



UNIVERSITY
of
GREENWICH

Report and Financial Statements for the Year Ended 31 July 2015

A Company limited by guarantee not having a share capital.
An exempt charity for the purposes of the Charities Act 2006.

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



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REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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OFFICERS AND PROFESSIONAL ADVISERS

Chancellor Baroness Scotland

Pro-Chancellor and Chairman Mr Stephen Howlett

Vice-Chancellor Professor D Maguire

Secretary & Clerk to the Court Ms Louise Nadal

External Auditors Grant Thornton UK LLP
Chartered Accountants and
Registered Auditors
Grant Thornton House
Melton Street
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NW1 2EP

Internal Auditors Baker Tilly Risk Advisory Services LLP
25 Farringdon Street
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from 1st August 2015:

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers Barclays Bank PLC
1 Churchill Place
Canary Wharf
London E14 5HP

MEMBERSHIP OF THE COURT

The following served as Governors during the year and/or in the period to the date of approval of the financial statements. In the case of those who became or ceased to be Governors during this period, the appropriate dates are shown.

Article 7(1) – Vice-Chancellor	Professor D Maguire	
Article 7(2)a – Independent Members	Mr A J Albert Mr J C Barnes Mr S H Davie Mr N W Eastwell Ms M Hay Mr P F Hazell Mr A L Holmes OBE Mr S W Howlett Mrs D Khanna Ms E Passey Mr J F Stoker Mrs H P Wyatt	(resigned 31.8.15) (from 12.10.15) (from 12.10.15) (resigned 31.8.15)
Article 7(2)b – Academic Council Members	Dr A Coutroubis Professor P Maras Professor M Snowden	(appointed 1.9.14) (resigned 31.8.14)
Article 7(2)c – Student Members	Mr A Brooks Mr H Hodges	(resigned 30.6.15) (appointed 1.7.15)
Article 7(2)d – Co-opted Members	Dr J M Cullinane Mr L Devlin Professor P Griffiths Mrs D Khanna Mr W Leech Ms E Passey	(resigned 31.8.14) (appointed 1.9.14) (until 12.10.15) (resigned 15.7.15) (until 12.10.15)

MEMBERSHIP OF COURT COMMITTEES

The following are the Court Committees and their membership during the year and/or in the period to the date of approval of the financial statements. In the case of those who became or ceased to be members during this period, the appropriate dates are shown.

Pro-Chancellor's Advisory Group	Stephen Howlett Stephen Davie Nick Eastwell Peter Hazell John Stoker	(Chairman) (appointed 1.9.15) (until 31.8.15)
Audit	Stephen Davie Ian Harwood Diane Khanna Elizabeth Passey John Stoker	(Chairman) (until 31.8.15)
Finance	Nick Eastwell Alan Albert James Barnes Marianne Hay Peter Hazell Andrew Holmes Wilson Leech David Maguire	(Chairman) (until 31.8.15) (until 15.7.15)
Nominations	Stephen Howlett David Maguire Pam Maras Martin Snowden John Stoker	(Chairman) (appointed 1.9.14) (until 31.8.14) (until 31.8.15)
Remuneration	Nick Eastwell Stephen Davie Marianne Hay Stephen Howlett David Maguire Helen Wyatt	(Chairman)
Staffing	John Stoker Peter Hazell David Maguire Helen Wyatt	(Chairman until 31.8.15) (Chairman appointed 1.9.15)

ABBREVIATIONS:

HEFCE	Higher Education Funding Council for England
NCTL	National College for Teaching and Leadership
HE	Higher Education

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

1. Constitution

The University of Greenwich is a company limited by guarantee without share capital and was incorporated in 1970. The University's financial statements comply with the Companies Act 2006. The Higher Education Funding Council for England (HEFCE) is the principal regulator both for the areas which it funds directly and on behalf of the Charity Commission for England and Wales.

The University Court is responsible for the setting and monitoring of the University's strategic direction and for ensuring the effective management of the institution. Members of the Court act as company directors and as charity trustees.

The objects of the University are set out in its Memorandum and Articles of Association and are to advance learning and knowledge in all its aspects, to enable students to develop their abilities, to contribute to the community and to develop research.

2. Public Benefit

The University is required to make a report on how it has delivered its charitable purposes for the public benefit. In making this statement, the Trustees (Members of the University Court) have had regard to the Charity Commission's guidance on public benefit.

(a) Charitable status

The University is an exempt charity and is thus exempt from registration with the Charity Commission. It is monitored by the Higher Education Funding Council for England as its Principal Regulator, in accordance with the Charities Act 2011.

The Memorandum of Association under the Companies Act 1985 sets out the University's charitable objectives which focus primarily on the advancement of education. The mission statement sets out how the University acts for the benefit of the public: *'To inspire society through the discovery, application and dissemination of knowledge.'* The University aims to achieve this through high-quality education, research and enterprise activities and measures its success by achieving significant cultural, economic, environmental and social contributions at local, national and international level.

(b) Education, access and widening participation

The University has had a long standing commitment to widening access and maximising student achievement to help students to fulfil their potential and ambitions. The University continues to be an institution with considerable cultural diversity, with 70 per cent of students being over 21 years of age, 48 per cent from black minority ethnic backgrounds, and 53 per cent female.

Improving access to, and success in, higher education for under-represented groups continues to be a strength of the University with over 65 per cent of students falling into at least one widening participation category. The University is particularly proud of its long history in supporting students from under-represented backgrounds to succeed in achieving a degree and moving into fulfilling employment.

The success of the University's access work has been achieved through working in partnership with regional institutions such as schools, colleges, local authorities and other higher education institutions.

A wide range of support for fees and living costs is provided in order to enable students to study at the University which admits and support students on the basis of academic ability, not ability to pay. This is reflected in an investment of £1.7m in 2014-15 in student success, retention and employability activities identified in the Access Agreement. These funds help to address the specific challenges which students from widening access backgrounds often face in making the transition to universities and subsequent employment. Financial support for students is targeted at groups such as care leavers and students on low incomes as over 50 per cent of the University's students are in receipt of full state support with a household income of £25k or less.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

2. Public Benefit (continued)

The University also offers care leavers bursaries, worth £1,000 per year for up to three years, supporting success bursaries of £200 to be spent on learning resources and personal development, and access scholarships for those not able to access the National Scholarship Programme. These awards are worth £200 for the supporting success bursary and an additional £300 for the first year only. The National Scholarship Programme comprises a £1,000 fee waiver and a £200 and a £800 voucher for additional in-kind support payable in year 1 on a smartcard.

In addition, funding of £1m will be provided to support the University's achievement led outreach approach with partner schools, colleges and local authorities. Targeted outreach activities include enhancing literacy skills and aspirations of primary school pupils, and working with 15 partner schools to encourage more students to apply to higher education (the schools have been selected on the basis of having low progression rates to higher education and a large proportion of students from under-represented backgrounds). Activities are focused upon improving the average attainment at level 3, and the interventions being used have extended the range of activities beyond local partners, making them scalable to a wider audience.

The University will continue to use student ambassador support in working with Year 11 students to improve GCSE attainment, and in an outreach project which has a particular focus upon supporting the progression of disabled students into higher education. The extension of vocational opportunities for increasing skills in the region and attracting non-traditional students to higher education is being achieved by expanding the range of higher apprenticeship opportunities through the partner college network and working in partnership with employers and professional bodies to professionalise those sectors without coherent progression routes.

The University has collaborated with local authorities and the Department of Education to develop University Technical Colleges and is involved with two – Royal Greenwich and Medway (Chatham), specialising in construction and engineering.

(c) Research and enterprise

Research and enterprise activities are core to the University's purpose and sit alongside learning and teaching as essential facets which help to deliver public benefit. The University aims to enhance its capability as a research informed institution with a culture of high-quality research embedded in all academic activities and external collaborations. Often undertaken in partnership with industry, charities, governments and other social organisations, the University's research activity is anchored securely in responding to societal need, thus ensuring that its results benefit all.

The dissemination of research is a vital part of the University's academic purpose and the effects of the research undertaken creates benefits beyond an academic impact. The University's researchers continue to make significant research contributions in a range of disciplines, including the Natural Resources Institute, Computer Modelling and Health. The benefits to local, national and international communities are significant – there are University trained medical professionals working in local NHS Trusts, while cutting edge research on an international scale is working to address global issues, such as poverty, sustainable food production and climate change in a way which influences policy making and can achieve social change.

In acknowledgement of the University's contribution in this regard in 2015, a Guardian University Award for research impact was given to the University's Natural Resources Institute which is leading a project to transform the livelihoods of more than 90,000 farmers by helping them out of poverty across five African countries. In 2014 the University won the same top prize for the work of its Fire Safety Engineering Group for the development of a new type of emergency signage system which could revolutionise evacuation procedures.

The University is expanding its enterprise activities and industry contacts. Close links with outside organisations help to achieve graduate employment for the University's students, opportunities for work experience, the development of high-quality research and consultancy work, and the successful exploitation of ideas. The University is committed to undertaking work which is relevant to the needs of society and provides tangible benefits both for the institution and its partners. Enhanced enterprise activity will be stimulated further by an ongoing commitment to develop the entrepreneurial capabilities of the University's staff and students. The direct public benefit of these activities has been reflected in a series of awards and prizes.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

2. Public Benefit (continued)

(d) Cultural impact and environmental sustainability

The University acknowledges an important responsibility to develop and enrich the intellectual and cultural lives of its local communities and works actively to develop and sustain them. There is a wish to extend the number of mutually beneficial collaborative initiatives which have been established over many years, particularly to support more projects linked to student and staff volunteering, to provide greater community access to learning and research resources, and to continue to use the University's physical assets for the good of local citizens and community groups. The number of external visitors attending University events has grown considerably in recent years, showing a 150 per cent increase in three years.

The University contributes economically to its local area and provides a graduate workforce which raises productivity and stimulates economic growth. It is fully committed to functioning as a socially responsible and sustainable institution and aims to minimise the impact on the environment of its activities. This has been reflected by achieving first place in the People and Planet Green league table two years ago and the University is currently rated as being 'a first class institution'. Financial, academic and environmental sustainability underpins everything the University does.

3. Objectives and Strategy

(a) Strategic Plan

The University's strategic plan for the period 2012-17 was developed in consultation with students, staff and other stakeholders and approved by the Court in July 2012. It sets out an ambitious course for the University over the planning period by building on previous achievements. It charts a path to a future based on a clear commitment to excellence in all areas. The plan identifies the core values of the institution and defines its mission and vision.

Mission: to inspire society through the discovery, application and dissemination of knowledge.

Vision: by 2017 we will have an enhanced reputation as a leading London university.

This will be achieved through high quality education, research and enterprise activities. Success will be demonstrated by significant cultural, economic, environmental and social contributions at local, national and international levels.

The means to realise its vision is encapsulated in four strategic objectives:

- Learning and Teaching: maximising the individual potential of students through high quality learning and teaching, and student satisfaction activities.
- Research and Enterprise: being a research-informed and enterprising institution with a well-developed culture producing research of international quality and knowledge exchange that is valued by our partners.
- Community and Experiences: creating a strong sense of community and ensuring that all associated with the University have great experiences.
- Services and Infrastructure: building effective, efficient and sustainable services and infrastructure that support the University's academic activities.

The academic structure of the University is organised around four faculties to support the achievement of the strategic plan objectives. Faculties are organised by academic departments / research institutes, with strengthened leadership at this level. This structure was formally endorsed by the University's Court.

(b) Achievements Against Objectives

The University continues to focus on the achievement of its 2012-17 strategic plan objectives. A number of projects have been initiated, the outcomes of which will consolidate progress towards the achievement of its objectives. Considerable progress has been made, with notable success in the following areas:-

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

3. Objectives and Strategy (continued)

- There have been six successive years of increases in the average entry tariff of students. Together with continuous improvement in the quality of teaching and student support, it has led to improved student retention, an increased percentage of graduates with higher degree classifications, and better employability prospects for our graduates.
- The quality of the student experience continues to improve as evidenced by the outcome reported in recent National Students Surveys.
- The quality and effectiveness of staff. Substantial investment has been made in new academic staff with the funding of 22 new academic posts. There have also been investments in staff development and training, and improvements to the appraisal process. An employee engagement was undertaken during the year to build on the outcome of the previous survey undertaken in 2012.
- Improved facilities and IT infrastructure by virtue of a substantial capital investment programme.

(c) Learning and teaching

The University places the student at the heart of its mission and is committed to providing a high quality learning experience for all students. This central aim is sustained by good teaching and a commitment to support and enable all students to reach their full potential through providing a high quality learning environment and learning facilities, innovative approaches to learning, teaching and assessment and a wide range of opportunities for students to participate in employment-related learning. The Learning and Teaching Strategy adopts the student life cycle as its organising framework proposing a series of aims, objectives, and actions that support students from pre-entry through to graduation and employment and further learning.

The University aims to provide a distinctive learning experience for all its students through an intensively supported learning environment making maximum use of new technology. Exploring and exploiting the potential of information technology is a key underpinning element in enhancing learning. The use of e-learning is based on an awareness of its potential to enhance the flexibility with which students learn and to meet the requirements of a diverse range of students with varying needs.

The Strategy thus builds on the University's strengths in supporting students from a wide range of backgrounds, providing a strong added-value learning experience and enabling student success. It focuses on the development of approaches that build on existing strengths through staff development.

