Report and Financial Statements for the Year Ended 31 July 2014

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.

UNIVERSITY of GREENWICH

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REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

CONTENTS

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 London NW1 2EP
Internal Auditors	Baker Tilly Risk Advisory Services LLP 25 Farringdon Street London EC4A 4AB
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP
Solicitors	Stephenson Harwood 1 Finsbury Circus London EC2M 7SH

UNIVERSITY of GREENWICH

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	
	Mr J F Stoker	
	Mrs H P Wyatt	
Article 7(2)b – Academic Council Members	Dr A Coutroubis	(appointed 1.9.14)
	Professor P Maras	
	Professor M Snowden	(resigned 31.8.14)
Article 7(2)c – Student Members	Mr A Brooks	(appointed 1.8.13)
Article 7(2)d – Co-opted Members	Dr J M Cullinane	(resigned 31.8.14)
	Mr L Devlin	
	Mrs D Khanna	(appointed 1.9.13)
	Mr W Leech	
	Ms E Passey	(appointed 3.3.14)

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**	**(Chairman)**
	Stephen Davie	
	Nick Eastwell	
Audit	**Stephen Davie**	**(Chairman)**
	Ian Harwood	
	Diane Khanna	(appointed 1.9.13)
	Elizabeth Passey	(appointed 3.3.14)
	John Stoker	
Finance	**Nick Eastwell**	**(Chairman)**
	Alan Albert	
	James Barnes	
	Marianne Hay	
	Peter Hazell	
	Andrew Holmes	
	Wilson Leech	
	David Maguire	
Nominations	**Stephen Howlett**	**(Chairman)**
	David Maguire	
	Pam Maras	(appointed 1.9.14)
	Martin Snowden	(until 31.8.14)
	John Stoker	
Remuneration	**Nick Eastwell**	**(Chairman)**
	Stephen Davie	
	Marianne Hay	
	Stephen Howlett	
	David Maguire	
	Helen Wyatt	
Staffing	John Stoker	**(Chairman appointed 7.7.14)**
	Peter Hazell	(appointed 7.7.14)
	David Maguire	(appointed 7.7.14)
	Helen Wyatt	(appointed 7.7.14)

ABBREVIATIONS:

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

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 delivers public benefit through the advancement of learning and knowledge in both teaching and research. Students are helped to reach their full potential to the benefit of society as a whole in addition to being the direct beneficiaries. The University's Court has given consideration to the relevant Charity Commission's general guidance on public benefit, advancing education and fee charging and notes that substantially revised guidance was published in September 2013.

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 was reorganised 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.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

3. Objectives and Strategy (continued)

(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:-

- There have been 5 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 lead 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 the 2014 National Students Survey.
- The quality and effectiveness of staff. Substantial investment has been made in new academic staff with the funding of 26.5 new academic posts. There have also been investments in staff development and training, and improvements to the appraisal process. An employee engagement survey is planned for the coming 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:-

- Adequate 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.
- Developments to enhance the quality of learning and teaching. Previous allocations of Teaching Quality Enhancement Funding were invested to facilitate this enhancement. This has now been "mainstreamed" with the establishment of an Education Development Unit. The unit is working with Faculties to embed the Greenwich Graduate initiative that aims to develop attributes that employers value and life requires.
- High quality libraries and learning materials. Additional investment has been made in improving the quality and currency of learning materials, and this investment will continue.
- Learning support for its students to improve academic outcomes.

3. Objectives and Strategy (continued)

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 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. We believe that this easily accessible information introduces students to university life and gives them the confidence to ask questions before and after they arrive.

Our teaching fellowship programme recognises inspirational teaching by our staff. Teaching Fellows focus on excellence and innovation in teaching. Our Maths Arcade Incentive offered drop-in sessions to enable maths students to receive support from staff and to play a range of strategy games and mathematical puzzles. This informal and entertaining practice has greatly improved retention and student achievement.

Simulation-based teaching in law is inherently student focussed and offers an effective means of developing soft skills through its emphasis on collaboration and communication.

(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 develop new micro manufacturing techniques for advanced manufacturing, applying mathematical models to monitoring the reliability of power electronics components in the UK energy infrastructure, a study into vocational higher education structures in the UK, establishment of an international research network in aquaponics, and a First World War social history engagement hub. There was further success for the Natural Resources Institute (NRI) with several projects funded by the McKnight Foundation, the Bill and Melinda Gates Foundation, DFID and other national government agencies, and the Horticulture Development Council.

Our work with business and industry has also continued well, with new projects established with, amongst others, Arup, Merck, GSK, Actavis, Huawei, and the London Mutual Credit Union. Our support for start-up and small business in the local community also continues to grow through the partnership with Medway Council to jointly operate the Innovation Centre Medway, with Greenwich Council to provide on-site support for start-ups at the Digital Enterprise Centre at the Greenwich Peninsula; and through the university annual student business plan competition, which saw the highest number of entries this year.

The University made a substantial submission to the REF2014 (Research Excellence Framework), the national exercise which assesses the quality of research undertaken in the UK. The research of more than 200 FTE staff was submitted in 19 Units of Assessment across all areas of academic activity, with major submissions in the chemistry, engineering, business and agricultural sciences disciplines. Support for early career researchers has also continued through the Early Career Research Network, with investment in more support for researcher development, encompassing the Vitae national framework to support researchers at all stages of their careers.

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.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

4. Review of the Year – Operational (continued)

The number of recorded students in 2013-14 is summarised as follows:-

	2013/2014		2012/2013	
	Full-time	**Part-time**	Full-time	Part-time
HEFCE funded - campus based	**9,827**	**2,988**	10,119	3,665
- in partner colleges	**1,072**	**376**	1,426	627
NCTL funded	**500**	**155**	639	193
Health contract	**1,438**	**1,256**	1,346	1,278
Overseas (non EU)	**2,707**	**1,124**	3,015	1,135
Others	**38**	**14**	74	55
Total (excluding International Collaborations)	**15,582**	**5,913**	16,619	6,953
International Collaborations	**9,626**	**6,866**	8,616	5,488
Total	**37,987**		37,676	

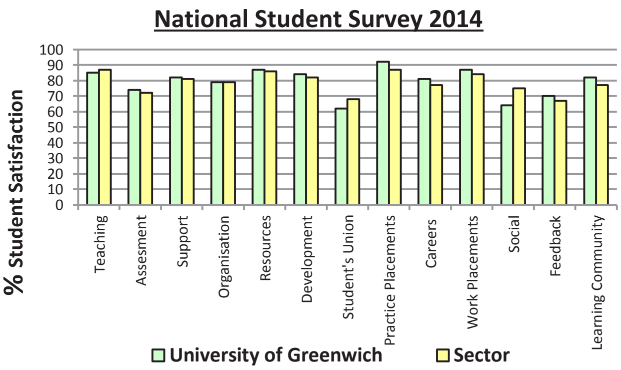
The overall reduction in student registrations is consistent with the reduction in new entrants set out in the table on page 16. Home and EU registrations have fallen by 9% from the previous year reflecting the continued impact of funding changes introduced in 2012/13, and the University's strategy of limiting its intake of undergraduates in order to increase its average tariff scores. 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 35 students were supported in the year. Scholarships were also available for high achieving new entrants into the 2013/14 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 2014 NSS is summarised in the figure below:-



