence, and the provision of facilities management services for 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 buildings as a fixed asset with a consequential, and matching, long-term creditor.

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Pensions

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) 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.

The University has fully implemented FRS17 Retirement Benefits. The impact of this standard is fully reflected in these financial statements.

The difference between the fair value of the assets held in the University's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit measure is recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of the resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.



NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2007	2006
	£'000	£'000
2. Funding council grants		
HEFCE:-		
Recurrent grant	50,318	47,160
Specific grants	5,000	5,358
Inherited liabilities	364	492
Deferred capital grants released in year	1,963	1,791
Release of HEFCE capitalised rent	1,070	1,224
Training and Development Agency for schools:-		
Recurrent grant	4,171	3,815
Other	454	382
	63,340	60,222
3. Tuition fees and educational contracts		
Full-time home and EU students	17,890	12,293
Full-time students charged overseas fees	16,244	15,369
Part-time fees	7,516	6,788
	41,650	34,450
Health Authority contract	10,826	10,133
	52,476	44,583
4. Research grants and contracts		
Research Council	1,120	622
UK based charities	213	122
UK central govt. health & hospital authorities	2,019	3,453
European Commission	1,360	1,527
Other grants and contracts	2,415	1,741
	7,127	7,465

NOTES TO THE FINANCIAL STATEMENTS

Group	
-------	--

2007	2006
£'000	£'000

5. Other income

Residences, catering and conferences	10,230	9,601
Other income generating activities	2,044	2,260
Other grant income	3,273	4,936
Other income	2,475	2,341
	18,022	19,138

6. Staff

(i) Staff Costs

Salaries and wages	56,295	51,234
Social Security Costs	4,644	4,376
Other Pension Costs	8,085	7,506
	69,024	63,116

2007	2006
No.	No.

Average staff numbers by major category:-

Academic	828	793
Administrative & technical support	993	923
Premises	101	117
Residence catering and conferences	12	15
Other	74	83
	2,008	1,931

Remuneration of higher paid staff, including externally generated earnings, contracts and sponsorship, but excluding employer's pension contributions were:-

£100,001 - £110,000	1	1
£170,001 - £180,000	-	1
£180,001 - £190,000	1	-



NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

(ii) Voluntary severance

No member of staff earning over £100,000 pa left under the university's voluntary severance scheme during the year (2006: None).

(iii) Directors' emoluments

The aggregate amount of Directors' emoluments was £389,690 (2006: £371,467). 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). six Directors (2006: Seven) are accruing benefits under defined pension schemes, as set out in note 32.

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

	2007 £	2006 £
Salary *	178,500	174,545
Taxable car benefit	2,888	5,122
	<u>181,388</u>	<u>179,667</u>

University superannuation payments:-

Teachers Pension Scheme / Universities Superannuation Scheme	15,238	18,757
--	--------	--------

* Salary cost includes compensation resulting from the earnings cap on the Teachers Pension Scheme. This compensation was paid during 2006-07 and covered the period April 2006 to 31 March 2007.

The Vice-Chancellor's accrued benefits on service to 31 July 2007 were: Teachers Pension Scheme accrued annual pension £46,049 and lump sum £138,148.

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

(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 (2006: none), in their capacity as an employee, was advanced a loan under this scheme.

7. 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 £10 million within any one year period.



NOTES TO THE FINANCIAL STATEMENTS

8. Other operating expenses

	Group	
	2007	2006
	£'000	£'000
Fees to other colleges	10,399	6,920
Books and periodicals	1,386	1,258
Consumables and laboratory expenditure	2,308	1,928
Printing, postage and stationery	2,028	1,891
Residence, catering and conference	6,626	6,170
Rents, rates and insurance	6,860	6,918
Electricity, gas and water	1,902	1,392
Building maintenance and repair	3,200	3,152
Students union subvention grant	838	812
Publicity and advertising	1,040	887
Computers, software and IT maintenance contracts	2,821	2,362
Research and consultancy – reimbursable costs	792	983
Provision for losses on long term contracts	(18)	18
Telephone and other communication costs	649	650
Fair value adjustment - Bond (FRS25/6)	(2,491)	549
Other expenses	23,273	24,502
	61,613	59,843