A high quality and distinctive learning experience for students requires resources for the following:-

- Developments to enhance the quality of learning and teaching. The successful Quality Assurance Agency (QAA) Higher Education Review (HER) of 2015 suggests that many of our efforts to enhance quality are paying dividends, and support for this activity is provided by the Academic Quality Unit. Further, the Education Development Unit is working with Faculties in a range of ways to enhance quality; this includes achieving professional accreditation with the Higher Education Academy (HEA); the Greenwich Connect team, and a range of projects fostering innovation and excellence. A focus on programme leaders is planned for the forthcoming academic year. Attention is being paid to student satisfaction, as measured by the National Student Survey (NSS), Postgraduate Taught Experience Survey (PTES), Postgraduate Research Experience Survey (PRES) and University Student Survey (USS), and will enable the targeting of further work to enhance quality.
- Appropriate academic student:staff ratios. The University has in recent years invested in additional academic staffing. It will continue this improvement by reallocating resources from "back office" functions and investing in front line learning and teaching as well as monitoring student/staff ratios across the institution.
- High quality libraries and learning materials. The new Stockwell Street library has enhanced our offer in this area and the recently approved Library strategy will further contribute to ongoing improvement.
- Supporting students into and through their programmes of study to improve academic outcomes. Transition from school to university can be a difficult time for students. Research has shown that easing this transition can often mean the difference between success and failure. We have continued to give attention to this

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

3. Objectives and Strategy (continued)

process. We have continued to develop our Acceptors Portal which gives pre-arrival contact details, news items, preparation for study guides and other helpful information about the transition to the University. The successful Day 1, Week 1 initiative is being extended into smaller but equally important short programmes for students returning in the second and third year to enhance retention and engagement. A system to support personal tutoring has been developed for implementation in 2015/16.

- Partnership with students. A closer relationship has been built with the Student Union University of Greenwich (SUUG) and a student engagement framework has been developed and approved by the Student Experience Committee. This will enable enhanced dialogue and engagement with students at all levels of the institution.
- Enhancing employability. A wide range of initiatives have been introduced to improve the employability of our students and provide them with the confidence, knowledge and skills to secure graduate level jobs. These include mentoring schemes, the Reed partnership and a focus on placements. Such initiatives received positive affirmation in the QAA HER final report and have seen our performance in the Destinations of Leavers from Higher Education (DHLE) survey increase.

(d) Research and enterprise

The University has an ambitious strategic plan target of increasing the quality and volume of research and enterprise undertaken. Substantial progress has been made towards this target with increases in both contracting and research and enterprise delivered in the year.

The University continues to be successful in winning funding from UK research councils and EU funders. Successful bids funded this year include projects to: control cassava-whitefly pest control for sustainable food security in sub-Saharan Africa; increasing performance of the cassava industry in west and central Africa; developing a serious game platform to train end-users from different organisations responding to terrorist and organised crime threats; development and testing of medications and diagnostics related to Animal African Trypanosomosis (AAT); develop a socio-technical platform to foster effective collaboration between citizens and law enforcement officers. The Natural Resources Institute (NRI) has been especially successful in securing funding from The Bill & Melinda Gates Foundation and the Department for International Development (DfID). NRI has also received the 'Research Impact' prize, at the Guardian University Awards for the second year running, for its project to help transform the livelihoods of more than 90,000 farmers across five African countries, by helping farmers out of poverty by developing a highly marketable product – High Quality Cassava Flour – and nurturing a new industry to produce, process and use the flour.

The Research Excellence Framework (REF) 2014 (the national exercise which assesses the quality of research undertaken in the UK) results were also encouraging. The University's grade point average increased to 2.33, out of a possible 4.0. This is a significant improvement from an average of 1.90 in the last Research Assessment Exercise (RAE), held in 2008. This quality improvement reflects the work of a greater number of staff, over 240 researchers submitted, an increase of 12% from RAE 2008. In addition, the proportion of world class (4*) research at the University has risen from 4.3% to 8.5%, with the proportion of internationally excellent or better (4* and 3*) increasing from 25.5% to 41.5%.

The University's work in championing the role of women in STEMM (Science, Technology, Engineering, Mathematics and Medicine) subjects has seen it receive the Equality Challenge Unit's (ECU) Athena Swan institutional bronze award, while also retaining its HR Excellence in Research Award.

Our work with business and industry has also continued well, with new projects established with, amongst others, Alstom, BASF, Dermal Laboratories, GE Aviation, Merck Consumer Health, and Pfizer. Our support for SMEs in the south-east of England has also continued. Building on our achievements as part of the Enterprise Europe Network for the past four years, the University was invited to join a successful consortium, lead by Innovate UK, for a new EU contract to deliver this service up until 2020. The Network is EU wide and was established to support business growth and innovation, increasing trade across Europe. The new contract has also been tasked with providing assistance to businesses engaging with Horizon 2020 funding. Greenwich is one of only five universities in the consortium which covers England, Wales and Northern Ireland.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

4. Review of the Year - Operational

(a) Student recruitment

Recruitment of home and international students and meeting student recruitment targets for all teaching contracts underpin the major revenue streams of the University and its corporate financial outcomes. Shortfalls against student recruitment targets are therefore an important risk that is managed.

The number of recorded students in 2014-15 is summarised as follows:-

	2014/2015		2013/2014	
	Full-time	Part-time	Full-time	Part-time
HEFCE funded - campus based	9,701	3,365	9,827	2,988
- in partner colleges	1,012	260	1,072	376
NCTL funded	498	145	500	155
Health contract	1,576	1,488	1,438	1,256
Overseas (non EU)	2,532	1,217	2,707	1,124
Others	21	80	38	14
Total (excluding International Collaborations)	<u>15,340</u>	<u>6,555</u>	<u>15,582</u>	<u>5,913</u>
International Collaborations	<u>10,956</u>	<u>5,727</u>	<u>9,626</u>	<u>6,866</u>
Total	<u>38,578</u>		<u>37,987</u>	

The overall increase in student registrations is consistent with the increase in new entrants set out in the table on page 18. Home and EU registrations have increased by 7% from the previous year reflecting the continued impact of funding changes introduced in 2012/13, and the University's strategy of increasing the average tariff scores of its undergraduate intake. With regard to international students, registrations have also declined for campus-based provision partly compensated for by growth in registrations at international collaborative institutions.

(b) Student finance and financial support

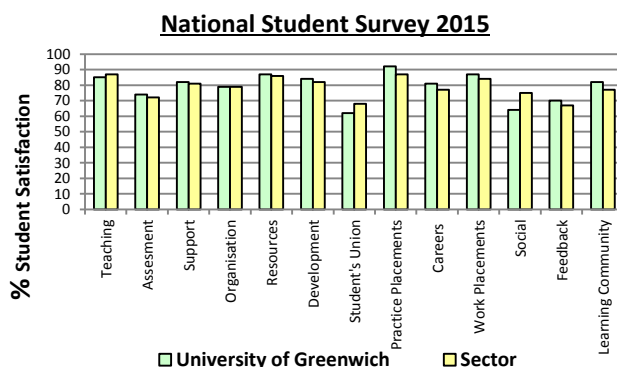
A number of bursaries and hardship funds are available to support students during their studies. The University provides additional financial support for a range of students, including those entering higher education direct from local authority care where 43 students were supported in the year. Scholarships were also available for high achieving new entrants into the 2014/15 academic year.

(c) Student satisfaction

The quality of the students' experience is central to the University's objective of attracting high quality and able students who will maximise their potential during the period of their study at the University. A measure of this is the outcome from the annual National Student Survey (NSS) that allows students to give feedback on the quality of their courses and learning experiences. The outcome from the 2015 NSS is summarised in the figure below:-

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

4. Review of the Year – Operational (continued)



Overall satisfaction was 83% (2014: 86%), which was lower than the sector mean. Our students rate us highly in the six of the assessment categories where the University's scores equal or exceed the sector mean for those categories. In categories where we are below the sector mean, additional investment is being made to improve outcomes in these areas.

(d) Student achievement and success

Our students continue to win awards and recognition for outstanding achievement:

- A group of six students won the top prize in a national competition for a team of first year IT Management for Business (ITMB) degree students for their proposals for wearable technology for the financial industry. Their Sentinel Band enables consumers to monitor their financial history on the move and make contactless payments.
- A Greenwich engineering graduate was awarded the prestigious 2015 Honeywell prize to promote outstanding student talent, for his final year project.
- Two of this summer's Greenwich Garden Design First class graduates won an RHS (Royal Horticultural Society) Gold Medal for the best show garden at the Hampton Court Palace Flower Show.
- A third year MPharm student was named as a finalist in the Daily Telegraph's STEWM Awards, a competition which gives ambitious students an opportunity to prove themselves to leading industry experts.
- An engineering student was a top ten finalist in the TARGET Jobs Undergraduate Awards 2015 for Construction, Engineering and Design, sponsored by Laing O'Rourke.
- Two outstanding mental health nurses (one an undergraduate and another who graduated last year) were named as "Rising Stars" by the national publication Nursing Times. The Rising Stars Awards acknowledge expertise and enthusiasm of student and newly qualified nurses at the outset of their careers.

(e) Partner Colleges

There continues to be a strong network of partner institutions. About 9% of the University's HEFCE teaching contract is delivered in these institutions where, in the year under review, there were 1,272 students on University of Greenwich accredited programmes of study.

Some partner institutions have secured HEFCE student numbers in their own right, with some adjustment to the balance between the University's own provision and that of the partner institutions.

(f) Outreach

The University's Access and Partnerships Unit (APU) has delivered a structured outreach programme to both schools and colleges in the 2014-15 academic session. This has been funded by the Student Opportunity allocation from the HEFCE and the Access Agreement funding which the University has invested from student top up fees.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

4. Review of the Year – Operational (continued)

The programme of outreach strives to raise aspirations and enhance achievements of local learners, placing the University of Greenwich higher education brand at the heart of local schools and colleges. This work is in accordance with commitments stated in our OFFA Access Agreement.

The use of short courses and sustained interventions continues to be the approach of the Access and Partnerships Unit, building meaningful relationships with colleagues in local schools and colleges. Raising aspirations and supporting achievement is the main focus of the University's outreach work, supporting learners from the most disadvantaged areas to progress into higher education. The Skills for Independent Learning (S4IL) course continues to be popular in local schools and colleges, with 793 learners participating on the course. To raise aspirations and enable learners to make informed choices about their career aspirations the Personal Development Planner and Higher Education Workbook projects engaged 1,416 learners. Electronic versions of these courses have now been developed, making them more cost effective.

The APU has supported the Royal Greenwich University Technology College by deploying over 20 Outreach Ambassadors on a sustained basis to engage 57 of their learners in: construction and engineering mentoring; project support and the development of academic skills. Our drive to improve learners' critical thinking and writing skills also targets teachers and lecturers with staff development to support the integration of core academic skills into the curriculum.

During the 2014-15 academic year, the Access and Partnerships Unit delivered over 32,000 learner interactions to support local schools and colleges. With the support of academic staff from Faculties, the APU team advertised a calendar of 20 taster days to over 400 local schools and colleges across Kent and South East London. The calendar comprised of a range of subjects and attracted 894 learners from over 100 schools and colleges. The Unit delivered 40 sustained projects or short courses over the year. Four summer schools were delivered and, at the request of partner schools, 41 bespoke events/visits to the University were hosted.

In addition to mainstream outreach programme, the APU team also supported vulnerable students to access higher education and support them through their studies while at the University of Greenwich. Working with disabled students, carers and care leavers, the team has been recognised at a national level for its work with these groups of learners.

(g) Estates and Facilities

The University opened a new state-of-the-art library, including lecture theatres, TV and design studios and a gallery, Stockwell Street in September 2014, which has enhanced the student experience enormously. The Stockwell Street building was shortlisted for the 2015 Stirling Prize.

The on-going delivery of the Estate Strategy has meant a continuing capital commitment and a further £4.6m spend on maintenance during the financial year.

Work has concentrated on planning the proposed Dreadnought Student Hub at the heart of the Greenwich campus with a budget of £25m agreed by Court for completion at the beginning of 2018. This will comprehensively redevelop a building at the heart of the campus creating state-of-the-art learning, teaching and social spaces combined with support facilities that will improve the student experience.

The proposal will relocate the Students' Union on campus together with psychology, public health, social work and non-teacher training education programmes within the Faculty of Education and Health. There will also be a new home for the central computing facility, based around the main server room and extensive IT teaching labs.

At Medway work has commenced on the redevelopment of the old swimming pool building into a student hub, providing accommodation for the Student Union that includes, offices and activities spaces clustered around a large event space that will serve food and drink and will host dances, bands and other entertainment. A budget of £4.59m has been agreed and is shared 50:50 with the University of Kent.

In addition, work has begun to dispose of the Mansion Site and to acquire the Cutty Sark Hall with 231 rooms and Devonport Hall with 125 rooms. This will bring management under our control, improving maintenance and services to residents and providing additional income from bed spaces for summer schools.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

4. Review of the Year – Operational (continued)

(h) Sustainable Development

The University has maintained its leadership in the sector for its application of sustainability. We retained our 1st Class Award for People and Planet's University (Green) League and won national awards for our work in delivering biodiversity excellence and for our sustainable food provision. The University's Estates & Facilities Directorate was re-accredited to ISO 14001 (environmental management).