4. Review of the Year – Operational (continued)

Overall satisfaction was 86% (2013: 86%), matching the sector mean. Our students rate us highly in the majority 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 science student was chosen by the Society for General Microbiology for one of its annual undergraduate awards, given to those who have demonstrated outstanding ability in the second year of their degree courses.
- A student undertaking an Integrated Master's Degree in Chemistry course was named National Young Adult Learner of the Year and has been offered a post to study for a Chemistry Doctorate at the University.
- A current masters student secured a coveted Gold Medal for his sensory Royal National Institute of Blind People garden at the RHS Chelsea Flower Show.
- A nursing undergraduate was nominated in the Student Nurse Mental Health category for his exceptional performance for the Student Nursing Times award.
- The Students' Union official radio station, Latitude Radio, enjoyed a successful stint at this year's I love Student Radio Awards, with the station manager receiving the "Voice of the Awards" accolade.

(e) Partner Colleges

There continues to be a strong network of partner institutions. About 11% of the University's HEFCE teaching contract is delivered in these institutions where, in the year under review, there were 1,450 students on University of Greenwich accredited programmes of study.

The new funding regime has meant many of these partner institutions were able to secure 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 outreach offer for 2013-14 was guided by commitments in its Access Agreement for this year. An achievement led approach continues to be the main focus of the University's outreach work, supporting learners from the most disadvantaged areas to enhance their academic skills and progression to higher education. The Partnership Division have created a number of short courses to achieve this such as Skills for Independent Learning (S4IL), which continues to be well received in local schools and colleges, with 2,602 learners engaging in the course over the year. The Royal Greenwich University Technology College has particularly welcomed support through the delivery of S4IL to enhance the achievement of their learners. 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.

Across the 2013-14 academic year, the Access and Partnerships Unit (APU) delivered 219 events to support local schools and colleges, engaging over 9,000 learners. 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 1,197 learners from 66 schools and colleges. Additionally, student ambassadors worked on 12 sustained projects over the year (comprising of 5 or more sessions) in local schools with over 3,000 students. Four summer schools were delivered and at the request of partner schools 35 bespoke events were hosted by the University.

Adopting sector best practice, the APU team initiated a pilot project, Greenwich Scholars, in which learners from partner schools and colleges, with a clear focus on the specific subject they wish to pursue as a career, were targeted to receive a range of activities in order to enable them to make a successful transition into higher education generally. The pilot used interventions such as on-line mentoring between student Ambassadors (studying the same subject) and learners to ensure that regular dialogue enhanced the participant's awareness around the subject and possible future study and career opportunities.

4. Review of the Year – Operational (continued)

We continue to develop the employability of our student Ambassadors by deploying them in the classroom on sustained projects in partner schools and colleges to support, among others, the two initiatives mentioned above. Feedback from our student Ambassadors highlight that they have enhanced their employability skills through the experience of working with young people, which has best positioned them for the challenges of future employment. Improving their presentation and communication skills are just some of the things which have contributed to their enhanced confidence. Many of our student Ambassadors choose teaching as a career, based on their outreach experience with the APU team.

Based on guidance from the Office for Fair Access (OFFA) the APU team have focused on disabled students, care leavers and primary school learners as key targets for our outreach work to enhance their progression into and through higher education. In the 2013-14 year dedicated members of staff have been newly employed to support these groups of learners, which have been held up as a model of best practice by the Buttle UK charity (who support care leavers) and OFFA. The intensive work of the Care Leaver Support Officer saw a 15% improvement in the retention of care leavers at the University of Greenwich during this period.

(g) Estates and facilities

There is continuous improvement in the University's estate with substantial capital spend as part of its estate strategy, and £4m of annual spend on maintenance.

A new 16,000 sq.m academic and library facility in Greenwich town centre, a site adjacent to the Greenwich campus was completed mid-September 2014 in time for the new intake of students. This facility comprises the main research and study library of the University, as well as the Departments of Architecture and Landscape and Creative Professions and Digital Arts. The building will transform the teaching and learning opportunities for the students and academics with a hi-tech, state-of–the-art film, TV and sound studios, seminar rooms fully equipped to support modern leaning combined with spacious lecture theatres and open presentation spaces to create a university experience unrivalled anywhere in London.

The Medway Reversionary lease (98 years) was purchased on 31st July 2014 at a cost of £20.2m, which will save rent of £5m per annum in future years.

Student residences provision is maintained on or close to all three of the University's campuses and available to full-time undergraduate students. There are currently 2,564 bedrooms, an increase of 357 on previous years, due to the opening of the new Daniel Defoe hall of residence near to the Greenwich campus this September.

(h) Environment

The University has maintained its leadership in the sector for its application of sustainability. We are meeting the strategic KPI of maintaining a top 10 position in People and Planet's Green League and won the Times Higher Education's award for our "Outstanding Contribution to Sustainable Development.' Our leading contributions are also recognised in our work with Food and Biodiversity, having also won national prizes for these areas.

Increasing demands to report on sustainability issues and the provision of guidance from QAA, HEA and HEFCE are providing external influence on us to make further and more challenging improvements. The University is responding to this by aligning its systems and strategies to integrate sustainability more effectively. To assist in this the Carbon Management Board's remit has expanded providing a platform to report on wider sustainability issues. The University's Sustainable Development Unit is supporting many areas of the institution and has developed an innovative sustainability approach to enable on-going sustainability improvement.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

4. Review of the Year – Operational (continued)

Key areas:

- Effective embedding and broadening of ISO 14001 sustainability management system
- Green Impact continuing to enable local sustainable behaviour changes utilising a team of over 50 Champions throughout the University
- Installation of waterless urinals saving 1.3m litres per year
- Photo voltaic cells exceeding 100,000 kWh of electricity generation
- Achieving a 17% carbon reduction (2009/10 baseline) through a wide range of carbon saving projects
- Successful launch and delivery of the Sustainability Hub, a collaboration with the Students' Union working with students to deliver sustainability outcomes in the wider community
- Faculties actively implementing sustainable development in the curriculum
- Successful engagement of students in sustainability projects and high profile competitions.

(i) Community

In March 2013, the Royal Borough of Greenwich reaffirmed the award of Freedom of the Royal Borough to the University as part of the celebrations of the granting of Royal Borough status. This award acknowledged the importance of the University's presence in the Royal Borough and the continuing collaboration between the two organisations. Many of our students, especially those involved in teaching and healthcare, work in the locality when they have graduated. We have been working with the Royal Borough to establish a University Technical College (UTC) in Greenwich, which opened during the year. The University is one of four sponsors, the others being Transport for London, The Wates Group and the Royal Borough of Greenwich. It exercises no control over the policy decisions of the UTC and consequently its results are not considered with that of the Group. The University is also sponsoring a further University Technical College which is due to open at Chatham Waters (near to the University's Medway campus) in September 2015.