Other operating expenses are stated after charging:-

Auditors' remuneration	- external audit	52	49
	- other services	4	14
Rentals under operating leases	- equipment and vehicles	313	312
	- other assets	6,200	6,229

NOTES TO THE FINANCIAL STATEMENTS

9. Interest receivable

	Group	
	2007	2006
	£'000	£'000
Bank deposits	1,341	904
Other	2,265	1,700
Transferred from specific endowments	18	21
	<u>3,624</u>	<u>2,625</u>

10. Interest payable

	2007	2006
	£'000	£'000
Bond interest	1,868	1,905
Greenwich Property Ltd. - PFI	1,379	1,134
Loan interest - Royal Borough of Kensington & Chelsea - (inherited debt)	-	135
Interest on pension scheme liabilities (net)	394	562
	<u>3,641</u>	<u>3,736</u>

11. Surplus 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 surplus after depreciation of assets at valuation of the parent company (University of Greenwich) was £4.564 million (2006 - surplus of £2.762 million).



NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets

	Land and Buildings						
	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construction £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2006	46,623	49,260	114	10,679	16,638	215	123,529
Additions at cost	5,696	1,182	-	775	1,476	32	9,161
Disposals	-	-	-	-	-	(13)	(13)
Transfers	7,598	3,081	-	(10,679)	-	-	-
At 31 July 2007	59,917	53,523	114	775	18,114	234	132,677
Depreciation							
At 1 August 2006	(13,820)	(10,373)	(114)	-	(13,766)	(156)	(38,229)
Disposals	-	-	-	-	-	13	13
Charge for year:-							
Finance leases	(166)	-	-	-	-	-	(166)
Other	(1,113)	(2,265)	-	-	(1,463)	(26)	(4,867)
	(1,279)	(2,265)	-	-	(1,463)	(26)	(5,033)
At 31 July 2007	(15,099)	(12,638)	(114)	-	(15,229)	(169)	(43,249)
Net Book Value:-							
Finances leases	5,993	-	-	-	-	-	5,993
Others	38,825	40,885	-	775	2,885	65	83,435
At 31 July 2007	44,818	40,885	-	775	2,885	65	89,428
Finances leases	6,158	-	-	-	-	-	6,158
Others	26,645	38,887	-	10,679	2,872	59	79,142
At 31 July 2006	32,803	38,887	-	10,679	2,872	59	85,300
Inherited	7,770	-	-	-	-	-	7,770
Financed by capital grants	11,383	18,245	-	-	1,309	-	30,937
Other	25,665	22,640	-	775	1,576	65	50,721
Net book value at 31 July 2007	44,818	40,885	-	775	2,885	65	89,428

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets (continued)

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

Freehold land with a book value of £7.499m and assets in the course of construction stated at £0.775m are not depreciated.

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

Depreciation of assets held under finance leases was £330,433 (2006: £330,433). The net book value of these assets was £13,686,906 (2006: £14,017,339).



NOTES TO THE FINANCIAL STATEMENTS

13. Investments

(i) *Investments :-*

	Group		University	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Shares in CVCP Properties Plc	38	38	38	38
Shares and retained profit in associate company - (NR International Limited)	237	221	134	134
	<u>275</u>	<u>259</u>	<u>172</u>	<u>172</u>

CVCP Properties Plc was formed in June 1995 to fund the acquisition and refurbishment of new offices for Universities UK (UUK). All UK HE institutions were required to subscribe for ordinary shares in this company in proportion to an agreed subscription formula. On this basis the University of Greenwich acquired 37,714 (0.9%) of the shares of this company.

	Group and University	
	2007 £	2006 £
Investment in subsidiaries at cost		
Greenwich University Enterprises Ltd	2	2
Greenwich Property Ltd	2	2
London Science Park Ltd (dissolved 7 February 2007)	-	-
CCLR	-	-
	<u>4</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS

13. Investments (continued)

(ii) Investment in subsidiary companies:-

Greenwich University Enterprises Ltd

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Greenwich University Enterprises 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 2007 have been consolidated in these financial statements with those of the University. Greenwich University Enterprises Ltd 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 2007 have been consolidated in these financial statements with those of the University.