Increasing demands from HEFCE and students is influencing us to make further and more challenging improvements. The Sustainability Management Board, chaired by the Chief Operating Officer, has been launched providing a forum and framework to tackle sustainability challenges and exploit opportunities systematically. The year saw the opening of the nationally recognised Stockwell Street building showcasing sustainability throughout its design. The University's Sustainable Development Unit is working across the institution undertaking services aligned to the needs of the organisation and staff and students.

Key areas:

- Our BREEAM 'Excellent' awarded Stockwell Street building illustrates the importance of investing in sustainable, future ready building stock and winning credits for climate change adaptability and the installation of 'living roofs'.
- Strategic understanding and application of sustainability across the University's functions through the Sustainability Management Board.
- Effective embedding and broadening of ISO 14001 sustainability management system.
- Launch of a comprehensive sustainability website providing information and guidance in all areas of the University's activities.
- Green Impact continuing to enable local sustainable behaviour changes utilising a team of over 50 sustainability champions.
- Successful delivery of the Sustainability Hub, a collaboration with the Students' Union enabling students to deliver sustainability outcomes at and beyond the University.
- Mapping research of the application of Education for Sustainable Development within our Faculties.

(i) Community

The University has been working with a new state-of-the-art University Technical College (UTC) in Medway, which opened its doors to students on 7th September 2015. This UTC is the first of its kind in Medway and specialises in teaching construction, engineering and design students aged between 14 and 19. The University is one of six sponsors. It exercises no control over the policy decisions of the UTC.

(j) Staff

The quality and commitment of our employees are paramount in the achievement of our objectives as an institution of teaching, learning and research. Enthused and engaged employees are productive employees, and productive employees provide a better customer (student) service. The Human Resources (HR) Directorate is responsible for recruitment and contract management, equality, organisational and talent development as well as employee relations and employee engagement. Human Resources policies support our strategic objectives and ensure that the

University meets its legal obligations as an employer. The University has recently adopted the HR Business Partner model to work alongside senior managers to develop and implement people strategies. The Department, together with stakeholders, has been developing a People Strategy, which sets the direction for workforce management and development over the next five years.

The University's constitution provides for staff members to be elected by staff as members of the University Court and of the Academic Council with access to minutes of these meetings made available to all staff through the University's intranet. 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'. HR specific communications are disseminated via a termly HR

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

4. Review of the Year – Operational (continued)

newsletter and a short more targeted electronic briefing ‘Bulletin’ which addresses matters where a brief but timely cascade is required. The HR Directorate also now uses social media for staff communications such as Facebook and Twitter.

In addition to these information tools, the University has been developing its approach to consultation with staff by using existing networks, e.g. the LGBT staff network, and developing new networks, such as a line manager network, to consult on revisions of key employment policies. The University is currently reviewing policies relating to discipline, grievance, capability, appraisal, probation and managing absence to ensure that they remain fit for purpose, can be used effectively and support our strategic objectives.

In the last year we have carried out our second employee engagement survey. Employees across the University are now engaged in developing and implementing action plans to build on the areas of strength and to address areas requiring improvement as identified in the Employee Engagement Survey.

A full external review of the HR management system used to support people management and development, as well as store information for statutory returns and to monitor legal compliance, has been undertaken to ensure that we are using the technology available to us to its full potential to support improved efficiency of processes, improved data capture and engagement with employees. A development plan has been implemented to realise these improvements over the next three years.

(k) Equality and Diversity

A new Equality, Diversity and Inclusion Strategy and Action Plan has been approved to move the University’s work in this area forward and to include objectives that reflect priorities identified through the Annual Equality Monitoring Report. The Equality and Diversity Committee continues to provide oversight of the implementation of the University’s strategy and action plan and receives the Annual Equality Monitoring Report. This Committee reports to the Executive Committee for managerial oversight and to the University’s Staffing Committee, a committee of the Court, to ensure proper governance.

Work continues to improve the collection and presentation of data that supports this area of work to allow a greater focus of actions that lead to meaningful outcomes. We have carried out a data audit of our staff as part of our continuous improvement approach to data. The University also continues to offer Equality and Diversity events which raise the profile of this area of activity and provide an opportunity for staff and students to meet informally.

The University is committed to obtaining accreditation of its work in the area of Equality and Diversity so that we can benchmark our own practice and learn from the practice in the HE sector and other sectors. In the last year we have achieved HR Excellence Badge re-accreditation. The University is a Stonewall Diversity Champion and subscribes to the Workplace Equality Index. We have significantly improved our position in the workplace index over the last year, indicating a positive development in the way our policies and practices ensure and promote equality. Having signed up to the Athena Swan initiative last year, which is about promoting gender equality in STEM areas of the University, we have this year achieved the Athena Swan institutional bronze award and now have a commitment to achieving Athena Swan awards in departments.

(l) Disability

The University is committed to a policy of equality of opportunity for disabled staff and students and aims to create an environment that enables them to participate fully in University life. This commitment is included in the University’s Equality, Diversity and Inclusion Strategy and Action Plan. We are embedding good practice in how we manage and support employees with disabilities in relevant policies that are currently being revised and have improved guidance and training for managers to help them work with employees on the provision of reasonable adjustments. Advice is also available to managers and employees through the Business Partner model and specialist Equalities Manager.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year - Financial

(a) Scope of the Financial Statements

The financial statements comprise the consolidated results of the University (including the Natural Resources Institute) and its wholly owned subsidiary companies, Greenwich University Enterprises Limited and Greenwich Property Limited. Greenwich University Enterprises Limited undertakes commercial activities that fall outside of the University's charitable aims of teaching and research. Its profits are covenanted to the University under the Gift Aid scheme. Greenwich Property Limited is a special purpose company established to facilitate the development of a PFI student residents' scheme. Note 13 of the financial statements also provides information of the entities with whom the University is associated.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards (UK GAAP), the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and the Companies Act 2006.

(b) Results for the Year

The Group results for the year ended 31 July 2015 are summarised below:-

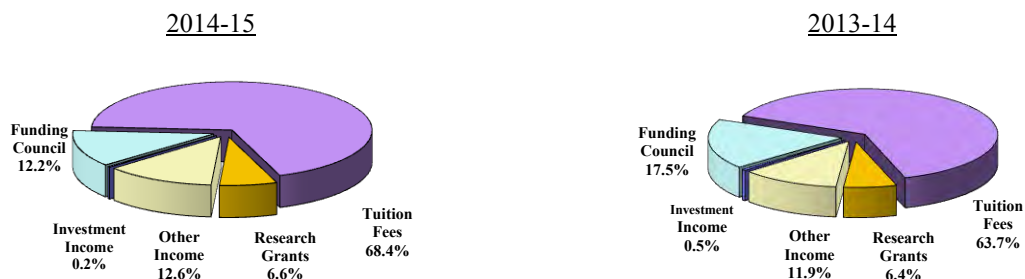
	2015 £'000	2014 £'000
University (including NRI)	9,382	13,132
Greenwich University Enterprises Limited	(137)	15
Greenwich Property Limited	-	-
	<u>9,245</u>	<u>13,147</u>
Group historical cost surplus		

The Group reported a surplus of £9.2m (2014: £13.1m) representing a margin of 4.6% on total income, with strong student recruitment and control of costs contributing to the outturn.

The outturn represents a strong financial performance with consequential improvements to cash reserves, net assets and I&E reserves (before account is taken of the £84m deficit on the FRS17 Pension reserve). These improvements are important in meeting the capital investment commitments of the University.

(c) Revenues

Total revenue comprises funding council grants, tuition fees and education contracts, research grants and contracts, other income, and endowment and investment income. The distribution of these is as follows:-



Funding council grants of £24.4m (2014: £33.7m) were 12.2% (2014: 17.5%) of total revenues. The reduction from the previous year is consistent with the shift from HEFCE\National College for Teaching and Leadership teaching funds to higher tuition fees.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

Tuition and education contract revenues of £137.3m (2014: £122.2m) account for 68.4% (2014: 64%) of total revenues, largely mirroring the shift to tuition fees away from HEFCE\National College for Teaching and Leadership teaching funds. Other underlying factors include a 7% increase in Heath contract revenues that result from increased contract numbers. Revenues from international students have increased by £1.2m, reflecting an increase in average fees and an increase in student numbers in international collaborative institutions.

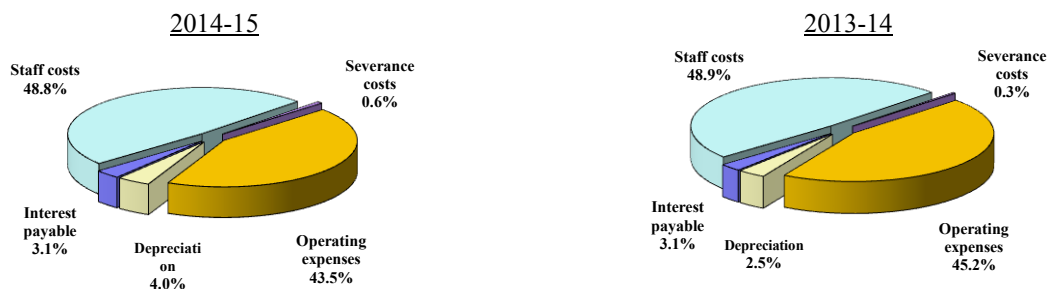
Research revenues have continued to increase this year. An increase of 8.3% to £13.3m (2014: £12.2m) reflects increased levels of commissioning in the current and previous financial years. This is a very satisfactory outcome given the competitive economic climate in which bids are contested.

Other income is comprised of revenues from student residences, catering, conferences, consultancy services provided, and various other sources. Revenues have increased by 10.1% to £25.2m (2014: 22.8m). The increase is in the area of residences, catering and conferences which is mainly attributable to the new Daniel Defoe hall of residence and the catering facility in the new Stockwell Street building, both of which opened in September 2014. Revenues from consultancy services decreased marginally over this period.

Investment income of £0.48m (2014: £0.88m) was received in the course of the financial year, with the reduction on the previous year reflecting the use of cash reserves in completing the Stockwell Street development and other capital spend. Additionally, investment returns have continued to deteriorate from those received in the previous year. The University continues to place investments with a wide range of financial institutions, consistent with the University's risk appetite and meeting existing borrowing covenants.

(d) Expenditure

Expenditure is categorised across staffing, severance costs, the depreciation of fixed assets and other operating expenses, with the distribution as follows:-



Staff costs were 47% (2014: 46%) of total income compared to a sector mean of 53%. This variation is attributable to the substantial level of University's programmes of study delivered in partner institutions, where related teaching and support costs are incurred in those institutions. Staff costs for the financial year were £93.5m (2014: £87.4m) against an employee base of 2,228 (2014: 2,166). The increase in staff costs reflects an increased headcount in both academic and administrative staff, annual pay award, increments and increased employer pension costs.

Operating expenses account for 44% (2014: 45%) of total expenditure. Expenditure in the financial year was £83.3m (2014: £80.8m) with a full analysis of these in note 9 of the financial statements. The main variations from the previous year were :-

- Reduction of £6.3m in rents. This arises in the main from a saving in rental payments for the Medway Campus as a result of the purchase of the reversionary lease in July 2014.
- Increased investment to improve the student experience in the following areas:
 - Additional furniture and equipment costs of £2.4m, a significant proportion of which were spent on the fit out of the new Stockwell Street building.
 - Additional £1.4m expenditure on IT infrastructure.
 - Additional building maintenance and repair expenditure of £0.6m

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

- Residence, catering and conference costs have increased by £1.4m due to the new Daniel Defoe hall of residence and catering facility at the Stockwell Street building.
- Expenditure on publicity and advertising has increased by £0.8m. This is partly a response to the increased competition to attract students, but also sponsorship of Charlton Athletic Football Club which in turn will improve student employability by offering work placements and promoting community engagement and outreach.
- Additional bursary and scholarship spend of £0.6m reflecting the University's commitment under the terms of its Access Agreement with the Office of Fair Access (OFFA).
- Increased non-contracted & agency staff £1.3m as a result of temporary staff filling vacancies and an increased number of project utilising non-contracted staff.

Staff severances account for 0.6% (2014: 0.3%) of total expenditure. The cost in the financial year under review was £1.172m (2014: £0.563m). Staff severances are aimed at readjusting the cost base to address and repositioning of its resource allocations to meet the requirements of the strategic plan.

(e) Capital investment and fixed assets

The tangible fixed assets of the Group at the balance sheet date were £198.6m (2014: £162.2m). The new Stockwell street building was completed and opened to students in September at a cost of £66m. In addition, Daniel Defoe hall of residence (accounted for as a finance lease) also opened in September at a cost of £37m. Other additions in the year were £2.9m and capital grants of £0.2m were received during the year. The Mansion Site (part of the Avery Hill Campus) with a net book value of £3.7m is currently for sale.

(f) Long-term borrowing

Long-term borrowing at the balance sheet date was £68.3m (2014: £32.7m), of which £17.0m represents the outstanding debt on the University's £30m bond (£25.5m in issue), £14.0m the finance charge on Phase 2 of the Avery Hill student village PFI scheme and £0.3m is an advance received under HEFCE's Revolving Green Fund. During the year, the University acquired a finance lease (£37m) in respect of a new hall of residence: Daniel Defoe.

(g) Pension schemes

The University contributes to the Teachers Pension Scheme (TPS) for its academic staff and the London Pension Fund Authority (LPFA) for its support staff.