(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 Department 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 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 newsletter 'Spectrum' and a short more targeted electronic briefing 'Bulletin' which addresses matters where a brief but timely cascade is required. The HR Office also now uses social media for staff communications such as FaceBook and Twitter.

The Balanced Academic Workload (BAW) model is being reviewed for usage and consistency. This will be an on-going means of achieving continuous improvement. This approach to continuous improvement is also being applied to the University's appraisal system through which staff are engaged with strategic objectives and individual objectives are agreed. In partnership with trade unions and managers the appraisal system will be reviewed to continue to improve its effectiveness.

In furtherance of our efficiency and sustainability drive, we are working towards Employee Self-Service. This will be a web-based HR tool which, in due course, will facilitate employee empowerment, data integrity and enhanced management productivity. Two pilot phases have been completed and the feedback is shaping revisions to the product ahead of launch.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

4. Review of the Year – Operational (continued)

The University has volunteered to commit to the Workplace Wellbeing Charter. Work is currently underway to achieve the "Excellent" status. A Wellbeing Strategy will be developed in the coming year to support this ambition.

(k) Equality and Diversity

The Equality and Diversity Committee provides oversight of the implementation of the University's Equality and Diversity Action Plan and receives the Annual Equality Monitoring Report.

Work continues to improve the presentation of data that supports this area of work to allow a greater focus of actions that lead to meaningful outcomes, for example, to identify where interventions with certain groups of students might improve their degree outcomes. The University also continues to offer Equality and Diversity Events which raise the profile of this area of activity and provide opportunity for staff and students to meet informally.

The University is a Stonewall Diversity Champion and subscribes to the Workplace Equality Index, meaning that our policies and practices are reviewed on an annual basis by Stonewall, the Lesbian, Gay and Bisexual (LGB) charity, to measure our progress as an employer of LGB staff. The University has also signed up to the Athena Swan initiative which is about promoting gender equality in STEM areas of the University. The commitment to Athena Swan means that our policies and practices are independently reviewed and benchmarked against other universities. The outcome of the review process, should we be successful, is a bronze, silver or gold Athena Swan award. The University will make its submission to this process for a Bronze Award in November 2014.

(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 encompasses strategies to ensure the needs of disabled staff and students, as identified through consultation, are included in planning processes and policy development and a commitment to make reasonable adjustments. The Staff Disability Forum is one of the mechanisms we use for consultation and to support staff with disabilities.

The University has also successfully re-applied for recognition under the Two Ticks scheme which endorses it as an employer that is positive about disability.

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 formulate 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 2014 are summarised below:-

5. Review of the Year – Financial (continued)

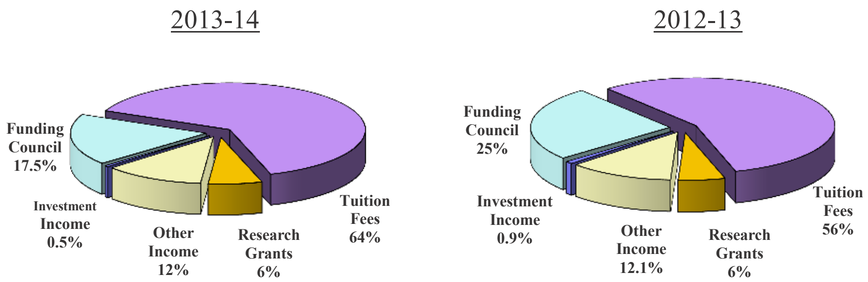
	2014 £'000	2013 £'000
University (including NRI) operating surplus:		
- from operations	12,960	8,733
- release of tuition deposits	172	1,697
	13,132	10,430
Greenwich University Enterprises Limited	15	100
Greenwich Property Limited	-	-
Group historical cost surplus	13,147	10,530

The Group reported a surplus of £13.1m (2013: £10.5m) representing a margin of 7% on total income. This is marginally lower than forecast due to reduced margins on research and enterprise projects.

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 £75m deficit on the FRS17 Pension reserve). These improvements are important in meeting the capital investment commitments associated with the delivery of its 2012-2017 strategic plan.

(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 £33.7m (2013: £47.2m) were 17.5% (2013: 25%) 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.

Tuition and education contract revenues of £122.2m (2013: £105.6m) account for 64% (2013: 56%) 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 6% increase in Heath contract revenues that in part resulted from better student retention. Revenues from international students have decreased by £0.3m, reflecting a reduction of 8% in 2014 campus based international student numbers, offset by an increase in student numbers in international collaborative institutions.

Research revenues increased by 19.8% to £12.2m (2013: £10.2m) reflecting 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.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

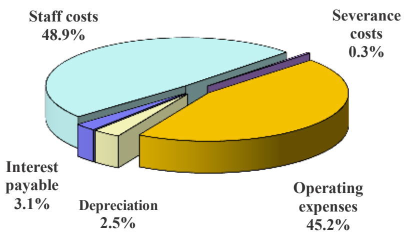
Other income is comprised of revenues from student residences, catering, conferences, consultancy services provided, and various other sources. It accounts for 12% (2013: 12%) of total revenues, and in the period under review remained on par with the previous year. Revenues from consultancy services increased marginally over this period, with revenue growth occurring across the remaining categories other than conferencing, which was considerably reduced, due to non-recurring Olympic revenues in the previous year.

Investment income of £0.88m (2013: £1.6m) 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 deteriorated from those received in the previous financial 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.

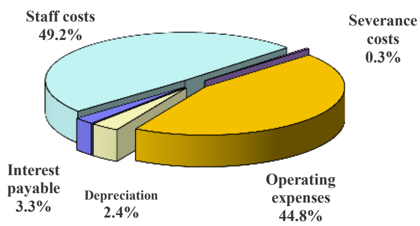
(d) Expenditure

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

2013-14



2012-13



Staff costs were 46% (2013: 46%) of total income compared to a sector mean of 54%. 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 £87.4m (2013: £87.1m) against an employee base of 2,166 (2013: 2,208). The increase in staff costs reflects the annual pay award and increments, partly offset by a lower staff headcount due to vacancies.

Operating expenses account for 45% (2013: 45%) of total expenditure. Expenditure in the financial year was £80.8m (2013: £79.5m) with a full analysis of these in note 9 of the financial statements. The main variations from the previous year were :-

- Reduction of £2.6m in payments to partner institutions. This arises from a reduction in enrolments of University of Greenwich students studying in these institutions that is the result of the Higher Education changes introduced in 2012\13.
- Additional bursary and scholarship spend of £2.5m reflecting the University's commitment under the terms of its Access Agreement with the Office of Fair Access (OFFA).
- Subcontractors' fees and expenses have increased by £1.1m as a result of both the increase in the level of research and consultancy projects and the change in mix of projects where a higher proportion of work has been subcontracted out.

Staff severances account for 0.3% (2013: 0.3%) of total expenditure. The cost in the financial year under review was £0.563m (2013: £0.593m). 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.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

(e) Capital investment and fixed assets

The tangible fixed assets of the Group at the balance sheet date were £162.2m (2013: £121.4m). Additions in the year were £46.4m, of which £22.2m was on the Stockwell Street new build, £20.2m purchase of Medway Reversionary lease and £4.0m was on other equipment, IT and other infrastructure. Capital grants of £1.2m were received during the year.