London Science Park Ltd

London Science Park Ltd (a company incorporated in the United Kingdom) had not traded since its acquisition by the University in September 1994, and was dissolved on 7 February 2007.

The University held 100% of the issued share capital (£1 Ordinary Shares) in the company prior to its dissolution.

Centre for Contaminated Land Remediation Ltd

The Centre for Contaminated Land Remediation Ltd was incorporated in the UK in March 1999. It is a company limited by guarantee with the University as its sole member. The principal 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 2007 have been consolidated in these financial statements with those of the University.

NOTES TO THE FINANCIAL STATEMENTS

13. Investments (continued)

(iii) Investment in 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 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 Natural Resources Institute from the Overseas Development Administration (ODA). The principal activity of the company is to supply International Funding Institutions with expertise in the management of natural resources in the international development sector. It delivers this work largely through sub contracts to members of the consortium, and to external organisations. The company reported a profit of £59,365 (2006: £40,868).

The following is a summary of the trading account and net assets of the company for the year to 31 July 2007:-

	Turnover £'000	Profit after tax (loss) £'000	Net assets £'000
NR International Ltd	7,855	559	951
NR International Ltd – trade with the University	-	-	-
NR International Ltd – other than with the University	7,855	-	-

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 that region. The results are not included in the Group accounts as they are not material.

Southern Education Leadership Trust

The University is one of thirty-four members of the Southern Education Leadership Trust, a company limited by guarantee. The principal activity of the company is the promotion of leadership training in the education sector. The company was incorporated on 7 April 2006.

(iv) Other arrangements:-

Kent Thameside

The University is one of seven parties of a forum that co-ordinates activities aimed at facilitating the regeneration of the Kent Thameside area in the Boroughs of Dartford and Gravesham. The results are not included in the group's accounts as they are not material.

NOTES TO THE FINANCIAL STATEMENTS

14. Endowment asset investment

	Group and University	
	2007 £	2006 £
Balance at 01 August 2006	612,240	609,784
Investment income	20,394	17,361
Additions	61,247	-
Distributions	(18,442)	(20,600)
Increase in value of investments	5,929	5,695
Balance at 31 July 2007	<u>681,368</u>	<u>612,240</u>
Represented by:		
COIF income shares	69,157	63,228
Managed funds	612,211	549,012
	<u>681,368</u>	<u>612,240</u>
Market value of COIF income shares	69,157	63,228

NOTES TO THE FINANCIAL STATEMENTS

15. Endowments

	Group and University				31 July 2007 £
	01 Aug 2006 £	Additions £	Withdrawals £	Investment income £	
General					
Governors' General Reserve	159,045	-	-	-	159,045
Specific					
Bergman Osterberg Trust	152,600	5,929	(4,351)	6,241	160,419
School of Land & Construction Prize Fund	41	-	-	2	43
E.de Barry Barnett Memorial Prize Fund	6,434	-	-	299	6,733
Garnett Prize Fund	19,799	-	(270)	919	20,448
Humanities Prize Fund	11,854	-	-	550	12,404
Coker Prize Fund	740	-	(100)	35	675
Sir William Boreham Bursary Fund	2,042	18,000	(6,700)	132	13,474
DP Connect – Business School Prize Fund	1,355	-	-	63	1,418
D. Fussey Memorial Choral Exhibition	250,624	-	(6,821)	11,525	255,328
John-Hood Williams Prize Fund	219	-	-	11	230
Admiral Sir John Chambers White Bursary	7,487	-	(200)	347	7,634
John McWilliam Bursary Fund	-	33,247	-	185	33,432
Francis Duke Prize Fund	-	10,000	-	85	10,085
	<u>453,195</u>	<u>67,176</u>	<u>(18,442)</u>	<u>20,394</u>	<u>522,323</u>
Total	<u>612,240</u>	<u>67,176</u>	<u>(18,442)</u>	<u>20,394</u>	<u>681,368</u>

16. Stocks

	Group		University	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Raw materials and consumables	27	15	27	15
	<u>27</u>	<u>15</u>	<u>27</u>	<u>15</u>