The Teachers Pension Scheme is an unfunded, contributory, public service occupational pension scheme, governed by statutory regulations. As it has no assets that can be identified with individual employers it is accounted for on a pay as you go basis. The employer contribution rate throughout the financial year was 14.1% of the relevant pensionable payroll. This will increase to 16.48% with effect from September 2015.

The London Pension Fund Authority (LPFA) is a funded multi-employer Local Government Superannuation Scheme. Its assets and liabilities are identified with individual employers and are therefore accounted for under the provisions of FRS17 (Retirement Benefits). The University's employer contribution rate to the scheme was 16%, with an additional lump sum payment of £2.2m to fund past deficits. The liabilities of the scheme exceed its assets, with a reported FRS17 pension deficit of £83.8m (2014: £75.7m). The FRS17 deficit on the scheme reflects lower than expected returns on assets, with increasing liabilities due to reductions in mortality rates and low bond yields used in discounting liabilities.

CPI is used in the actuarial assessment of future pensions, in line with the April 2010 change in government policy on pensions.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

(h) Other balance sheet indicators

Other key balance sheet ratios continue to be healthy. Short-term investments were £74.7m reflecting the strong underlying operating surplus, net of £2.9m of capital spend financed from internal resources. Creditors due within one year were £57.1m (2014: £51.6m). Net current assets remain strong at £40.1m (2014: £26.3m) while Income and Expenditure reserves increased by 10.8% to £119.0m.

(i) Key financial indicators

The 2014/15 financial outturn continues to build on those of the previous years, with the five year summary of key financial indicators as follows:-

	2015	2014	2013	2012	2011
Total students	21,895	21,495	23,572	27,045	28,467
Total students - % movement	2%	-9%	-13%	-5%	-5%
New entrants	10,068	9,242	9,277	11,722	13,087
Funding Council grant as % of operating revenues	12%	18%	25%	26%	41%
Tuition and education contracts as % of operating revenues	69%	64%	57%	58%	46%
Operating margin %	5%	7%	6%	6%	6%
Interest costs as % of operating margin	64%	34%	41%	41%	41%
Debt as % of operating revenues	34%	17%	18%	19%	18%
Net cash and investments as % of operating revenues	40%	35%	49%	56%	56%

Note: The increase in interest costs and debt in 2015 is attributable to the PFI cost of the Daniel Defoe student residence opened in September 2014.

(j) Financial Instruments

The Group finances its operations from cash generated from trading, retained surpluses, current liabilities and long-term borrowing.

The powers of the University to raise funds, and enter into hedging arrangements, are controlled by the University's Memorandum of Association, its Memorandum of Assurance and Accountability with HEFCE, and the Charities Acts. Powers to invest surplus funds are governed by the Trustee Act 2000, and the University's Treasury Management Policy. Year-end cash and investments totalled £67.1m including £2.4m in a separate charged account under the terms of the Bond. The University adopts a prudent investment policy, with deposits limited by amount and maturity across financial institutions with minimum investment rating requirements. 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, trade debtors and trade creditors. Its policy is that no trading in financial instruments shall be undertaken. Its terms of payment are 30 days (net), with an average payment period of 30 days in the 2014-15 financial year. The main risks arising from the Group's financial instruments are liquidity risk, currency risk, credit risk and interest rate risk. The Court has oversight over the management of all risks.

(i.) Liquidity Risk

Liquidity risk is managed by the application of measures set out in the University's Treasury Management Policy. These encompass: ensuring that amounts due to the University are remitted on a timely basis; optimising payments to suppliers whilst ensuring that the agreed terms of trade are complied with; and investment of the University's surplus funds.

Under the terms of the University's bond a ratio of current liabilities at not less than 1:1 is required to be maintained. Additionally, a minimum balance of cash and cash equivalents equal to 5% of turnover (£10m) is required to be maintained together with 12 months' bond servicing cost (£2.4m) in a separate charged account.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

Total debt at 31 July 2015 was £69.7m, of which £17.9m is in respect of the University's bond, £14.4m a PFI debt repayable in 2026, £0.4m HEFCE Revolving Green Fund and £37m PFI commitment repayable 2050. At 31 July 2015, the maturity profile of borrowings (all of which were long term) shows an average maturity of 20 years. It is calculated that 5% is repayable in each of the periods that fall within one year and in 1 to 2 years, 9% in 2 to 5 years and 86% in more than 5 years.

(ii.) *Currency Risk*

Approximately 60% of the Group's turnover is denominated in foreign currencies. The Group's policy is to mitigate currency exposures by reviewing contracts for currency risk as part of its risk assessment and where appropriate a contingency is built into the contract price. Additionally subcontracting is priced in the currency wherever possible. All other turnover is denominated in sterling. The University did not enter into any hedging arrangements during the year.

(iii.) *Credit Risk*

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

The credit risk on short-term investments and bank balances has increased in the current economic climate with many UK and European financial institutions downgraded by the major credit rating agencies. The Group manages this risk by its policy of agreed counterparty lists and minimum credit rating criteria for counterparty banks and deposit takers.

The credit risk for trade debtors (student and commercial debt) is medium\low. This risk is managed by the application of measures set out in the University's credit management policies, and the continuous assessment of the Group's aggregate exposure to non-payment of student and commercial debt. The amounts disclosed in the balance sheet are net of allowances for bad and doubtful debts, the latter informed by the quality of the debtor book.

(iv.) *Interest Rate Risk*

The Group's borrowings are at fixed lending rates. Of this 25% relates to the University's 30 years bond (2028) with the remainder in respect of the PFI financing of student residences and HEFCE Revolving Green Fund.

6. Principal risks and uncertainties

The principal risks and uncertainties of the University are as follows:-

(a) *Government Policy*

Uncertainty over government HE policy is a key factor in the external environment of UK HE institutions. Policy changes can adversely impact:

- The number of students wishing to enter higher education and in the case of postgraduates their ability to fund their studies. These have an adverse impact on institutions' ability to recruit students.
- The number of international students who wish to study in the UK, and the continued ability of institutions to recruit these students with reference to compliance with changing UKVI arrangements/policies.

These risks are managed by continuous scanning of the external environment to understand potential changes and their impact. Membership of key interest groups (eg. Universities UK) is also important in this regard.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

6. Principal risks and uncertainties (continued)

(b) International student recruitment

Revenue from international student enrolments accounts for 17.4% of total teaching revenues, and is therefore important to the University's finances. The key risk associated with this revenue stream is a shortfall against international student recruitment targets with particular reference to:-

- Increased international competition (from the USA, Canada, Australia) resulting in a reduction in the UK HE international student market. This may be exacerbated by the perception that recent UKVI changes to student visa conditions will make the UK a less attractive destination for international students.
- Progressive increases in in-country provision that will over time reduce the size and shape of the international student market.
- Increased competition from UK based HE providers who are seeking to increase international student recruitment.

The University continues to manage this risk by making decisions informed by segmental market analysis, and investing in marketing and recruitment in its chosen market segments.

(c) International Partnerships

The University has in excess of 16,500 students in circa 51 partnerships across 23 countries. Political, social and economic changes in the countries\regions in which partnerships are located are a risk to their continued operations. This risk is managed by continuous monitoring of political, social and economic developments in these countries\regions.

(d) Pension scheme deficits

A pension scheme to which the University contributes is in deficit, primarily the result of decreasing mortality rates and underperformance on its investments. This is exacerbated by low bond yields used in discounting pension liabilities.

The key risk to the University of pension scheme deficits are increases in employers' pension contribution rates where these are required to make good the deficit. This risk is managed by keeping under review the funding level of the scheme.

7. Directors

The Governors of the University are Directors of the Company.

The Governors who served during the year and/or in the period to the date of approval of the financial statements, 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.

8. Statement of Directors' Responsibility for the Financial Statements

The statement of the responsibilities of the Court for the financial statements is set out on pages 24 and 25 of this report.

9. 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.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

10. Auditors

Grant Thornton UK LLP are annually reappointed as auditors in accordance with an elective resolution made under section 386 of the Companies Act 1985, which continues in force under the Companies Act 2006.

11. Approval

The Operating and Financial Review (incorporating the Strategic Review) was approved by the Court on 30 November 2015 and signed on its behalf by:

Stephen Howlett
Chairman

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. The University's practice takes account of the provisions of the Charities Act 2011 and strives for compliance with the Committee of University Chairs Higher Education Code of Governance. The University Court is committed to maintaining the highest standards of corporate governance and the report of the consultants who undertook the Governance Review, conducted in 2015 and approved by the Court in October 2015, states *'We have assessed the University's governance framework against the Committee of University Chairmen Higher Education Code of Governance and are satisfied that the institution is in full compliance with the seven core elements of the Code'*. In carrying out its duties, the Court also has regard to the best practice contained within the UK Corporate Governance Code, insofar as it is applicable to the University.

This summary describes the University's corporate governance arrangements and the manner in which the University seeks to apply the principles of Codes of practice published by the Higher Education Funding Council for England (HEFCE), Committee of University Chairs (CUC), Charity Commission and the UK Corporate Governance Code 2010 (edited 2012), insofar as they are applicable to Higher Education Institutions.

- The University is a company limited by guarantee and an exempt charity. It is not required to register with the Charity Commission as, under the Charities Act 2011, from June 2010 universities in England have been regulated on behalf of the Charity Commission by HEFCE, the principal regulator. The University is governed by its Memorandum and Articles of Association which set out its objects to advance learning and knowledge in all their aspects. Members of the University Court are legally Directors of the Company and Charity Trustees. The Court is specifically required to determine the educational character and mission of the University and to set its strategic direction.
- The Court has a majority of lay persons chosen for their expertise in areas relevant to the work of the University. They 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 Chair is elected from the lay members.
- 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.
- 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. He is responsible for the development of institutional strategy and the identification and planning of new developments.
- In accordance with the Articles of Association the University Secretary is appointed to act as Secretary to the Court and its Committees and as Company Secretary. In that capacity, she/he provides independent advice to Members of Court on matters of governance.
- The Court meets at least five times a year. However, much of its business is conducted through the following committees: Audit, Finance, Nominations, Staffing and Remuneration. All of these Committees have terms of reference and membership approved by Court. All Committees of the Court submit their minutes to the Court.
- The Finance Committee is responsible to Court for reviewing the University's finances, accounts and investments. It makes recommendations to Court on the annual revenue and capital budgets. It monitors performance in relation to approved allocations.
- The Remuneration Committee acts on behalf of and is accountable to the Court for determining the annual remuneration of the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellors, Chief Operating Officer, University Secretary and Director of Finance.
- The Court maintains a Register of Interests of its members and senior officers, which is updated annually and can be viewed on request to the University Secretary.
- 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.

CORPORATE GOVERNANCE (continued)

STATEMENT ON INTERNAL CONTROL

1. The Court is responsible for ensuring a good system of internal control to support the University's policies and objectives. It is responsible for safeguarding the public and other funds available to it in accordance with the duties assigned to it in the Articles of Government and the Memorandum of Assurance and Accountability with HEFCE.
2. Internal control 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. It is also designed to prevent and detect fraud and other irregularities.
3. The system of internal control is informed by a continuous process which identifies, evaluates and manages the University's significant risk of all types. This process has been in place for the year ended 31 July 2015 and up to the date of the approval of the financial statements. The Court believes that the University follows the best practice guidelines of HEFCE and British Universities Finance Directors Group in its approach to risk management and can confirm that the processes and procedures in place for risk management have provided a robust framework for ensuring that institutional risk is adequately recognised, evaluated and planned for throughout the financial year 2014-2015 and up to the approval date of the financial statements.
4. The Court is responsible for reviewing the effectiveness of the system of internal control and does so in the following ways:
 - Matters related to the Mission, Strategy and educational character of the University are discussed on a regular basis.
 - The Chair of the Audit Committee reports to each meeting of Court on matters discussed at Audit Committee.
 - The Audit Committee receives reports from Internal Auditors at each of its meetings, which provide an independent opinion on the adequacy and effectiveness of the internal control systems together with recommendations for approval.
 - Each year the Audit Committee approves a programme for the year, which is based on a balanced portfolio of risk exposure while focussing on key risks.
 - There is a clear policy and plan of risk management which has been communicated throughout the University. Risk appetite has been clearly defined by the Court.
 - The Audit Committee annually reviews the effectiveness of the risk management arrangements, which are managed by the University Secretary and the University Secretary is the secretary to the Audit Committee.
 - The Director of Finance and the University Secretary attend meetings of the Audit Committee and have direct and independent access to members of that Committee, as do the external and internal auditors.
 - The Corporate Risk Register is updated throughout the year and includes the main risk owners and risk mitigating actions. Risks are prioritised by likelihood and impact and ranked accordingly, and are also linked to the Key Performance Indicators set out in the University's Strategic Plan.
5. The Vice Chancellor in his capacity as accounting officer confirms to the Court that matters of academic, corporate, financial, estate and human resource management delegated to the executive have been properly discharged.
6. The University has considered its responsibility to notify HEFCE of material irregularity, impropriety and non-compliance with HEFCE terms and conditions of funding, under the Memorandum of Assurance and Accountability in place between the University and HEFCE. As part of its consideration the University has had due regard to the requirements of the Memorandum of Assurance and Accountability.
7. The Accounting Officer confirms, on behalf of the University, that to the best of its knowledge, the University believes it is able to identify any material irregular or improper use of funds by the University, or material non-compliance with HEFCE's terms and conditions of funding under the Memorandum of Assurance and Accountability. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to HEFCE.