(f) Long-term borrowing

Long-term borrowing at the balance sheet date was £32.7m (2013: £33.4m), of which £17.9m is the outstanding debt on the University's £30m bond (£25.5m in issue), and £14.4m the finance charge on Phase 2 of the Avery Hill student village PFI scheme. The remaining £0.4m is an advance received under HEFCE's Revolving Green Fund and employed in financing sustainability initiatives across the University.

(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 16.4% 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 was 22.3% in the first 8 months of the financial year, of which 15.1% was in respect of current service cost and 7.2% past service cost. The contribution in respect of current service cost was revised from April 2014 to 16%, with an additional lump sum payment of £2.2m per annum for past service costs. The liabilities of the scheme exceed its assets, with a reported FRS17 pension deficit of £75.7m (2013: £60.4m). 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.

(h) Other balance sheet indicators

Other key balance sheet ratios continue to be healthy. Short-term investments were £58.6m reflecting the strong underlying operating surplus, net of £46.4m of capital spend financed from internal resources. Creditors due within one year were £51.2m (2013: £47.0 m). Net current assets remain strong at £26.3m (2013: £52.9m) while Income and Expenditure reserves increased by 16.9% to £107.4m.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

(i) Key financial indicators

The 2013/14 financial outturn continues to build on those of the previous years, with the five year summary of key financial indicators as follows:-

	2010	2011	2012	2013	2014
Total students	29,965	28,467	27,045	23,572	21,495
Total students - % movement	11%	-5%	-5%	-13%	-9%
New entrants	16,039	13,087	11,722	9,277	9,242
Funding Council grant as % of operating revenues	40%	41%	26%	25%	18%
Tuition and education contracts as % of operating revenues	46%	46%	58%	57%	64%
Operating margin %	6%	6%	6%	6%	7%
Interest costs as % of operating margin	53%	41%	41%	41%	34%
Debt as % of operating revenues	19%	18%	19%	18%	17%
Net cash and investments as % of operating revenues	53%	56%	56%	49%	35%

(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 £66.2m 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 29 days in the 2013-14 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 while ensuring that the agreed terms of trade, and investment of its 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 (£9.6m) is required to be maintained together with 12 months' bond servicing cost (£2.4m) in a separate charged account.

Total debt at 31 July 2014 was £33.7m, of which £18.8m is in respect of the University's bond and £14.4m a PFI debt repayable in 2026. At 31 July 2014, the maturity profile of borrowings (all of which were long term) shows an average maturity of 14 years. It is calculated that 7.3% is repayable in each of the periods that fall within one year and in 1 to 2 years, 17.5% in 2 to 5 years and 75.2% in more than 5 years.

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

(ii.) Currency Risk

Approximately 60% of the Group's research and consultancy contracts are 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 counterpart 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 56% relates to the University's 30 years bond (2028) with the remainder in respect of the PFI financing of student residences and loans from Salix Ltd and HEFCE Revolving Green Fund. The loan from Salix Ltd is also under the auspices of HEFCE's 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.

(b) International student recruitment

Revenue from international student enrolments accounts for 13% 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:-

6. Principal risks and uncertainties (continued)

- 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 UKBA 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 as a mitigation measure against the potential impact of the funding changes emanating from the 2011 HE White Paper.

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 16,000 students in circa 59 partnerships across 21 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 22 and 23 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 24 November 2014 and signed on its behalf by:

Mr Stephen Howlett
Chairman

UNIVERSITY of GREENWICH

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 consistency with the guidance from the Committee of University Chairmen detailed in its Guide for Members of HE Governing Bodies in the UK.

This summary describes the University's corporate governance arrangements and the manner in which the University seeks to apply the principles of Codes of practice published by the Higher Education Funding Council for England (HEFCE), Committee of University Chairmen (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 governance and the financial memorandum 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 2014 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.

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. The 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.

Professor David Maguire	Mr Stephen Howlett
Vice-Chancellor	Chairman

UNIVERSITY of GREENWICH

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 achieve 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 Financial Memorandum 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 schools and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set out by the Court;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee and Court; 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 2014 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of historical cost surplus and deficits, the consolidated statement of total recognised gains and losses, the University and Group 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 Court in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the University's Court those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its Court, 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 of the University of Greenwich set out on pages 22 - 23 the Court (who are also the directors of the charitable company for the purposes of company law) are 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 and University's affairs as at 31 July 2014 and of its incoming resources and application of resources, including 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 Financial Memorandum dated July 2010 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 institution for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation; and
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the funding council's Financial Memorandum, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them.

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, or returns adequate for our audit have not been received from Branches not visited by us; or
- the 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.

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Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the Statement of Internal Control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University.

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

26 November 2014

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

Recognition of income

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.

UNIVERSITY of GREENWICH

PRINCIPAL ACCOUNTING POLICIES (continued)

FIXED ASSETS

Land and buildings

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

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

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

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

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

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

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 a charity within the meaning of Part 1 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) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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 an unfunded scheme and therefore outside the requirements of FRS17.

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.

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.

UNIVERSITY of GREENWICH

PRINCIPAL ACCOUNTING POLICIES (continued)

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.

UNIVERSITY of GREENWICH

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2014

	Note	2014 £'000	2013 £'000
INCOME			
Funding council grants	*1*	**33,732**	47,246
Tuition fees and education contracts	*2*	**122,221**	105,635
Research grants and contracts	*3*	**12,255**	10,226
Other income	*4*	**22,845**	22,925
Endowment and investment income	*5*	**875**	1,595
Total Income		**191,928**	187,627
EXPENDITURE			
Staff costs	*6*	**87,387**	87,101
Severance costs	*7*	**563**	593
Other operating expenses	*9*	**80,777**	79,465
Depreciation	*12*	**5,662**	5,778
Interest payable	*10*	**4,480**	4,248
Total Expenditure		**178,869**	177,185
Surplus on continuing operations *after* depreciation of tangible fixed assets at valuation and disposal of assets and interest but before tax		**13,059**	10,442
Taxation	*33*	**-**	-
Deficit for the year transferred to accumulated income in endowment funds		**47**	43
Surplus on continuing operations retained within general reserves		**13,106**	10,485

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

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUS AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2014

	2014 £'000	2013 £'000
Surplus after depreciation of assets at valuation on continuing operations and before tax	**13,059**	10,442
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	**13,147**	10,530
Taxation	**-**	-
Historical cost surplus after tax	**13,147**	10,530

UNIVERSITY of GREENWICH

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2014

	Note	2014 £'000	2013 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, and tax		**13,059**	10,442
Increase in endowment asset investments	*15*	**2**	9
Increase in current asset investments	*18*	**421**	1,693
New endowments		**40**	26
FRS 17 Retirement Benefits - actuarial (loss) / gain	*32*	**(13,411)**	18,635
Total recognised gains for the year		**111**	**30,805**
Reconciliation:-			
Opening reserves and endowments		**40,237**	9,432
Total recognised gains for the year		**111**	30,805
Closing reserves and endowments		**40,348**	40,237

UNIVERSITY of GREENWICH

(Company Registration No. 986729)