NOTES TO THE FINANCIAL STATEMENTS

17. Debtors

	Group		University	
	2007 £'000	2006 £'000	2007 £'000	Restated 2006 £'000
<i>Due within one year</i>				
Trade debtors	4,273	2,548	3,749	2,178
Amounts owed by associated company	107	219	107	219
Amounts recoverable under long term contracts	126	598	126	598
Other debtors	311	406	212	311
Prepayments & accrued income	2,123	977	2,071	874
Amounts due from HEFCE / TDA	56	435	56	435
	6,996	5,183	6,321	4,615
<i>Due in more than one year</i>				
Amounts owed by subsidiaries	-	-	29,011	28,083
	6,996	5,183	35,332	32,698

18. Investments (current assets)

	Group		University	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Debt service reserve	2,412	2,412	2,412	2,412
Fixed term and notice bank deposits	66,569	59,627	66,569	59,627
	68,981	62,039	68,981	62,039



NOTES TO THE FINANCIAL STATEMENTS

19. Creditors: Amounts falling due within one year

	Group		University	
	2007 £'000	2006 £'000	2007 £'000	Restated 2006 £'000
Bank overdraft	2,631	1,777	2,592	1,751
Bond	638	645	638	645
Finance leases	-	-	-	-
Trade creditors	7,587	6,843	7,571	6,793
Amounts owed to subsidiaries	-	-	5,390	3,324
Prepaid long term contract income	5,636	4,797	5,636	4,797
PAYE and other taxation payable	1,620	1,661	1,620	1,661
Other creditors	8,524	7,109	6,070	4,716
Accruals - losses on long term contracts	792	589	792	589
- others	8,494	5,536	7,030	4,313
Deferred income	12,208	9,846	12,209	9,846
	48,130	38,803	49,548	38,435

20. Creditors: Amounts falling due after more than one year

Bond	28,303	31,332	28,303	31,332
Finance lease	14,409	14,409	-	-
Loan - Greenwich Property Limited	-	-	40,957	41,847
	42,712	45,741	69,260	73,179
Others – deferred lease capitalisations	2,351	3,203	2,351	3,203
	45,063	48,944	71,611	76,382

NOTES TO THE FINANCIAL STATEMENTS

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

Analysis of loan repayments

	Group		University	
	2007 £'000	2006 £'000	2007 £'000	Restated 2006 £'000
Repayable between one and two years				
Bond	683	691	683	691
Finance lease	-	-	-	-
	<u>683</u>	<u>691</u>	<u>683</u>	<u>691</u>
Repayable between two and five years				
Bond	2,356	2,382	2,356	2,382
Finance lease	-	-	-	-
	<u>2,356</u>	<u>2,382</u>	<u>2,356</u>	<u>2,382</u>
Repayable after five years				
Bond	25,264	28,259	25,264	28,259
Finance lease	14,409	14,409	-	-
Loan - Greenwich Properties Limited	-	-	40,957	41,847
	<u>39,673</u>	<u>42,668</u>	<u>66,221</u>	<u>70,106</u>
	<u>42,712</u>	<u>45,741</u>	<u>69,260</u>	<u>73,179</u>

Bond

On 14 October 1998, the University issued on the Luxembourg Stock Exchange £30m Guaranteed Secured Bonds at an interest coupon of 6.36%. The bond had an effective interest rate of 6.97% after taking account of all issue and guarantee costs. AMBAC Insurance UK Ltd guarantees re-payments of interest and principal, for which guarantee the University paid a premium covering the 30-year period. The University is required to maintain a Debt Service Reserve comprising cash, or cash equivalents, sufficient to meet two scheduled Bond payments. Payments are semi-annual on 31 January and 31 July.

The bond is secured by a fixed charge over certain properties, and a first floating charge over all of the University's assets, other than those not capable of being so charged by the conditions under relevant leases. There is a negative pledge over other assets.

Under the requirements of FRS25/26 'Financial Instruments', the outstanding value of the bond is stated in these financial statements at its fair value, which is determined by its market price at 31 July 2007 as quoted on the Luxembourg Stock Exchange.



NOTES TO THE FINANCIAL STATEMENTS

21. Provisions for liabilities and charges

	Group and University		
	Enhanced pensions £'000	Decontam- ination £'000	Total £'000
At 01 August 2006	3,150	976	4,126
Interest charge	179	-	179
Payments in year	(220)	-	(220)
At 31 July 2007	3,109	976	4,085

The University carries a provision of £3.1m relating to enhanced pension entitlements of former employees. The service of these employees was severed under one of several voluntary severance arrangements that were available at the relevant time.