Professor David Maguire
Vice-Chancellor

Mr Stephen Howlett
Chairman

RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF GREENWICH

The primary responsibilities of the Court are to set the University's strategic aims, monitor the implementation of the activities undertaken to achieve these, and report to stakeholders on their stewardship. To meet its responsibilities the Court undertakes to carry out the following activities:-

- To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- To delegate authority to the Vice Chancellor as chief executive, for the management of the academic, corporate, financial, estate, and Human Resources of the University.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
- To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans, delivery and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- To establish processes to monitor and evaluate the performance and effectiveness of the Court itself.
- To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To appoint the Vice Chancellor.
- To appoint a secretary to the University Court and to ensure that, if the person appointed has managerial responsibilities, there is an appropriate separation in the lines of accountability.
- To be the employing authority for all staff and to be responsible for establishing a Human Resources strategy.
- To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
- To be the University's legal authority and, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
- To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Council.
- To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- To ensure that the University's constitution is followed at all times and that the appropriate advice is available to enable this to happen.

The Court is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and which 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 UK Generally Accepted Accounting Standards (UK GAAP). In accordance with these terms and conditions, the Court must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the University for the year.

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

FINANCIAL RESPONSIBILITIES OF THE UNIVERSITY COURT

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 taken reasonable steps to:

- ensure that funds from HEFCE and the National College for Teaching and Leadership (NCTL) are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with HEFCE and the NCTL and any other conditions which they may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud;
- secure the economical, efficient and effective management of the University resources and expenditure.

The key elements of the University's system of internal financial control include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of faculties, academic departments and directorates;
- 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; and
- 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.

The Members of Court who held office at the date of approval of the accounts confirm that, as far as they are each aware, each Member of Court has taken all the steps that he or she ought to have taken to make himself or herself aware of any relevant audit information, and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITOR'S REPORT TO THE COURT OF THE UNIVERSITY OF GREENWICH

We have audited the financial statements of the University of Greenwich (the 'University') for the year ended 31 July 2015 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of historical cost surpluses and deficits, the consolidated statement of total recognised gains and losses, the University and consolidated balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Court, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's Court those matters we are required to state to it 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 University's Court as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Court and auditor

As explained more fully in the Statement of Responsibilities of the Court set out on pages 24-25, the Court (who are also the directors of the charitable company for the purposes of company law) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the University's affairs as at 31 July 2015 and of the group's surplus, and its income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Operating and Financial Review (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on other matters prescribed by HEFCE's Memorandum of Assurance and Accountability dated June 2014 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of assurance and accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

INDEPENDENT AUDITOR'S REPORT TO THE COURT OF THE UNIVERSITY OF GREENWICH (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the University, or returns adequate for our audit have not been received from branches not visited by us; or
- the University financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Court's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Barnes FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

1 December 2015

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation and accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and UK Accounting Standards (UK GAAP).

The financial statements have been prepared on a going concern basis. This is informed by the University's future financial forecasts/plans and its healthy cash reserves.

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 and Greenwich University Enterprises Limited. For 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 Students Union University of Greenwich 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

Tuition fee income (net of discounts) is recognised in the income and expenditure account to reflect the delivery of teaching to students. This includes short course income. Bursaries and scholarships are accounted for as expenditure.

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

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.

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

Donations with restrictions are recognised when the relevant conditions have been met. This usually relates to expenditure incurred for specific purposes. Donations which are to be retained for the benefit of the University are recognised in the statement of total recognised gains and losses and in endowments; other donations are included in other income in the income and expenditure account.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

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.

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. Grants received for the acquisition of land are released to the income and expenditure account in the year in which the land is purchased.

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.

Property held for resale is stated at net book value and is disclosed as current assets within one year of sale.

Equipment and Motor Vehicles

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 on a straight line basis 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.

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.

PRINCIPAL ACCOUNTING POLICIES (continued)

Investments

Fixed asset investments 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.

Equity investments are included in the balance sheet at market value.

Other 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.

Private finance initiative

Through its subsidiary company, Greenwich Property Limited (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.

Bond

The University has an obligation in respect of a 30 year £30m Guaranteed Secured Bond issued in 1998. Its accounting policy in respect of this financial liability is initial recognition at its fair value and subsequent measurement at amortised cost, with any difference between the initial carrying value and the redemption value recognised in the Income and Expenditure Account over the 30 year period using the effective interest method.

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.

PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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.

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

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 for LPFA and TPS not less than every four 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 with regards to the LPFA scheme and the impact of this standard is fully reflected in these financial statements. However, the Teachers' Pension Scheme is a multi-employer defined benefit pension scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS17 and has accounted for its contributions as if it were a defined benefit scheme.

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 method is recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any 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 current service costs and costs of settlement and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the Schemes' liabilities and the expected return on scheme assets are included net of other finance costs / income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Accounting for charitable donations

Unrestricted donations

- Charitable donations are recognised in the accounts when the charitable donation has been received or if earlier, when entitlement is met.

Endowment Funds

Where charitable donations are to be retained for the benefit of the University as specified by the donor, these are accounted for as endowments, as follows:

- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the University can convert the donated sum into income.
- Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

PRINCIPAL ACCOUNTING POLICIES (continued)

For all the endowment funds, capital is shown as an asset on the balance sheet, with income received recognised in the income and expenditure account on the accruals basis and any realised gains or losses included in the Consolidated Statement of Total Recognised Gains and Losses.

Financial assets

Financial assets are categorised as loans and receivables; available-for-sale financial assets, and held-to-maturity investments. They are assigned by management to these different categories on initial recognition, depending on the purpose for which they were acquired.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs. There are no financial assets categorised as fair value through the income and expenditure account.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and current asset investments (cash deposits) are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income and expenditure account.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in reserves, through the consolidated statement of total recognised gains and losses. Gains and losses arising from investments classified as available-for-sale are recognised in the income and expenditure account when they are sold or when the investment is impaired.

An assessment for impairment is undertaken at each balance sheet date.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through the income and expenditure account are recorded initially at fair value, with transaction costs recognised in the income and expenditure account. All other financial liabilities are recorded initially at fair value, net of transaction costs.

Financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as a finance expense in the income and expenditure account. Finance charges, including premiums payable on settlement or redemption and transaction costs, are charged to the income and expenditure account on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Medway School of Pharmacy

The University has an agreement with the University of Kent with respect to the Medway School of Pharmacy, under which revenue and costs are shared equally. In accordance with FRS9 this arrangement has been accounted for as a Joint Arrangement that is Not an Entity (JANE), reflecting the assets, liabilities and results for the year within the financial statements.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2015

	<i>Note</i>	2015 £'000	2014 £'000
INCOME			
Funding council grants	<i>1</i>	24,444	33,732
Tuition fees and education contracts	<i>2</i>	137,325	122,221
Research grants and contracts	<i>3</i>	13,277	12,255
Other income	<i>4</i>	25,165	22,845
Endowment and investment income	<i>5</i>	476	875
Total Income		<u>200,687</u>	<u>191,928</u>
EXPENDITURE			
Staff costs	<i>6</i>	93,506	87,387
Severance costs	<i>7</i>	1,172	563
Other operating expenses	<i>9</i>	83,336	80,777
Depreciation	<i>12</i>	7,652	5,662
Interest payable	<i>10</i>	5,858	4,480
Total Expenditure		<u>191,524</u>	<u>178,869</u>
Surplus on continuing operations <i>after</i> depreciation of tangible fixed assets at valuation and disposal of assets and interest but before tax		9,163	13,059
Taxation	<i>33</i>	(6)	-
Deficit for the year transferred to accumulated income in endowment funds		64	47
Surplus on continuing operations retained within general reserves		<u>9,221</u>	<u>13,106</u>
<i>The Income and Expenditure Account is in respect of continuing operations.</i>			

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUS AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2015

	2015 £'000	2014 £'000
Surplus after depreciation of assets at valuation on continuing operations and before tax	9,163	13,059
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	88	88
Historical cost surplus before tax	<u>9,251</u>	<u>13,147</u>
Taxation	(6)	-
Historical cost surplus after tax	<u>9,245</u>	<u>13,147</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2015

	<i>Note</i>	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, and tax		9,157	13,059
Increase in endowment asset investments	<i>15</i>	5	2
Increase in current asset investments	<i>18</i>	890	421
New endowments		17	40
FRS 17 Retirement Benefits - actuarial loss	<i>32</i>	(6,676)	(13,411)
Total recognised gains for the year		<u>3,393</u>	<u>111</u>
Reconciliation:-			
Opening reserves and endowments		40,348	40,237
Total recognised gains for the year		3,393	111
Closing reserves and endowments		<u>43,741</u>	<u>40,348</u>

(Company Registration No. 986729)

BALANCE SHEET

AS AT 31 JULY 2015

		Group		University	
	Note	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed Assets					
Tangible assets	12	198,562	162,206	198,512	162,116
Investments	13	38	188	38	38
		<u>198,600</u>	<u>162,394</u>	<u>198,550</u>	<u>162,154</u>
Endowment Asset Investments	14/15	<u>1,288</u>	<u>1,330</u>	<u>1,288</u>	<u>1,330</u>
Current Assets					
Stocks	16	59	52	59	52
Debtors: amounts falling due within one year	17	13,319	11,614	12,822	10,869
Debtors: amounts falling due after more than one year	17	-	-	31,574	31,734
Investments	18	74,704	58,656	74,704	58,656
Cash at bank		5,421	7,551	5,380	7,431
		<u>93,503</u>	<u>77,873</u>	<u>124,539</u>	<u>108,742</u>
Creditors: amounts falling due within one year	19	<u>(57,122)</u>	<u>(51,596)</u>	<u>(71,370)</u>	<u>(64,355)</u>
Net Current Assets		<u>36,381</u>	<u>26,277</u>	<u>53,169</u>	<u>44,387</u>
Total Assets less Current Liabilities		236,269	190,001	253,007	207,871
Creditors: amounts falling due after more than one year	20	(68,275)	(32,728)	(84,893)	(50,615)
Provision for liabilities	21	(6,741)	(6,312)	(6,741)	(6,312)
Net Assets (excluding Pension Liability)		<u>161,253</u>	150,961	<u>161,373</u>	150,944
Net Pension liability	32	(83,793)	(75,732)	(83,793)	(75,732)
Net Assets		<u>77,460</u>	<u>75,229</u>	<u>77,580</u>	<u>75,212</u>

(Company Registration No. 986729)

BALANCE SHEET (continued)

AS AT 31 JULY 2015

		Group		University	
	Note	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Represented by:					
Deferred Capital Grants	22	33,719	34,881	33,719	34,881
Endowments	14/15				
Expendable		827	857	827	857
Permanent		461	473	461	473
		1,288	1,330	1,288	1,330
Reserves	23				
Income and expenditure account		119,018	107,434	119,138	107,417
Pension reserve		(83,793)	(75,732)	(83,793)	(75,732)
		35,225	31,702	35,345	31,685
Revaluation reserve		7,228	7,316	7,228	7,316
		42,453	39,018	42,573	39,001
Total Funds		77,460	75,229	77,580	75,212

The Financial Statements on pages 28 to 66 were authorised and approved by the Court on 30 November 2015 and signed on its behalf by:

Professor David Maguire, Vice-Chancellor

Mr Stephen Howlett, Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2015

	<i>Note</i>	2015 £'000	2014 £'000
Cash inflow from operating activities	26	23,492	24,063
Return on investments and servicing of finance	27	(4,452)	(1,641)
Capital expenditure and financial investment	28	(4,997)	(46,240)
Net cash inflow / (outflow) before use of liquid resources and financing		14,043	(23,818)
Management of liquid resources	29	(15,158)	28,879
Financing	30	(1,015)	(563)
(Decrease) / increase in net cash		<u>(2,130)</u>	<u>4,498</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease) / increase in cash in the period		(2,130)	4,498
Cash outflow / (inflow) from liquid resources		15,158	(28,879)
Cash outflow re decrease in debt and lease financing		1,015	563
Increase in long term liabilities - PFI student residence		(37,576)	-
Increase in current asset investments - non cash movements		890	421
		(22,643)	(23,397)
Net funds at 1 August		32,465	55,862
Net funds at 31 July	31	<u>9,822</u>	<u>32,465</u>

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2015	2014
	£'000	£'000
1. Funding council grants		
HEFCE:-		
Recurrent grant	18,163	27,774
Specific grants	4,573	4,026
Inherited liabilities	398	386
Deferred capital grants released in year	985	1,016
National College for Teaching and Leadership:-		
Recurrent grant	298	514
Other	27	16
	24,444	33,732
2. Tuition fees and educational contracts		
Full-time home and EU students	86,969	74,094
Part-time home and EU students	7,093	6,946
Overseas students	28,423	27,253
Release of tuition deposits	118	172
	122,603	108,465
Health Service contract	14,722	13,756
	137,325	122,221
3. Research grants and contracts		
Research Council	1,099	1,039
UK based charities	328	253
UK central government\health & hospital authorities	1,847	1,293
European Commission	3,704	4,292
Other grants and contracts	6,299	5,378
	13,277	12,255

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2015	2014
	£'000	£'000
4. Other income		
Student residences and catering	18,050	15,077
Other grant income	4,029	4,336
Other income	3,086	3,432
	<u>25,165</u>	<u>22,845</u>
5. Endowment and Investment Income		
Income from expendable endowments	10	21
Income from permanent endowments	10	16
Income from short term investments	456	838
	<u>476</u>	<u>875</u>
6. Staff		
<i>(i) Staff Costs</i>		
Salaries and wages	74,689	70,489
Social Security costs	6,507	6,111
Other Pension costs	12,310	10,787
	<u>93,506</u>	<u>87,387</u>
	No.	No.
Average staff numbers by major category:-		
Academic and research	1,040	1,022
Administrative & technical support	1,135	1,089
Premises	43	46
Residence catering and conferences	10	9
	<u>2,228</u>	<u>2,166</u>

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

	2015 No.	2014 No.
Remuneration of higher paid staff, excluding employer's pension contributions were:-		
£100,001 - £110,000	1	6
£110,001 - £120,000	6	-
£120,001 - £130,000	3	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	1
£200,001 - £210,000	-	1
£230,001 - £240,000	1	-

Included in 2015 are members of staff whose annual salary falls into one of the above bands but who joined/left the University part way through the year.