BALANCE SHEET

AS AT 31 JULY 2014

	Note	Group		University	
		2014	2013	**2014**	2013
		£'000	£'000	**£'000**	£'000
Fixed Assets					
Tangible assets	*12*	**162,206**	121,440	**162,116**	121,295
Investments	*13*	**188**	188	**38**	38
		162,394	121,628	**162,154**	121,333
Endowment Asset Investments	*14/15*	**1,330**	1,335	**1,330**	1,335
Current Assets					
Stocks	*16*	**52**	51	**52**	51
Debtors: amounts falling due within one year	*17*	**11,247**	9,699	**10,502**	8,950
Debtors: amounts falling due after more than one year	*17*	**-**	-	**31,734**	31,764
Investments	*18*	**58,656**	87,114	**58,656**	87,114
Cash at bank		**7,551**	3,053	**7,431**	2,785
		77,506	99,917	**108,375**	130,664
Creditors: amounts falling due within one year	*19*	**(51,229)**	(47,044)	**(63,988)**	(58,095)
Net Current Assets		**26,277**	52,873	**44,387**	72,569
Total Assets less Current Liabilities		**190,001**	175,836	**207,871**	195,237
Creditors: amounts falling due after more than one year	*20*	**(32,728)**	(33,442)	**(50,615)**	(52,878)
Provision for liabilities	*21*	**(6,312)**	(6,227)	**(6,312)**	(6,227)
Net Assets (excluding Pension Liability)		**150,961**	136,167	**150,944**	136,132
Net Pension liability	*32*	**(75,732)**	(60,363)	**(75,732)**	(60,363)
Net Assets		**75,229**	75,804	**75,212**	75,769

UNIVERSITY of GREENWICH

(Company Registration No. 986729)

BALANCE SHEET (continued)

AS AT 31 JULY 2014

	Note	Group		University	
		2014	2013	**2014**	2013
		£'000	£'000	**£'000**	£'000
Represented by:					
Deferred Capital Grants	22	**34,881**	35,567	**34,881**	35,567
Endowments	14/15				
Expendable		**857**	812	**857**	812
Permanent		**473**	523	**473**	523
		1,330	1,335	**1,330**	1,335
Reserves	23				
Revaluation reserve		**7,316**	7,404	**7,316**	7,404
Income and expenditure account		**107,434**	91,861	**107,417**	91,826
Pension reserve		**(75,732)**	(60,363)	**(75,732)**	(60,363)
		39,018	38,902	**39,001**	38,867
Total Funds		**75,229**	75,804	**75,212**	75,769

The Financial Statements on pages 26 to 64 were authorised and approved by the Court on 24 November 2014 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 2014

	Note	2014 £'000	2013 £'000
Cash inflow from operating activities	26	**24,063**	11,100
Return on investments and servicing of finance	27	**(1,641)**	(1,000)
Capital expenditure and financial investment	28	**(46,240)**	(24,018)
Net cash (outflow) before use of liquid resources and financing		**(23,818)**	(13,918)
Management of liquid resources	29	**28,879**	14,869
Financing	30	**(563)**	(631)
Increase in net cash		**4,498**	320

Reconciliation of net cash flow to movement in net funds

	Note	2014 £'000	2013 £'000
Increase in cash in the period		**4,498**	320
Cash (inflow) from liquid resources		**(28,879)**	(14,869)
Cash outflow re decrease in debt and lease financing		**563**	631
Increase in current asset investments - non cash movements		**421**	1,692
		(23,397)	(12,226)
Net funds at 1 August		**55,862**	68,088
Net funds at 31 July	31	**32,465**	55,862

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2014	2013
	£'000	£'000

1. Funding council grants

HEFCE:-		
Recurrent grant	**27,774**	41,250
Specific grants	**4,026**	2,961
Inherited liabilities	**386**	395
Deferred capital grants released in year	**1,016**	1,165
National College for Teaching and Leadership:-		
Recurrent grant	**514**	1,359
Other	**16**	116
	33,732	47,246

Reduction in the HEFCE recurrent grant to £27.8m (2013: £41.2m) is consistent with the third year of higher tuition fees, with related reduction in grant income.

2. Tuition fees and educational contracts

Full-time home and EU students	**74,094**	56,694
Part-time home and EU students	**6,946**	6,687
Overseas students	**27,253**	27,575
Release of tuition deposits	**172**	1,697
	108,465	92,653
Health Authority contract	**13,756**	12,982
	122,221	105,635

Tuition and Health contract revenues are underpinned by student numbers in the Operating and Financial Review (incorporating the Strategic Report) statement. An amount of £0.172m (2013: £1.7m) released to tuition revenues, being tuition deposits previously held in respect of applicants who failed to meet the conditions for the return of their deposits. The release is consistent with a policy adopted by the University and approved by its Court.

3. Research grants and contracts

Research Council	**1,039**	730
UK based charities	**253**	347
UK central government\health & hospital authorities	**1,293**	1,071
European Commission	**4,292**	3,380
Other grants and contracts	**5,378**	4,698
	12,255	10,226

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2014	2013
	£'000	£'000
4. Other income		
Student residences and catering	**15,077**	15,520
Other grant income	**4,336**	4,355
Other income	**3,432**	3,050
	22,845	22,925
5. Endowment and Investment Income		
Income from expendable endowments	**21**	19
Income from permanent endowments	**16**	18
Income from short term investments	**838**	1,558
	875	1,595
6. Staff		
(i) Staff Costs		
Salaries and wages	**70,489**	70,729
Social Security costs	**6,111**	6,140
Other Pension costs	**10,787**	10,232
	87,387	87,101

	No.	No.
Average staff numbers by major category:-		
Academic and research	**1,022**	1,027
Administrative & technical support	**1,089**	1,122
Premises	**46**	51
Residence catering and conferences	**9**	8
	2,166	2,208

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

	2014 No.	2013 No.
Remuneration of higher paid staff, excluding employer's pension contributions were:-		
£100,001 - £110,000	**6**	7
£110,001 - £120,000	**-**	1
£120,001 - £130,000	**1**	2
£140,001 - £150,000	**1**	1
£150,001 - £160,000	**1**	-
£200,001 - £210,000	**1**	1

Included in 2014 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.

Compensation for loss of office

Payments in respect of compensation for loss of office are provided in the year of termination.
Aggregate compensation for loss of office for staff earning over £100,000 comprised:

	2014 £'000	2013 £'000
Compensation paid	**-**	46
Pension benefits	**-**	88
	-	134

(ii) Directors' emoluments and expenses

The aggregate amount of Directors' emoluments was £540,373 (2013: £535,843) with pension contributions in relation to the Directors of £79,996 (2013: £77,233). All payments were in respect of services as members of staff and relate to the relevant period of office. Where appropriate these emoluments are also included in the bands for higher paid staff (including the Vice-Chancellor). Five Directors (2013: Five) are accruing benefits under defined pension schemes, as set out in note 32.

The total expenses paid to Directors during the year was £4,659 (2013: £7,690).