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 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

22. Deferred capital grants

	Group and University				
	Hefce		Other		Total
	Equipment £'000	Buildings £'000	Equipment £'000	Buildings £'000	£'000
At 01 August 2006	1,810	15,148	44	12,288	29,290
Received in the year	363	3,416	-	234	4,013
Released to Income & Expenditure Account	(877)	(1,086)	(32)	(371)	(2,366)
At 31 July 2007	1,296	17,478	12	12,151	30,937

23. Reserves

	Revaluation Reserve £'000	Income & Expenditure £'000	Pension Reserve £'000	Total Reserves £'000
(a) Group				
At 01 August 2006	8,022	24,644	(35,231)	(2,565)
Profit for year	-	5,293	-	5,293
Frs17 - deficit for year	-	244	(244)	-
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial gain on pension scheme	-	-	12,114	12,114
At 31 July 2007	7,934	30,269	(23,361)	14,842
(b) University				
At 01 August 2006	8,022	24,816	(35,231)	(2,393)
Profit for year	-	5,282	-	5,282
Frs17 - deficit for year	-	244	(244)	-
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial gain on pension scheme	-	-	12,114	12,114
At 31 July 2007	7,934	30,430	(23,361)	15,003



NOTES TO THE FINANCIAL STATEMENTS

24. Lease obligations

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

	Group		University	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Obligations under finance leases:-				
Due within one year	-	-	-	-
Due between two and five years	-	-	-	-
Due over five years	14,409	14,409	-	-
	<u>14,409</u>	<u>14,409</u>	<u>-</u>	<u>-</u>

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

Operating lease commitments:-

Equipment

Expiring within two and five years inclusive	628	935	628	935
	<u>628</u>	<u>-</u>	<u>628</u>	<u>-</u>

Land and buildings

Expiring within two and five years inclusive	416	411	416	411
Expiring in over five years	5,601	5,499	5,601	5,499
	<u>6,017</u>	<u>5,910</u>	<u>6,017</u>	<u>5,910</u>

25. Capital commitments

	Group		University	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Commitments contracted at 31 July 2007	<u>3,419</u>	<u>5,283</u>	<u>3,419</u>	<u>5,283</u>

NOTES TO THE FINANCIAL STATEMENTS

26. Reconciliation of consolidated operating deficit to net cash from operating activities

	Group	
	2007	2006
	£'000	£'000
Surplus before tax	5,293	2,765
Depreciation (<i>Note 14</i>)	5,033	4,583
Profit on sale of fixed assets	-	(1)
Deferred capital grants released to income (<i>Note 24</i>)	(2,366)	(2,135)
Release of lease capitalisation	(1,070)	(1,224)
Investment income	(3,624)	(2,625)
Interest payable	3,641	3,736
(Increase) / decrease of stocks	(12)	5
(Increase) / decrease in debtors	(2,195)	3,966
Increase in creditors	8,360	5,266
(Decrease) / increase in provisions	(41)	53
Share of profit of associated undertaking	(15)	(10)
FRS 17 interest cost (net)	394	562
FRS 17 service cost adjustment	(150)	44
FRS 25/26 fair value adjustment	(2,491)	549
Premium on repayment of LRB Loan	-	(1,227)
Net cash inflow from operating activities	<u>10,757</u>	<u>14,307</u>

27. Returns on investments and servicing of finance

Income from endowments	18	21
Interest received	3,624	2,625
Interest paid - finance leases	(1,379)	(1,134)
- other	(1,794)	(1,964)
	<u>469</u>	<u>(452)</u>



NOTES TO THE FINANCIAL STATEMENTS

28. Capital expenditure and financial investment

	Group	
	2007	2006
	£'000	£'000
Purchase of tangible fixed assets	(8,917)	(13,309)
Sale of tangible fixed assets	13	20
Deferred capital grants received	4,013	11,334
HEFCE - grant received for debt repayment	-	6,052
Endowments received / (withdrawn)	49	(15)
	<u>(4,842)</u>	<u>4,082</u>