(ii) Directors' emoluments and expenses

The aggregate amount of Directors' emoluments was £520,032 (2014: £540,373) with related pension contributions of £74,412 (2014: £79,996). Emoluments 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). Five Directors (2014: Five) are accruing benefits under defined pension schemes, as set out in note 32.

The total expenses paid to Directors during the year was £16,229 (2014: £4,659).

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

	2015 £	2014 £
Salary	<u>230,569</u>	<u>219,167</u>
University superannuation payments:-		
Teachers Pension Scheme - employer contributions	<u>32,312</u>	<u>30,902</u>

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

Directors' loans

The University operates interest-free loan schemes, available to all employees, for the purchase of travel season tickets and computers. One loan was made to a Governor (2014: none) during the course of the year in their capacity as an employee and in respect of the purchase of a personal computer.

	2015	2014
	£	£
Loan advanced during year	500	-
Repayment made during year	(333)	-
Balance outstanding at 31 July 2015	<u>167</u>	<u>-</u>

7. Severance costs

	2015	2014
	£'000	£'000
Severance costs	1,172	563
	<u>1,172</u>	<u>563</u>

8. Directors

The University is a company limited by guarantee with the liability of its Directors limited to £1. Its professional indemnity insurance provides £10 million of group cover for its Governors (directors) in any one-year period.

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2015	2014
	£'000	£'000
9. Other operating expenses		
Fees to other colleges	7,913	8,560
Student recruitment	2,384	2,080
Books and periodicals	1,923	1,898
Consumables and laboratory expenditure	2,302	2,474
Computers, software and IT maintenance contracts	5,594	4,390
Bursaries and scholarships	9,500	8,920
Students union subvention grant	1,262	1,128
Residence, catering and conferences	11,668	10,279
Rents, service charges, rates and insurance	2,650	8,952
Electricity, gas and water	2,590	2,457
Energy conservation	775	536
Building maintenance and repair	4,626	3,998
Security	2,259	1,832
Cleaning, caretaking and waste management	2,038	1,738
Publicity and advertising	2,597	1,840
Research and consultancy	1,196	2,101
Subcontractors' fees and expenses	2,970	3,405
Printed communication	1,832	1,767
Telephone and other communication costs	410	377
Legal and professional fees	1,511	832
Non-contracted and agency staff	3,628	2,308
Staff recruitment	166	153
Consultancy fees	1,902	1,520
Staff training / CPD	879	785
Subscriptions	927	895
Travel and subsistence	2,104	1,809
Transportation	1,079	1,021
Furniture and equipment	3,354	942
Pension increase payment	375	394
Other expenses	922	1,386
	83,336	80,777

Other operating expenses are stated after charging:-

Auditors' remuneration - fees payable to the external auditors for the audit of the financial statements	63	63
- fees payable to external auditors for other services:		
- taxation services	6	6
- other services	8	8
- fees payable to internal auditors	74	85
- fees payable to other audit firms	30	24
Rentals under operating leases		
- equipment and vehicles	520	443
- property: campuses	1,386	7,272
- property: student residences	410	409

NOTES TO THE FINANCIAL STATEMENTS

Group	
2015 £'000	2014 £'000
1,183	1,236
2,500	-
1,245	1,280
930	1,964
5,858	4,480

10. Interest payable

Bond interest	1,183	1,236
Finance lease interest	2,500	-
Finance lease interest - PFI	1,245	1,280
Interest on pension scheme liabilities (net)	930	1,964

5,858	4,480
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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 408 of the Companies Act 2006.

The surplus after depreciation of assets at valuation of the parent company (University of Greenwich) was £9.382 million (2014 - surplus of £13.132 million).

12. Tangible fixed assets

(a) Group

	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construc- tion £'000	Equip- ment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2014	71,451	77,554	112	61,295	23,753	399	234,564
Additions at cost	-	1,193	-	5,025	768	22	7,008
Construction completion	66,320	-	-	(66,320)	-	-	-
Disposals	-	-	-	-	(2,547)	(38)	(2,585)
Finance lease capitalisation	-	37,000	-	-	-	-	37,000
At 31 July 2015	137,771	115,747	112	-	21,974	383	275,987
Depreciation							
At 1 August 2014	(25,171)	(28,976)	(112)	-	(17,771)	(328)	(72,358)
Disposals	-	-	-	-	2,547	38	2,585
Charge for year	(2,417)	(2,953)	-	-	(2,249)	(33)	(7,652)
At 31 July 2015	(27,588)	(31,929)	(112)	-	(17,473)	(323)	(77,425)
Net Book Value							
At 31 July 2015	110,183	83,818	-	-	4,501	60	198,562
At 31 July 2014	46,280	48,578	-	61,295	5,982	71	162,206

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets (continued)

(b) University

	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construc- tion £'000	Equip- ment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2014	71,451	77,553	112	61,295	23,156	399	233,966
Additions at cost	-	1,193	-	5,025	767	22	7,007
Construction completion	66,320	-	-	(66,320)	-	-	-
Disposals	-	-	-	-	(2,299)	(38)	(2,337)
Finance lease capitalisation	-	37,000	-	-	-	-	37,000
At 31 July 2015	137,771	115,746	112	-	21,624	383	275,636
Depreciation							
At 1 August 2014	(25,171)	(28,976)	(112)	-	(17,263)	(328)	(71,850)
Disposals	-	-	-	-	2,299	38	2,337
Charge for year	(2,417)	(2,953)	-	-	(2,208)	(33)	(7,611)
At 31 July 2015	(27,588)	(31,929)	(112)	-	(17,172)	(323)	(77,124)
Net Book Value							
At 31 July 2015	110,183	83,817	-	-	4,452	60	198,512
At 31 July 2014	46,280	48,577	-	61,295	5,893	71	162,116

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets (continued)

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

Freehold land with a book value of £16.499m is not depreciated.

Under the terms of the University's £30m (£25.5m in issue) bond, there is a fixed charge on specific University assets and a floating charge over all assets, other than those that are not capable of being charged under the conditions of relevant leases. There is a negative pledge over other assets.

Depreciation of assets held under finance leases was £1,070,433 (2014: £330,433). The net book value of these assets was £47,303,442 (2014: £11,373,875), which includes the new Daniel Defoe Hall of Residence, which opened in September 2014.

Construction completion refers to the Stockwell Street Development which was completed in September 2014.

13. Investments

(i) Investments :-

	Group		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Shares in CVCP Properties Plc	38	38	38	38
Shares in Toximet Limited	-	150	-	-
	38	188	38	38

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 the company in proportion to an agreed subscription formula. On this basis the University of Greenwich acquired 37,714 (0.9%) of the shares of the company

Toximet Limited is to be disposed of in a trade sale. The Court approved the writedown of the shares to zero at its meeting on 6th July 2015.

	University	
	2015 £	2014 £
Investment in subsidiaries at cost		
Greenwich University Enterprises Limited	2	2
Greenwich Property Limited	2	2
	4	4

NOTES TO THE FINANCIAL STATEMENTS

13. Investments (continued)

(ii) Investment in subsidiary companies:-

Greenwich University Enterprises Limited

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Greenwich University Enterprises Limited 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 2015 are consolidated in these financial statements with those of the University. Greenwich University Enterprises Limited has equity shareholding in the following spin off companies:-

- (a) 7,000 ordinary shares (4.75%) in Toximet Limited.
- (b) 20 ordinary shares (18.1%) in Carbon8 Systems Limited.

Greenwich Property Limited

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. Its 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 2015 are consolidated in these financial statements with those of the University.

(iii) Investment in associated undertakings:-

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, and is not consolidated in the financial statements.

(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.

AIRTO Limited

The University became a member of AIRTO Limited 1st July 2012. AIRTO Limited is the Association of Independent Research and Technology Organisations the foremost membership body for organisations operating in the UK's intermediate research and technology sector.

GOETEC Limited

The University is one of five equal partners in GOETEC Limited, a company limited by guarantee. The company's vision is to represent the ICT interest of the higher education, further education and research communities and to develop, promote and provide ICT related shared services. The results are not included in the Group's accounts as they are not material.

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2015 £	2014 £
14. Endowment asset investment		
Balance at 1 August 2014	1,329,815	1,334,556
Net (distributions)	(46,759)	(6,651)
Increase in market value of investments	4,664	1,910
Balance at 31 July 2015	<u>1,287,720</u>	<u>1,329,815</u>
Represented by:		
Charities Official Investment Fund (COIF) income shares	73,557	68,892
Managed funds	1,214,163	1,260,923
	<u>1,287,720</u>	<u>1,329,815</u>
Market value of COIF income shares	73,557	68,892

15. Endowments

	Restricted Permanent £'000	Restricted Expendable £'000	2015 Total £'000	2014 Total £'000
Balances at 1 Aug 2014				
Capital	315	56	371	464
Accumulated income	<u>158</u>	<u>801</u>	<u>959</u>	<u>871</u>
	473	857	1,330	1,335
New endowments	-	17	17	40
Investment income	<u>10</u>	<u>10</u>	<u>20</u>	<u>37</u>
Expenditure	<u>(18)</u>	<u>(66)</u>	<u>(84)</u>	<u>(84)</u>
Transfers	<u>(9)</u>	<u>9</u>	<u>-</u>	<u>-</u>
	(17)	(47)	(64)	(47)
Increase in market value	5	-	5	2
At 31 July 2015	<u>461</u>	<u>827</u>	<u>1,288</u>	<u>1,330</u>
Represented by:				
Capital	248	55	303	371
Accumulated income	<u>213</u>	<u>772</u>	<u>985</u>	<u>959</u>
	<u>461</u>	<u>827</u>	<u>1,288</u>	<u>1,330</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Endowments (continued)

	1 August 2014 £	Income In Year £	Expenditure In Year £	31 July 2015 £
Governors' General Reserve	150,441	-	(1,409)	149,032
<u>Named Funds:</u>				
William Hills Mechanical Engineering Award	466,964	7,004	(30,000)	443,968
<u>Prize Funds:</u>				
E. de Barry Barnett Memorial Prize Fund	6,603	99	-	6,702
Garnett Prize Fund	23,071	346	(300)	23,117
Humanities Prize Fund	15,571	234	(1,000)	14,805
Coker Prize Fund	298	4	(100)	202
DP Connect – Business School Prize Fund	1,597	-	-	1,597
John-Hood Williams Prize Fund	273	4	-	277
Francis Duke Prize Fund	8,923	134	(1,000)	8,057
Tessa Blackstone Prize Fund	12,335	185	(1,000)	11,520
National Association for Primary Education Prize	780	-	(100)	680
Fanshawe LLP Merit Prize	-	750	-	750
Worshipful Co of Intl Bankers Prize	-	600	(600)	-
Sir Robert Worcester Merit Prize	3,000	-	(1,000)	2,000
<u>Bursary Funds and Scholarships:</u>				
University of Greenwich Endowment Fund	173,216	9,993	-	183,209
Sir William Boreham Bursary Fund	3,622	-	-	3,622
D. Fussey Memorial Choral Exhibition	253,118	3,797	(9,242)	247,673
Admiral Sir John Chambers White Bursary	7,771	-	(7,771)	-
John McWilliam Bursary Fund	53,834	808	(2,000)	52,642
Cable & Wireless Scholarship	11,800	177	-	11,977
Project Finance & Project Management	48,822	732	(7,377)	42,177
Paul Dyer Leadership Fund	1,185	18	-	1,203
Zhonghui Luan Scholarship	16,227	243	(10,930)	5,540
Guildford Academic Associates	42,262	-	-	42,262
Vice Chancellor's Scholarship Fund	21,832	5,696	(2,090)	25,438
Osborne Scholarship	6,270	9,000	(6,000)	9,270
Harry Persaud Scholarship	-	1,000	(1,000)	-
	1,179,374	40,824	(81,510)	1,138,688
Total	1,329,815	40,824	(82,919)	1,287,720