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

	2014 £	2013 £
Salary	**219,167**	209,167
Other	**-**	19,797
	219,167	228,964
University superannuation payments:-		
Teachers Pension Scheme - employer contributions	**30,902**	29,492

UNIVERSITY of GREENWICH

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. No loans were made to Governors (2013: one) during the course of the year. The loan in the previous financial year was made to a Governor in their capacity as an employee and in respect of a travel season ticket.

	2014	2013
	£	£
		Prof P. Maras
Balance outstanding at 1 August 2013	**-**	125
Repayment made during year	**-**	(125)
Balance outstanding at 31 July 2014	**-**	-

7. Severance costs

	2014	2013
	£'000	£'000
Severance costs	**563**	593
	563	593

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.

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

9. Other operating expenses

	Group 2014 £'000	Group 2013 £'000
Fees to other colleges	**8,560**	11,132
Student recruitment	**2,080**	1,646
Books and periodicals	**1,898**	1,956
Consumables and laboratory expenditure	**2,474**	2,743
Computers, software and IT maintenance contracts	**4,390**	4,041
Bursaries and scholarships	**8,920**	6,450
Students union subvention grant	**1,128**	1,061
Residence, catering and conferences	**10,279**	10,376
Rents, service charges, rates and insurance	**8,952**	8,408
Electricity, gas and water	**2,457**	2,592
Energy conservation	**536**	343
Building maintenance and repair	**3,998**	4,332
Security	**1,832**	1,927
Cleaning, caretaking and waste management	**1,738**	1,758
Publicity and advertising	**1,840**	1,793
Research and consultancy	**2,101**	2,029
Subcontractors' fees and expenses	**3,405**	2,266
Printed communication	**1,767**	1,935
Telephone and other communication costs	**377**	461
Legal and professional fees	**832**	1,065
Non-contracted and agency staff	**2,308**	1,813
Staff recruitment	**153**	228
Consultancy fees	**1,520**	2,053
Staff training / CPD	**785**	743
Subscriptions	**895**	915
Travel and subsistence	**1,809**	1,743
Transportation	**1,021**	1,044
Furniture and equipment	**942**	1,283
Pension increase payment	**394**	396
Other expenses	**1,386**	933
	80,777	79,465

Other operating expenses are stated after charging:-

		2014 £'000	2013 £'000
Auditors' remuneration	- fees payable to the external auditors for the audit of the financial statements	**63**	61
	- fees payable to external auditors for other services:		
	- taxation services	**6**	4
	- other services	**8**	8
	- fees payable to internal auditors	**85**	86
	- fees payable to other audit firms	**24**	17
Rentals under operating leases	- equipment and vehicles	**443**	443
	- property: campuses	**7,272**	6,817
	- property: student residences	**409**	391

NOTES TO THE FINANCIAL STATEMENTS

	Group 2014 £'000	Group 2013 £'000
10. Interest payable		
Bond interest	**1,236**	1,285
Finance lease interest - PFI	**1,280**	1,310
Interest on pension scheme liabilities (net)	**1,964**	1,653
	4,480	4,248

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 £13.132 million (2013 - surplus of £10.430 million).

12. Tangible fixed assets

(a) Group

	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construction £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2013	71,451	56,713	112	39,059	20,453	370	188,158
Additions at cost	-	20,841	-	22,236	3,300	51	46,428
Disposals	-	-	-	-	-	(22)	(22)
At 31 July 2014	**71,451**	**77,554**	**112**	**61,295**	**23,753**	**399**	**234,564**
Depreciation							
At 1 August 2013	(23,884)	(26,940)	(112)	-	(15,461)	(321)	(66,718)
Disposals	-	-	-	-	-	22	22
Charge for year	(1,287)	(2,036)	-	-	(2,310)	(29)	(5,662)
At 31 July 2014	**(25,171)**	**(28,976)**	**(112)**	**-**	**(17,771)**	**(328)**	**(72,358)**
Net Book Value							
At 31 July 2014	**46,280**	**48,578**	**-**	**61,295**	**5,982**	**71**	**162,206**
At 31 July 2013	47,567	29,773	-	39,059	4,992	49	121,440
Net Book Value							
Inherited	11,374	-	-	-	-	-	11,374
Financed by capital	34,906	48,578	-	61,295	5,982	71	150,832
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 Construction £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2013	71,451	56,712	112	39,059	19,856	370	187,560
Additions at cost	-	20,841	-	22,236	3,300	51	46,428
Disposals	-	-	-	-	-	(22)	(22)
At 31 July 2014	**71,451**	**77,553**	**112**	**61,295**	**23,156**	**399**	**233,966**
Depreciation							
At 1 August 2013	(23,884)	(26,940)	(112)	-	(15,008)	(321)	(66,265)
Disposals	-	-	-	-	-	22	22
Charge for year	(1,287)	(2,036)	-	-	(2,255)	(29)	(5,607)
At 31 July 2014	**(25,171)**	**(28,976)**	**(112)**	**-**	**(17,263)**	**(328)**	**(71,850)**
Net Book Value							
At 31 July 2014	**46,280**	**48,577**	**-**	**61,295**	**5,893**	**71**	**162,116**
At 31 July 2013	47,567	29,772	-	39,059	4,848	49	121,295

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 and assets in the course of construction stated at £61.295m are 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 £330,433 (2013: £330,433). The net book value of these assets was £11,373,875 (2013: £11,704,308).

Assets in the course of construction of £61m is in respect of the £67m Stockwell Street Development, completed in September 2014.

13. Investments

(i) Investments :-

	Group		University	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Shares in CVCP Properties Plc	**38**	38	**38**	38
Shares in Toximet Limited	**150**	150	**-**	-
	188	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.

	University	
	2014 £	2013 £
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 2014 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 2014 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

14. Endowment asset investment

	Group 2014 £	Group 2013 £
Balance at 1 August 2013	**1,334,556**	1,343,340
Net (distributions)/additions	**(6,651)**	(17,559)
Increase / (decrease) in market value of investments	**1,910**	8,775
Balance at 31 July 2014	**1,329,815**	1,334,556
Represented by:		
Charities Official Investment Fund (COIF) income shares	**68,892**	66,982
Managed funds	**1,260,923**	1,267,574
	1,329,815	1,334,556
Market value of COIF income shares	**68,892**	66,982

15. Endowments

	Restricted Permanent £'000	Restricted Expendable £'000	2014 Total £'000	2013 Total £'000
Balances at 1 Aug 2013				
Capital	407	57	**464**	458
Accumulated income	116	755	**871**	885
	523	812	**1,335**	1,343
New endowments	6	34	**40**	26
Investment income	16	21	**37**	37
Expenditure	(8)	(76)	**(84)**	(80)
Transfers	(66)	66	**-**	-
	(58)	11	**(47)**	(43)
Increase in market value	2	-	**2**	9
At 31 July 2014	473	857	**1,330**	1,335
Represented by:				
Capital	315	56	**371**	464
Accumulated income	158	801	**959**	871
	473	857	**1,330**	1,335