29. Management of liquid resources

Investment in deposits	6,942	11,407
	<u>6,942</u>	<u>11,407</u>

30. Financing

Bond repayment	618	584
Finance Lease	-	291
LRB debt repayment	-	6,052
	<u>618</u>	<u>6,927</u>

NOTES TO THE FINANCIAL STATEMENTS

31. Analysis of changes in net debt

	1 August 2006 £'000	Cash Flows £'000	Other Changes £'000	31 July 2007 £'000
Cash in hand, at bank & deposits repayable on demand	1,033	(322)	-	711
Overdraft	(1,777)	(854)	-	(2,631)
	<u>(744)</u>	<u>(1,176)</u>	<u>-</u>	<u>(1,920)</u>
Current asset investments	62,039	6,942	-	68,981
Debt due within 1 year	(645)	645	(638)	(638)
Debt due after 1 year	(30,704)	638	(101)	(30,167)
Finance leases	(14,409)	-	-	(14,409)
Total	<u>15,537</u>	<u>7,049</u>	<u>(739)</u>	<u>21,847</u>

32. Contributions to Pension Funds

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions, are credited to the Exchequer under the arrangements governed by the above act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.



NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

Teachers' Pension Scheme- continued

The standard contribution rate (SCR) of pension contributions is assessed in two parts. First, a standard contribution is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a SCR of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time from the 2008 valuation – a 14% cap on employer contributions payable.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

NOTES TO THE FINANCIAL STATEMENTS

32. 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 2004 determined that, on the basis of the projected unit method, the University's contribution increased from 11.4% to 22.3% with effect from 1 April 2005. The next valuation is due as at 31 March 2007.

The main actuarial assumptions used in the 2004 valuation were:

Rate of return on investments :-	
- equities	7.6%
- target return funds	6.3%
Rate of pay increases	4.6%
Rate of pension increases	3.1%
Valuation of assets	Average market value in the 12 months ended 31 March 2004.

At 31 March 2004 the market value of the assets of the Active Sub-Fund was £1,405m.

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 £460,724 (2006: £428,090) payable to the London Pensions Fund Authority in respect of the University's contributions on salaries for July 2007.

The following disclosures in relation to LPFA are a requirement of FRS17 (Retirement Benefits) which has now been fully implemented by the group.

Assumptions as at year end	2007 % pa	2006 % pa	2005 % pa
Price increases	3.3%	3.1%	2.8%
Salary increases	4.8%	4.6%	4.3%
Pension increases	3.3%	3.1%	2.8%
Discount rate	5.8%	5.1%	5.0%

Assets in the whole LPFA fund and expected rate of return	Assumed long term return % pa at July 2007	Value at 31 July 2007 £m	Assumed long term return % pa at July 2006	Value at 31 July 2006 £m	Assumed long term return % pa at July 2005	Value at 31 July 2005 £m
Equities	7.9%	1,449	7.6%	1,226	7.3%	1,389
Bonds	6.6%	515	6.3%	386	4.7%	170
Property	7.0%	315	6.7%	239	5.4%	120
Cash	5.1%	75	4.8%	158	4.5%	82
Total	7.4%	2,354	7.0%	2,009	6.8%	1,761
% of Fund attributed to University Value (£m)		3.5% £82.9m		3.6% £71.4m		3.1% £61.7m



NOTES TO THE FINANCIAL STATEMENTS

33. Contributions to Pension Funds (continued)

	2007 £'000	2006 £'000	2005 £'000
Net Pension Liability (University's share of LPFA Active Sub fund)			
Estimated employer assets (A)	82,930	71,372	61,699
Present value of scheme liabilities (B)	105,547	105,713	94,960
Present value of unfunded liabilities (C)	744	890	495
Net pension liability (A - B - C)	<u>(23,361)</u>	<u>(35,231)</u>	<u>(33,756)</u>

	2007 £'000	% of pay costs	2006 £'000	% of pay costs
Analysis of amount charged to operating surplus in Income and Expenditure account:-				
Service cost	4,216	21.1%	3,679	19.7%
Past service costs	40	0.2%	-	-
Curtailments and settlements	42	0.2%	542	2.9%
Total Operating Charge (A)	<u>4,298</u>	<u>21.5%</u>	<u>4,221</u>	<u>22.6%</u>