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
16. Stocks				
Raw materials and consumables	59	52	59	52
	<u>59</u>	<u>52</u>	<u>59</u>	<u>52</u>
17. Debtors				
<i>Due within one year</i>				
Trade debtors	8,845	7,244	8,502	6,753
Amounts recoverable under long term contracts	296	314	296	314
Other debtors	650	1,783	500	1,628
Prepayments & accrued income	3,025	1,925	3,021	1,826
Amounts due from HEFCE / NCTL	503	348	503	348
	<u>13,319</u>	<u>11,614</u>	<u>12,822</u>	<u>10,869</u>
<i>Due in more than one year</i>				
Amounts owed by subsidiaries	-	-	31,574	31,734
	<u>13,319</u>	<u>11,614</u>	<u>44,396</u>	<u>42,603</u>
18. Investments (current assets)				
Equity	12,974	12,084	12,974	12,084
Debt service reserve	2,412	2,412	2,412	2,412
Fixed term and notice bank deposits	59,318	44,160	59,318	44,160
	<u>74,704</u>	<u>58,656</u>	<u>74,704</u>	<u>58,656</u>
The market value of listed current asset investments is £12.974m (2014: 12.084m).				
19. Creditors: Amounts falling due within one year				
Bond	923	867	923	867
Loan - Salix Limited	-	26	-	26
Loan - HEFCE Revolving Fund	122	122	122	122
Finance lease	985	-	576	-
Trade creditors	7,237	5,897	7,223	5,895
Amounts owed to subsidiaries	-	-	16,435	15,344
Prepaid long term contract income	11,911	10,249	11,911	10,249
PAYE and other taxation payable	2,216	1,943	2,210	1,944
Other creditors	9,900	10,454	9,619	9,688
Accruals - losses on long term contracts	405	734	405	734
- others	12,175	12,300	12,175	12,232
Deferred income	11,248	9,004	9,771	7,254
	<u>57,122</u>	<u>51,596</u>	<u>71,370</u>	<u>64,355</u>

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
20. Creditors: Amounts falling due after more than one year				
Bond	17,031	17,954	17,031	17,954
Finance leases	51,000	14,409	37,000	-
Loan - HEFCE Revolving Fund	244	365	244	365
Loan - Greenwich Property Limited	-	-	30,618	32,296
	68,275	32,728	84,893	50,615

Analysis of loan repayments

Repayable between one and two years

Bond	982	923	982	923
Finance lease	723	409	-	-
Loan - HEFCE Revolving Green Fund	122	122	122	122
	1,827	1,454	1,104	1,045

Repayable between two and five years

Bond	3,345	3,142	3,345	3,142
Finance lease	2,908	2,527	-	-
Loan - HEFCE Revolving Green Fund	122	243	122	243
	6,375	5,912	3,467	3,385

Repayable after five years

Bond	12,704	13,889	12,704	13,889
Finance lease	47,369	11,473	37,000	-
Loan - Greenwich Properties Limited	-	-	30,618	32,296
	60,073	25,362	80,322	46,185
	68,275	32,728	84,893	50,615

Bond

On 14 October 1998, the University issued a 30 year £30m Guaranteed Secured Bond (coupon rate 6.36%), of which £4.5m was repurchased and cancelled on 12 January 2010. The effective interest rate for the issue was 6.97%, after account was taken of issue and guarantee costs. The bonds are quoted on the Luxembourg Stock Exchange.

AMBAC Insurance UK Limited 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 increase in finance leases arises on the opening of a new 350 room student residence financed under a PFI agreement.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

In line with the requirements of FRS 26 (Financial Instruments: Recognition and Measurement), the outstanding value of the bond is stated in these financial statements at amortised cost using the effective rate method. At 31 July 2015, the market price of the bond as quoted on the Luxembourg Stock Exchange was £119.131 per £100 unit (2014: £115.536 per £100 unit).

21. Provisions for liabilities (Group and University)

	Group and University		
	Enhanced pensions £'000	Decontamination £'000	Total £'000
At 1 August 2014	5,336	976	6,312
Revaluation of enhanced pension liability	599	-	599
Interest charge	76	-	76
Payments in year	(246)	-	(246)
At 31 July 2015	5,765	976	6,741

There is a provision of £5.8m for enhanced pension entitlements in respect of former employees. The services of these employees were severed under one of several voluntary severance arrangements that were available at the relevant time. This provision was revalued during the year using actuarial tables supplied by the Government Actuaries Department. The net interest rate applied was 1.0% and resulted in an increase in provision of £0.6m.

The decontamination provision of £1m is in respect of a former pyrotechnic site at North Dartford that was acquired by the University some years ago and is now earmarked for disposal. A number of studies have been commissioned in recent years to establish the degree of contamination of the site and the cost of decontamination. A study commissioned in 2007 and carried out by a firm of consultant engineers estimated a decontamination cost (assuming disposal for commercial usage). The £1m provision falls within the range of this estimate.

22. Deferred capital grants (Group and University)

	Group and University			
	HEFCE		Other	Total
	Equipment £'000	Buildings £'000	Buildings £'000	£'000
At 1 August 2014	245	24,769	9,867	34,881
Received in the year	172	-	-	172
Released to I&E Account	(215)	(770)	(349)	(1,334)
At 31 July 2015	202	23,999	9,518	33,719

NOTES TO THE FINANCIAL STATEMENTS

23. Reserves

	Revaluation Reserve £'000	Income & Expenditure £'000	Pension Reserve £'000	Total Reserves £'000
(a) Group				
At 1 August 2014	7,316	107,434	(75,732)	39,018
Surplus for year	-	9,221	-	9,221
FRS17 - deficit for year	-	1,385	(1,385)	-
Equities - increase in market value in year	-	890	-	890
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial loss on pension scheme	-	-	(6,676)	(6,676)
At 31 July 2015	<u>7,228</u>	<u>119,018</u>	<u>(83,793)</u>	<u>42,453</u>
(b) University				
At 1 August 2014	7,316	107,417	(75,732)	39,001
Surplus for year	-	9,358	-	9,358
FRS17 - deficit for year	-	1,385	(1,385)	-
Equities - increase in market value in year	-	890	-	890
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial loss on pension scheme	-	-	(6,676)	(6,676)
At 31 July 2015	<u>7,228</u>	<u>119,138</u>	<u>(83,793)</u>	<u>42,573</u>

24. Lease obligations

	Group		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Finance lease obligations:-				
Due within one year	985	-	576	-
Due between two and five years inclusive	3,631	2,936	-	-
Due after five years	47,369	11,473	37,000	-
	<u>51,985</u>	<u>14,409</u>	<u>37,576</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Lease obligations (continued)

	Group		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Operating lease payments falling due in the next year:-				
Equipment				
Expiring within one year	143	17	143	17
Expiring between two and five years inclusive	293	497	293	497
	436	514	436	514
Land and buildings				
Expiring within one year	96	28	96	28
Expiring between two and five years inclusive	-	80	-	80
Expiring after five years	1,544	1,133	1,544	1,133
	1,640	1,241	1,640	1,241

25. Capital commitments

Commitments contracted at 31 July 2015	125	3,124	125	3,124
	125	3,124	125	3,124

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

	Group	
	2015 £'000	2014 £'000
Surplus before tax	9,163	13,059
Depreciation (<i>Note 12</i>)	7,652	5,662
Deferred capital grants released to income (<i>Note 22</i>)	(1,334)	(1,394)
Writedown of investment	150	-
Investment income	(476)	(875)
Interest payable	4,928	2,516
Increase of stocks	(7)	(1)
Increase in debtors	(2,072)	(1,548)
Increase in creditors	3,674	4,601
Increase in provisions	429	85
FRS 17 pension adjustment	1,385	1,958
Net cash inflow from operating activities	23,492	24,063

NOTES TO THE FINANCIAL STATEMENTS

	Group			
	2015	2014		
	£'000	£'000		
27. Returns on investments and servicing of finance				
Income from endowments	20	37		
Interest received	456	838		
Interest paid - finance leases	(3,745)	(1,280)		
- other	(1,183)	(1,236)		
	<u>(4,452)</u>	<u>(1,641)</u>		
28. Capital expenditure and financial investment				
Purchase of tangible fixed assets	(5,186)	(46,988)		
Deferred capital grants received	172	708		
Endowments received	17	40		
	<u>(4,997)</u>	<u>(46,240)</u>		
29. Management of liquid resources				
Cash transferred from deposits	(15,158)	28,879		
	<u>(15,158)</u>	<u>28,879</u>		
30. Financing				
Bond repayment in the year	(867)	(814)		
Loan received in year	-	301		
Loan repayment in the year	(148)	(50)		
	<u>(1,015)</u>	<u>(563)</u>		
31. Analysis of changes in net debt				
	1 August	Cash	Other	31 July
	2014	Flows	Changes	2015
	£'000	£'000	£'000	£'000
Cash at bank & deposits repayable	7,551	(2,130)	-	5,421
Current asset investments	58,656	15,158	890	74,704
Debt due within 1 year	(1,014)	1,015	(1,045)	(1,044)
Debt due after 1 year	(18,319)	-	1,045	(17,274)
Finance leases	(14,409)	-	(37,576)	(51,985)
Total	<u>32,465</u>	<u>14,043</u>	<u>(36,686)</u>	<u>9,822</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds

Payments are made to the Teachers' Pensions, in accordance with the Teachers' Pension Scheme for academic staff and to the London Pension Fund Authority 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) provides pensions to teachers who have worked in schools and other establishments in England and Wales. The Scheme is an unfunded statutory public service pension scheme with the benefits underwritten by the Government. It is a multi-employer defined benefits scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the University. As required by FRS17 "Retirement Benefits", the University accounts for the scheme as if it were a defined contribution scheme. The Scheme is financed by payments from the employer and from those current employees who are members of the Scheme, who pay contributions at different rates which depend on their salaries. The rate of employer contributions is typically set following an actuarial valuation. The previous valuation of the Scheme was carried out as at 31 March 2004 and recommended an employer contribution rate of 14.1% of pensionable pay.

The most recent valuation of the Scheme was carried out as at 31 March 2012 (published June 2014). The report revealed total Scheme liabilities for service to the valuation date of £191.5bn and notional assets of £176.6bn, giving a notional past service deficit of £15.0bn. Based on the detailed valuation analysis, the employer contribution rate will be increased from 1 September 2015 to 16.4% of pensionable pay.

The next valuation of the Scheme is due to be undertaken as at 31 March 2016. This will set the employer contribution rate payable from 1 April 2019, determine the opening value of the cost cap fund and provide the cost cap analysis as required by the Directions for future valuations.

A new scheme ("the 2015 Scheme") was introduced on 1 April 2015 under separate regulations. Most existing Scheme members transferred to the 2015 Scheme on this date. Under transitional arrangements aimed at providing protection for those nearest retirement age, some older members will continue in the existing scheme until they leave due to retirement or otherwise, while others will transfer to the new Scheme at a later date.

The TPS is currently a final salary scheme with two main sections (the normal pension age NPA 60 and NPA 65 sections). The NPA 60 section has an accrual rate of 1/80 (with an automatic lump sum of three times the accrued pension). The NPA 65 section has an accrual rate of 1/60 (with lump sum by commutation only). The 2015 Scheme is a career average scheme with NPA equal to State Pension Age, an accrual rate of 1/57, and revaluation of CPI+1.6% a year while in service and CPI out of service. Member contribution rates are tiered in relation to members' salaries and the same rates and tiers will apply under both the final salary and career average schemes.

London Pension Fund Authority (LPFA)

In accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 as amended, a valuation was carried out as at 31 March 2013. The results of the valuation are that the past service funding level of the fund as a whole has increased from 81% to 91% between 31 March 2010 and 31 March 2013. At 31 March 2010, the Fund was actually split into two sub Funds which have now been combined, so 81% is an average. The main reasons for the improvement are the contributions paid since the previous valuation and the strong investment performance over the period. The total contribution rate to cover the cost of new benefits and to pay off the deficit by 2030 is 20.1% of pensionable salaries. The University's contribution rate has been assessed at 16% plus an additional lump sum payment of £2.323m p.a. for past service costs.

The total value of the Fund as at 31 March 2013 was £4,695m.

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA) (continued)

The main actuarial assumptions used in the 2013 valuation were:

Consumer Price Inflation (CPI)	2.7%
Discount Rate	5.9%
Annual rate of pay increases	4.5%
Annual rate of pension increases	2.7%

The next valuation will be at 31 March 2016. On 1 April 2014 The Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 came into effect. The benefits for service from 1 April 2014 are based on the Local Government Pension Scheme Regulations 2013. The main changes were to move from a final salary pension scheme based on 60ths accrual and a retirement age of 65 to a career average revalued earnings pension scheme based on 49ths accrual and a retirement age equal to State Pension Age. The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 serve the dual propose of retaining the previous benefit structure for service up to 31 March 2014 and introducing new protections for members close to retirement to ensure that they are not disadvantaged by the benefit changes Pension costs are charged to the Income and Expenditure Account in the year to which the salaries on which they are payable relate. Other creditors include £698,096 (2014: £663,951) payable to the London Pensions Fund Authority in respect of the University's pension contributions on July 2015 salaries.

The following disclosures in relation to LPFA are a requirement of FRS17 (Retirement Benefits).

Assumptions as at	31 July 2015	31 July 2014	31 July 2013
	Nominal % pa	Nominal % pa)	Nominal % pa)
RPI increases	3.4%	3.4%	3.3%
CPI increases	2.5%	2.6%	2.5%
Salary increases	3.9%	4.4%	4.2%
Pension increases	2.5%	2.6%	2.5%
Discount rate	3.7%	4.2%	4.7%

Mortality Assumptions

The post retirement mortality is based on Club Vita analysis. These base tables are then projected using the CMI 2012 model, allowing for a long term rate of improvement of 1.5% per annum.