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

15. Endowments (continued)

	1 August 2013 £	Income In Year £	Expenditure In Year £	**31 July 2014 £**
Governors' General Reserve	150,426	15	-	**150,441**
Named Funds:				
William Hills Mechanical Engineering Award	465,014	13,950	(12,000)	**466,964**
Prize Funds:				
E. de Barry Barnett Memorial Prize Fund	6,799	204	(400)	**6,603**
Garnett Prize Fund	22,398	673	-	**23,071**
Humanities Prize Fund	15,117	454	-	**15,571**
Coker Prize Fund	386	12	(100)	**298**
DP Connect – Business School Prize Fund	2,138	64	(605)	**1,597**
John-Hood Williams Prize Fund	265	8	-	**273**
Francis Duke Prize Fund	8,663	260	-	**8,923**
Tessa Blackstone Prize Fund	12,947	388	(1,000)	**12,335**
National Association for Primary Education Prize	854	26	(100)	**780**
Tavistock Law Prize	15	-	(15)	**-**
Fanshawe LLP Merit Prize	-	750	(750)	**-**
Worshipful Co of Intl Bankers Prize	-	600	(600)	**-**
Sir Robert Worcester Merit Prize	-	4,000	(1,000)	**3,000**
Bursary Funds and Scholarships:				
University of Greenwich Endowment Fund	163,619	9,597	-	**173,216**
Sir William Boreham Bursary Fund	4,293	129	(800)	**3,622**
D. Fussey Memorial Choral Exhibition	247,775	13,433	(8,090)	**253,118**
Admiral Sir John Chambers White Bursary	7,545	226	-	**7,771**
John McWilliam Bursary Fund	53,238	1,596	(1,000)	**53,834**
Cable & Wireless Scholarship	11,456	344	-	**11,800**
Kathleen Jones Scholarship	6,127	13,873	(20,000)	**-**
Alan Giles Scholarship	3,092	-	(3,092)	**-**
Project Finance & Project Management	54,339	1,630	(7,147)	**48,822**
Paul Dyer Leadership Fund	1,150	35	-	**1,185**
Zhonghui Luan Scholarship	25,730	772	(10,275)	**16,227**
Guildford Academic Associates	49,065	2,153	(8,956)	**42,262**
Vice Chancellor's Scholarship Fund	12,835	10,997	(2,000)	**21,832**
Osborne Scholarship	9,270	-	(3,000)	**6,270**
Harry Persaud Scholarship		1,000	(1,000)	**-**
The Shoulderdoctor Award		3,000	(3,000)	**-**
	1,184,130	80,174	(84,930)	**1,179,374**
Total	1,334,556	80,189	(84,930)	**1,329,815**

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
16. Stocks				
Raw materials and consumables	**52**	51	**52**	51
	52	51	**52**	51
17. Debtors				
Due within one year				
Trade debtors	**7,244**	6,553	**6,753**	5,953
Amounts recoverable under long term contracts	**314**	216	**314**	216
Other debtors	**1,416**	1,055	**1,261**	906
Prepayments & accrued income	**1,925**	1,738	**1,826**	1,738
Amounts due from HEFCE / NCTL	**348**	137	**348**	137
	11,247	9,699	**10,502**	8,950
Due in more than one year				
Amounts owed by subsidiaries	**-**	-	**31,734**	31,764
	11,247	9,699	**42,236**	40,714

18. Investments (current assets)

Equity	**12,084**	11,663	**12,084**	11,663
Debt service reserve	**2,412**	2,412	**2,412**	2,412
Fixed term and notice bank deposits	**44,160**	73,039	**44,160**	73,039
	58,656	87,114	**58,656**	87,114

The market value of listed current asset investments is £12.084m (2013: 11.663m).

19. Creditors: Amounts falling due within one year

Bond	**867**	814	**867**	814
Loan - Salix Limited	**26**	52	**26**	52
Loan - HEFCE Revolving Fund	**122**	-	**122**	-
Trade creditors	**5,897**	8,054	**5,895**	8,048
Amounts owed to subsidiaries	**-**	-	**15,344**	14,016
Prepaid long term contract income	**10,249**	8,610	**10,249**	8,610
PAYE and other taxation payable	**1,943**	1,900	**1,944**	1,900
Other creditors	**10,087**	8,370	**9,321**	7,170
Accruals - losses on long term contracts	**734**	385	**734**	385
- others	**12,300**	10,474	**12,232**	10,411
Deferred income	**9,004**	8,385	**7,254**	6,689
	51,229	47,044	**63,988**	58,095

NOTES TO THE FINANCIAL STATEMENTS

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

	Group 2014 £'000	Group 2013 £'000	University 2014 £'000	University 2013 £'000
Bond	**17,954**	18,821	**17,954**	18,821
Finance lease	**14,409**	14,409	**-**	-
Loan - Salix Limited	**-**	26	**-**	26
Loan - HEFCE Revolving Fund	**365**	186	**365**	186
Loan - Greenwich Property Limited	**-**	-	**32,296**	33,845
	32,728	33,442	**50,615**	52,878

Analysis of loan repayments

	Group 2014 £'000	Group 2013 £'000	University 2014 £'000	University 2013 £'000
Repayable between one and two years				
Bond	**923**	867	**923**	867
Finance lease	**409**	-	**-**	-
Loan - Salix Limited	**-**	26	**-**	26
Loan - HEFCE Revolving Green Fund	**122**	47	**122**	47
	1,454	940	**1,045**	940
Repayable between two and five years				
Bond	**3,142**	2,952	**3,142**	2,952
Finance lease	**2,527**	1,970	**-**	-
Loan - HEFCE Revolving Green Fund	**243**	139	**243**	139
	5,912	5,061	**3,385**	3,091
Repayable after five years				
Bond	**13,889**	15,002	**13,889**	15,002
Finance lease	**11,473**	12,439	**-**	-
Loan - Greenwich Properties Limited	**-**	-	**32,296**	33,845
	25,362	27,441	**46,185**	48,847
	32,728	33,442	**50,615**	52,878

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.

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 2014, the market price of the bond as quoted on the Luxembourg Stock Exchange was £115.536 per £100 unit (2013: £116.681 per £100 unit).

21. Provisions for liabilities (Group and University)

	Group and University		
	Enhanced pensions £'000	Decontamination £'000	Total £'000
At 1 August 2013	5,251	976	6,227
Revaluation of enhanced pension liability	213	-	213
Interest charge	100	-	100
Payments in year	(228)	-	(228)
At 31 July 2014	**5,336**	**976**	**6,312**

There is a provision of £5.3m 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 1.5% and resulted in an increase in provision of £0.21m.