	2007 £'000	% of pay costs	2006 £'000	% of pay costs
Amount charged to finance cost:-				
Expected return on employer assets	5,111	25.6%	4,274	22.9%
Interest on pension scheme liabilities	<u>(5,505)</u>	<u>(27.6%)</u>	<u>(4,836)</u>	<u>(25.9%)</u>
Net cost (B)	<u>(394)</u>	<u>(2.0%)</u>	<u>(562)</u>	<u>(3.0%)</u>
Net Income & Expenditure account charge (A - B)	<u>4,692</u>	<u>23.5%</u>	<u>4,783</u>	<u>25.6%</u>

	2007 £000	2006 £000
Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)		
Actual return less expected return on pension scheme assets	3,602	2,861
Experience gains and losses arising on the scheme liabilities	127	44
Changes in assumptions underlying present value of scheme liabilities	<u>8,385</u>	<u>(3,774)</u>
Actuarial gain / (loss) in pension plan	<u>12,114</u>	<u>(869)</u>
Actuarial gain / (loss) recognised in STRGL	<u>12,114</u>	<u>(869)</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

	2007 £'000	2006 £'000
Movement in deficit during the year		
Deficit at beginning of the year	(35,231)	(33,756)
Current service cost	(4,216)	(3,679)
Employer contributions	4,396	4,121
Contributions in respect of unfunded benefits	52	56
Past service costs	(40)	-
Impact of settlements and curtailments	(42)	(542)
Net return on assets	(394)	(562)
Actuarial gain / (loss)	12,114	(869)
Deficit at end of year	(23,361)	(35,231)

	2007 £'000	2006 £'000
History of Experience Gains and Losses		
Difference between the expected and actual return on assets	3,602	2,861
Value of assets	82,930	71,372
Percentage of assets	4.3%	4.0%
Experience gains on liabilities	127	44
Present value of liabilities	106,291	106,603
Percentage of the present value of liabilities	0.1%	-
Actuarial gain / (loss) recognised in STRGL	12,114	(869)
Present value of liabilities	106,291	106,603
Percentage of the present value of liabilities	11.4%	(0.8%)

Analysis of projected amount to be charged to operating profit for the year to 31 July 2008:-

	Year to 2008 £'000	% of pay costs	Year to 2007 £'000	% of pay costs
Estimated current service cost & total operating charge (A)	3,538	17.6%	3,971	20.9%
Expected return on employer assets	6,260	31.2%	5,083	26.8%
Interest on pension scheme liabilities	(6,219)	(31.0%)	(5,495)	(28.9%)
Net return (B)	41	0.2%	(412)	(2.2%)
Expected net I&E account cost (A - B)	3,497	17.4%	4,383	23.1%



NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries, we have taken the view that there is insufficiently reliable evidence to assume a level of take-up of the change in the pension scheme. Consequently, the valuation of the retirement benefit liabilities as at 31 July 2007 does not include any allowance for this change to the pension scheme.

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

The pension charge for the year includes an amount in respect of enhanced pension entitlements of staff taking early retirement under voluntary severance arrangements. 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 £3.109m (2006: £3.150m) 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:-

	2007 £'000	2006 £'000
Contributions to TPS	3,743	3,453
Contributions to USS	36	22
Contributions to LPFA	4,306	4,031
Total pension costs (note 6)	<u>8,085</u>	<u>7,506</u>

33. Taxation

U.K. corporation tax on the profits of, and by

Greenwich University Enterprises Ltd	-	-
Greenwich Property Ltd.	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

34. Contingent liabilities

The University is a member of U.M. Association (Special risks) Ltd. (UMSR), a mutual association for terrorism risk solely for institutions of higher education with a membership of 113 institutions. The association has a reserve fund of £10m, a £15m “internal” loan facility from member institutions, and a £425m 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 UMSR since it was formed in 1993.

At the balance sheet date, the University had an outstanding legal claim against it in respect of a contractual dispute. The University is contesting this claim and therefore no provision exists in these financial statements. The maximum exposure of the University in this matter is £0.5m.

35. 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 £1.20m (2006: £2.24m). The University sold no services to N R International (2006: £5,754). The company has called-up share capital of £136,001 and reserves of £814,981.