	2015		2014	
	Males	Females	Males	Females
Current Pensioners	21.9 years	25.0 years	21.9 years	24.9 years
Future Pensioners	24.3 years	27.3 years	24.2 years	27.2 years

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

The assets in the LPFA scheme and expected rate of return were:

Asset Class	Expected Return at 31 July 2015	Fair Value at 31 July 2015 £'000	Expected Return at 31 July 2014	Fair Value at 31 July 2014 £'000
Equities	6.8%	62,406	6.7%	58,617
Target return portfolio	5.2%	27,420	6.1%	38,154
Cash	2.3%	18,217	3.2%	18,468
Cashflow Matching	2.6%	20,406	3.4%	8,146
Commodities	5.2%	634	6.1%	1,421
Property	5.9%	4,431	5.6%	3,656
Infrastructure	5.5%	7,577	6.3%	4,453
Total		<u>141,091</u>		<u>132,915</u>

Analysis of the amount shown in the balance sheet

	2015 £'000	2014 £'000
Present value of scheme liabilities	(224,884)	(208,647)
Fair value of employer assets	<u>141,091</u>	<u>132,915</u>
Deficit in scheme- net pension liability	<u>(83,793)</u>	<u>(75,732)</u>

Analysis of the amount that is debited to finance costs

Interest cost	8,693	8,920
Expected return on employer assets	<u>(7,763)</u>	<u>(6,956)</u>
Net cost	<u>930</u>	<u>1,964</u>

Analysis of the amount recognised in the Statement of Total Recognised

Gains and Losses (STRGL)

Actual return less expected return on pension scheme deficits	(1,921)	(4,790)
Experience gain	30	12,613
Changes in assumptions underlying the present value of the scheme liabilities	<u>(4,785)</u>	<u>(21,234)</u>
Actuarial loss recognised in STRGL	<u>(6,676)</u>	<u>(13,411)</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

	2015 £'000	2014 £'000
<u>Movement in deficit during the year</u>		
Deficit at beginning of the year	(75,732)	(60,363)
Current service cost	(6,357)	(5,599)
Employer contributions	6,481	5,592
Contributions in respect of unfunded benefits	34	38
Impact of settlements and curtailments	(613)	(25)
Net return on assets	(930)	(1,964)
Actuarial loss	(6,676)	(13,411)
Deficit at end of year	<u>(83,793)</u>	<u>(75,732)</u>
<u>Analysis of the movement in the present value of the scheme liabilities</u>		
Opening defined benefit obligation	208,647	188,711
Current service cost	6,357	5,599
Interest cost	8,693	8,920
Contributions by members	1,885	1,702
Actuarial losses	4,755	8,865
Losses on curtailments	613	25
Estimated unfunded benefits paid	(34)	(38)
Estimated benefits paid net of transfers in	(6,032)	(5,137)
Closing defined benefit obligation	<u>224,884</u>	<u>208,647</u>
<u>Analysis of the movement in the market value of the scheme assets</u>		
Opening fair value of employer assets	132,915	128,348
Expected return on assets	7,763	6,956
Contributions by members	1,885	1,702
Contributions by the employer	6,515	5,630
Contributions in respect of unfunded benefits	34	38
Actuarial losses	(1,921)	(4,546)
Estimated unfunded benefits paid	(34)	(38)
Estimated benefits paid	(6,066)	(5,175)
Closing fair value of employer assets	<u>141,091</u>	<u>132,915</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

<u>History of experience gains and losses</u>	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between the expected and actual return on assets	(1,921)	(13,411)	18,635	(22,025)	4,797
Value of assets	141,091	132,925	128,348	106,803	103,220
Percentage of assets	1.4%	10.1%	(14.5%)	20.6%	(4.6%)
Experience gains on liabilities	30	12,369	17	(12)	14,347
Present value of liabilities	224,884	208,647	188,711	183,384	156,463
Percentage of the present value of liabilities	0.0%	5.9%	0.0%	0.0%	9.2%
Actuarial (loss) / gain recognised in STRGL	(6,676)	(13,411)	18,635	(22,025)	4,797
Present value of liabilities	224,884	208,647	188,711	183,384	156,463
Percentage of the present value of liabilities	(3.0%)	(6.4%)	9.9%	(12.0%)	3.1%
Cumulative actuarial gains and losses	(48,573)	(41,897)	(28,486)	(47,121)	(25,096)

Analysis of projected amount to be charged to operating profit for the year to 31 July 2016:-

	Year to 2016 £'000
Estimated current service cost & total operating charge (A)	7,098
Expected return on employer assets	(7,380)
Interest on pension scheme liabilities	8,245
Net return (B)	865
Expected net I&E account cost (A – B)	6,233 *

* Includes employer contributions of £6,558k.

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 2015 does not include any allowance for this change to the pension scheme.

In calculating the scheme assets and liabilities, the fund's actuaries made a number of assumptions on 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 3.0% in excess of price inflation.

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA) - continued

An amount of £5.765m (2014: £5.336m) is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceeds 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:-

	2015 £'000	2014 £'000
TPS	5,373	5,125
USS	128	99
LPFA	6,801	5,563
NEST	8	-
Total pension costs (note 6)	<u>12,310</u>	<u>10,787</u>

33. Taxation

	2015 £'000	2014 £'000
UK corporation tax on the profits of		
Greenwich University Enterprises Limited	6	-
Greenwich Property Limited	-	-
	<u>6</u>	<u>-</u>

34. Contingent liabilities

The University is a member of U M Association Limited (UMAL) for cover against property and business interruption terrorism risks. UMAL is a discretionary Mutual Association owned by over 150 Higher Education and Further Education Institutions. It was formed to provide an alternative to traditional insurance. By self-managing the pool created by retaining funds in respect of such claims, the Members have gained control of costs, pricing and the cover provided. Traditional insurance is purchased in the general insurance market by the Association for catastrophe claims. No claims from the University of Greenwich, or any other member, have been made during the year ended 31st July 2015 in respect of terrorism risks.

35. Post Balance Sheet Event

During October 2015 the University acquired the leases for Cutty Sark and Devonport Halls for nil consideration.

36. Related party transactions

(i) Subsidiary companies

Related party transactions between the University and its wholly owned subsidiaries are not disclosed in these financial statements under an specific exemption allowed by FRS 8 (Related Party Disclosures).

NOTES TO THE FINANCIAL STATEMENTS

36. Related party transactions (continued)

(ii) Other matters

The University is one of five equal partners in GOETEC Limited, a company formed on 1 April 2002, and limited by guarantee, maintaining microwave radio links between HE institutions in Kent. In the year to 31st July 2015 the University received NIL (2014: NIL) from GOETEC and paid GOETEC Limited £25,646 (2014: £25,294) with no balance outstanding at the year end (2014: NIL).

The president of the Students' Union, University of Greenwich is a member of the University's Court. The University paid a subvention grant to the Students' Union of £1,020,000 in the year (2014: £888,000).

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.

37. HEFCE – Student support funding

	31 July 2014 £'000	Interest Earned £'000	Disbursed £'000	31 July 2015 £'000	31 July 2014 £'000
Access to learning fund	111	-	(111)	-	111
	<u>111</u>	<u>-</u>	<u>(111)</u>	<u>-</u>	<u>111</u>

HEFCE student support funding is available solely for the benefit of students with the University acting as the paying agent. These funds and related disbursements are therefore excluded from the Income and Expenditure Account.

38. The National College for Teaching and Leadership

	1 Aug 2014 £'000	Rec'd In Year £'000	Disbursed £'000	31 July 2015 £'000	31 July 2014 £'000
ITT Training bursaries	(272)	1,435	(1,616)	(453)	(272)
LLN bursaries	-	84	(85)	(1)	-
Early Years bursaries	-	61	(55)	6	-
SKE bursaries	-	61	(20)	41	-
Early Years employers fees	-	112	(105)	7	-
	<u>(272)</u>	<u>1,753</u>	<u>(1,881)</u>	<u>(400)</u>	<u>(272)</u>

NCTL student support funding is available solely for students where the University acts as the paying agent. These funds and related disbursements are therefore excluded from the Income and Expenditure Account.

NOTES TO THE FINANCIAL STATEMENTS

39. Financial instruments - Group

(i) Overview

The University has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Interest rate risk
- Currency risk

This note presents information about the Group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risk.

The University's Court has overall responsibility for the establishment and oversight of the University's risk management framework.

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 Act 2000, and by regulations of the University's Finance Committee.

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

Categories of financial instruments	Group		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Financial assets				
Available for sale financial assets	14,300	13,602	14,300	13,452
Loans and receivables				
Receivables (excludes prepayments)	10,294	9,322	9,801	8,756
Amounts owed by subsidiaries	-	-	31,574	31,734
Cash and cash equivalents	67,151	54,123	67,110	53,980
	91,745	77,047	122,785	107,922
Financial liabilities at amortised cost				
Trade & other payables (excludes deferred income)	29,717	29,018	45,857	43,592
Loan - Salix Limited	-	26	-	26
Loan - HEFCE Revolving Fund	366	487	366	487
Bond	17,954	18,821	17,954	18,821
Loan - Greenwich Properties Limited	-	-	30,618	32,296
	48,037	48,352	94,795	95,222

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. To minimise this risk the University does not hold funds with a maturity date in excess of 12 months.

NOTES TO THE FINANCIAL STATEMENTS

39. Financial instruments - Group (continued)

(ii) Liquidity risk (continued)

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 (including fixed term and bank deposits) of the higher of £5m or 10% of the group's total expenditure.

The Group has no undrawn borrowing facilities.

The maturity profile of the Group's financial liabilities, stated at contractual maturity values including future interest where applicable, is as follows:-

	<u>Loan - Salix Ltd</u> £'000	<u>HEFCE Green Loan</u> £'000	<u>Trade & other payables</u> £'000	<u>Bond</u> £'000	<u>Finance lease</u> £'000
<u>As at 31st July 2015</u>					
In one year or less or on demand		244	29,717	2,050	1,819
In more than one year but not more than two years	-	122	-	2,050	1,874
In more than two years but not more than five years	-	-	-	6,151	5,964
In more than five years	-	-	-	16,405	13,640
	<u>-</u>	<u>366</u>	<u>29,717</u>	<u>26,656</u>	<u>23,297</u>
<u>As at 31st July 2014</u>					
In one year or less or on demand	26	365	29,018	2,050	1,766
In more than one year but not more than two years	-	122	-	2,050	1,819
In more than two years but not more than five years	-	-	-	6,151	5,791
In more than five years	-	-	-	18,454	15,687
	<u>26</u>	<u>487</u>	<u>29,018</u>	<u>28,705</u>	<u>25,063</u>

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the University's receivables from customers and investment of liquid funds.

The University adopts a prudent investment policy for surplus funds, with deposits limited by amount and maturity across financial institutions with a minimum investment rating of AA-.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

39. Financial instruments - Group (continued)

(iii) Credit risk (continued)

The maturity of the Group's trade debtors, analysed by type and net of bad debt provision, is as follows:

	Total £'000	0 to 6 Months £'000	7 to 12 Months £'000	More than 1 Year £'000
<u>As at 31st July 2015</u>				
Accommodation	250	250	-	-
Commercial	8,220	7,031	1,189	-
Tuition	375	375	-	-
	8,845	7,656	1,189	-
<u>As at 31st July 2014</u>				
Accommodation	250	250	-	-
Commercial	6,619	5,701	918	-
Tuition	375	375	-	-
	7,244	6,326	918	-

Commercial debtors not past due, net of bad debt provision, are £3,949k (2014: £2,667k).

(iv) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Group's income or expenditure or the value of its holdings of financial instruments.

The following table indicates the weighted average interest rate of the University's interest earning financial assets and interest bearing financial liabilities.

	As at 31 July 2015			As at 31 July 2014		
	Total £'000	Floating /fixed	Weighted interest rate	Total £'000	Floating /fixed	Weighted interest rate
Financial assets						
Available for sale:						
Endowment assets						
COIF income shares	74	-	-	69	-	-
Fixed term & notice bank deposits	1,214	Floating	0.40%	1,261	Floating	0.40%
Equity	12,974	-	-	12,084	-	-
Cash and equivalents:						
Debt service reserve	2,412	Fixed	0.69%	2,412	Fixed	0.94%
Fixed term & notice bank deposits						
Sterling	59,318	Floating	-	44,160	Floating	-
US Dollar	-	-	-	-	-	-
Cash at bank	5,421	-	-	7,551	-	-
	81,413			67,537		

NOTES TO THE FINANCIAL STATEMENTS

39. Financial instruments - Group (continued)

(iv) Interest rate risk (continued)

	As at 31 July 2015			As at 31 July 2014		
	Total £'000	Floating /fixed	Weighted interest rate	Total £'000	Floating /fixed	Weighted interest rate
<u>Financial liabilities</u>						
Loan - Salix Limited	-	-	-	26	-	-
Loan - HEFCE Green Fund	366	-	-	487	-	-
Bond	17,954	Fixed	6.97%	18,821	Fixed	6.97%
Finance lease	14,000	Fixed	8.00%	14,409	Fixed	8.00%
	32,320			33,743		

(v) Currency risk

Currency risk is the risk that foreign exchange rate fluctuations will affect the Group's income or expenditure or the value of its holdings of financial instruments.

Approximately 60% of the Group's research and consultancy contracts 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 carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows:

Currency	Assets		Liabilities	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Sterling	82,994	75,509	48,037	62,460
EURO	2,505	888	-	-
US \$	6,233	636	-	-
Other	13	14	-	-
	91,745	77,047	48,037	62,460

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

(vi) Fair values of financial instruments

Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between two informed and willing parties.

The fair values of the Group's financial instruments are equal to book values except for the bond which is stated at amortised cost (see Note 20).



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