The University seconded one of its staff (2006: four) to the company at a cost of £0.069m (2006: £0.203m). At the year end the total amount owed to the University by N R International Ltd was £0.166m (2006: £0.278m).

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.

A register of Governors’ 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 procedures.



NOTES TO THE FINANCIAL STATEMENTS

36. HEFCE – Student support funding

	Rec'd In Year £'000	Interest Earned £'000	Disbursed £'000	31 July 2007 £'000	31 July 2006 £'000
Access to learning fund	1,166	14	(1,036)	144	29
Fee Waiver	3	-	(3)	-	-
	<u>1,169</u>	<u>14</u>	<u>(1,039)</u>	<u>144</u>	<u>29</u>

The above HEFCE grants are available solely for students; the University acts as the paying agent. These grants and the related disbursements are therefore excluded from the Income and Expenditure Account.

37. Training and development agency for schools

(i) ITT trainee funding

	Rec'd In Year £'000	Disbursed £'000	31 July 2007 £'000	31 July 2006 £'000
Training bursaries	2,418	(2,295)	123	236
SSSS	26	(25)	1	30
Student associate scheme	431	(40)	391	86
	<u>2,875</u>	<u>(2,360)</u>	<u>515</u>	<u>352</u>

The above TDA grants are available solely for students; the University acts as the paying agent. These grants and the related disbursements are therefore excluded from the Income and Expenditure Account.

(ii) Other funding

	Rec'd In Year £'000	Disbursed £'000	31 July 2007 £'000	31 July 2006 £'000
Minority ethnic recruitment	57	(22)	35	27
	<u>57</u>	<u>(22)</u>	<u>35</u>	<u>27</u>

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group

(i) Short-term debtors and creditors

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

(ii) Interest rate profile of financial liabilities of the Group

Currency	As at 31 July 2007			As at 31 July 2006		
	Total £'000	Floating rate £'000	Fixed rate £'000	Total £'000	Floating rate £'000	Fixed rate £'000
Sterling	43,350	-	43,350	46,386	-	46,386

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 2007 weighted average		As at 31 July 2006 weighted average	
	Interest rate	Period for which rate is fixed	Interest rate	Period for which rate is fixed
Sterling	7.31%	20 Years	7.29%	21 Years

(iii) Interest rate risk of financial assets

The group had the following financial assets as at 31st July:-

Currency	As at 31 July 2007			As at 31 July 2006		
	Total £'000	Floating rate £'000	Fixed rate £'000	Total £'000	Floating rate £'000	Fixed rate £'000
Sterling	67,079	198	66,881	62,395	356	62,039
Euro	219	219	-	301	301	-
US Dollar	2,394	294	2,100	376	376	-
	<u>69,692</u>	<u>711</u>	<u>68,981</u>	<u>63,072</u>	<u>1,033</u>	<u>62,039</u>



NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(iv) 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 31st July, the sterling value of debtors and creditors in foreign currencies was as follows:-

Currency	Debtors		Creditors	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
EURO	796	385	-	-
US \$	243	121	-	-
CHF	2	-	-	-
MUR	-	3	-	-
SAR	9	-	-	-
DK	57	-	-	-
NAD	1	-	-	-
	1,108	509	-	-

(v) Maturity of financial liabilities

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

	As at 31 July 2007			As at 31 July 2006		
	Total £'000	Floating rate £'000	Fixed rate £'000	Total £'000	Floating rate £'000	Fixed rate £'000
In one year or less, or on demand	638	-	638	960	-	645
In more than one year, but not more than two years	683	-	683	1,031	-	691
In more than two years, but not more than five years	2,356	-	2,356	3,574	-	2,382
In more than five years	39,673	-	39,673	40,821	-	42,668
	43,350	-	43,350	46,386	-	46,386

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(vi) Borrowing facilities

The Group has no undrawn borrowing facilities.

(vii) 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 31st July:-

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

	As at 31 July 2007		As at 31 July 2006	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Current portion of long term borrowings	638	638	960	960
Long term borrowings	39,514	42,057	40,392	45,426
Cash deposits and current asset investments	69,692	69,692	63,072	63,072
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 20.

(viii) Gains and losses on currency hedges

The Group has no forward currency contracts.