The decontamination provision of £0.9m 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 £0.9m 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	Equipment £'000	Buildings £'000	£'000
At 1 August 2013	518	24,804	-	10,245	35,567
Received in the year	31	677	-	-	708
Released to I&E Account	(304)	(712)	-	(378)	(1,394)
At 31 July 2014	**245**	**24,769**	**-**	**9,867**	**34,881**

NOTES TO THE FINANCIAL STATEMENTS

23. Reserves

	Revaluation Reserve £'000	Income & Expenditure £'000	Pension Reserve £'000	Total Reserves £'000
(a) Group				
At 1 August 2013	7,404	91,861	(60,363)	38,902
Surplus for year	-	13,106	-	13,106
FRS17 - deficit for year	-	1,958	(1,958)	-
Equities - increase in market value in year	-	421	-	421
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial loss on pension scheme	-	-	(13,411)	(13,411)
At 31 July 2014	**7,316**	**107,434**	**(75,732)**	**39,018**
(b) University				
At 1 August 2013	7,404	91,826	(60,363)	38,867
Surplus for year	-	13,124 *	-	13,124
FRS17 - deficit for year	-	1,958	(1,958)	-
Equities - increase in market value in year	-	421	-	421
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial loss on pension scheme	-	-	(13,411)	(13,411)
At 31 July 2014	**7,316**	**107,417**	**(75,732)**	**39,001**

* Includes Gift Aid donation to the University of £33,113 from Greenwich University Enterprises Limited.

24. Lease obligations

	Group		University	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Finance lease obligations:-				
Due within one year	-	-	-	-
Due between two and five years inclusive	**2,936**	1,970	-	-
Due after five years	**11,473**	12,439	-	-
	14,409	14,409	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

24. Lease obligations (continued)

	Group		University	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Operating lease payments falling due in the next year:-				
Equipment				
Expiring within one year	**17**	14	**17**	14
Expiring between two and five years inclusive	**497**	429	**497**	429
	514	443	**514**	443
Land and buildings				
Expiring within one year	**28**	5,248	**28**	5,248
Expiring between two and five years inclusive	**80**	96	**80**	96
Expiring after five years	**1,133**	1,413	**1,133**	1,413
	1,241	6,757	**1,241**	6,757

25. Capital commitments

Commitments contracted at 31 July 2014	**3,124**	20,676	**3,124**	20,676
	3,124	20,676	**3,124**	20,676

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

	Group	
	2014	2013
	£'000	£'000
Surplus before tax	**13,059**	10,442
Depreciation *(Note 12)*	**5,662**	5,778
Deferred capital grants released to income *(Note 22)*	**(1,394)**	(1,543)
Investment income	**(875)**	(1,595)
Interest payable	**2,516**	2,595
Increase of stocks	**(1)**	(14)
Increase in debtors	**(1,548)**	(1,402)
Increase / (decrease) in creditors	**4,601**	(5,810)
Increase in provisions	**85**	232
FRS 17 pension adjustment	**1,958**	2,417
Net cash inflow from operating activities	**24,063**	11,100

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NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2014	2013
	£'000	£'000
27. Returns on investments and servicing of finance		
Income from endowments	**37**	37
Interest received	**838**	1,558
Interest paid - finance leases	**(1,280)**	(1,310)
- other	**(1,236)**	(1,285)
	(1,641)	(1,000)
28. Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(46,988)**	(24,514)
Deferred capital grants received	**708**	470
Endowments received	**40**	26
	(46,240)	(24,018)
29. Management of liquid resources		
Cash transferred from deposits	**28,879**	(14,869)
	28,879	(14,869)
30. Financing		
Bond repayment in the year	**(814)**	(765)
Loan received in year	**301**	186
Loan repayment in the year	**(50)**	(52)
	(563)	(631)

31. Analysis of changes in net debt

	1 August 2013 £'000	Cash Flows £'000	Other Changes £'000	31 July 2014 £'000
Cash at bank & deposits repayable	3,053	4,498	-	**7,551**
Current asset investments	87,114	(28,879)	421	**58,656**
Debt due within 1 year	(864)	864	(1,014)	**(1,014)**
Debt due after 1 year	(19,032)	(301)	1,014	**(18,319)**
Finance leases	(14,409)	-	-	**(14,409)**
Total	55,862	(23,818)	421	**32,465**

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") is being introduced from 1 April 2015 under separate regulations. Most existing Scheme members will transfer to the 2015 Scheme on 1 April 2015. 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 tired in relation to members' salaries and the same artes 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 £2.223m 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. From 1 April 2014 The Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 will come into effect. The benefits for service from 1 April 2014 will be based on the Local Government Pension Scheme Regulations 2013. The main changes are 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 £663,951 (2013: £552,302) payable to the London Pensions Fund Authority in respect of the University's pension contributions on July 2014 salaries.

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

Assumptions as at	**31 July 2014**	31 July 2013	31 July 2012
	Nominal % pa	Nominal % pa)	Nominal % pa)
RPI increases	**3.4%**	3.3%	2.6%
CPI increases	**2.6%**	2.5%	1.8%
Salary increases	**4.4%**	4.2%	3.5%
Pension increases	**2.6%**	2.5%	1.8%
Discount rate	**4.2%**	4.7%	3.9%

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.

	2014		2013	
	Males	**Females**	Males	Females
Current Pensioners	**21.9 years**	**24.9 years**	20.9 years	23.8 years
Future Pensioners	**24.2 years**	**27.2 years**	22.9 years	25.7 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 2014	Fair Value at 31 July 2014 £'000	Expected Return at 31 July 2013	Fair Value at 31 July 2013 £'000
Equities	6.7%	58,617	6.4%	60,324
Target return portfolio	6.1%	38,154	4.9%	37,221
Alternative assets	n/a	n/a	5.4%	10,268
Cash	3.2%	18,468	0.5%	1,283
Cashflow Matching	3.4%	8,146	3.4%	19,252
Commodities	6.1%	1,421	n/a	-
Property	5.6%	3,656	n/a	-
Infrastructure	6.3%	4,453	n/a	-
Total		132,915		128,348

Analysis of the amount shown in the balance sheet	2014 £'000	2013 £'000
Present value of scheme liabilities	(208,647)	(188,711)
Fair value of employer assets	132,915	128,348
Deficit in scheme- net pension liability	(75,732)	(60,363)

Analysis of the amount that is debited to finance costs	2014 £'000	2013 £'000
Interest cost	8,920	7,197
Expected return on employer assets	(6,956)	(5,544)
Net cost	1,964	1,653

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)	2014	2013
Actual return less expected return on pension scheme deficits	(4,790)	14,690
Experience gain	12,613	17
Changes in assumptions underlying the present value of the scheme liabilities	(21,234)	3,928
Actuarial (loss) / gain recognised in STRGL	(13,411)	18,635

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

Movement in deficit during the year

Deficit at beginning of the year	**(60,363)**	(76,581)
Current service cost	**(5,599)**	(5,679)
Employer contributions	**5,592**	5,896
Contributions in respect of unfunded benefits	**38**	43
Impact of settlements and curtailments	**(25)**	(1,024)
Net return on assets	**(1,964)**	(1,653)
Actuarial (loss) / gain	**(13,411)**	18,635
Deficit at end of year	**(75,732)**	(60,363)

Analysis of the movement in the present value of the scheme liabilities

Opening defined benefit obligation	**188,711**	183,384
Current service cost	**5,599**	5,679
Interest cost	**8,920**	7,197
Contributions by members	**1,702**	1,623
Actuarial losses / (gains)	**8,865**	(3,945)
Losses on curtailments	**25**	1,024
Estimated unfunded benefits paid	**(38)**	(43)
Estimated benefits paid net of transfers in	**(5,137)**	(6,208)
Closing defined benefit obligation	**208,647**	188,711

Analysis of the movement in the market value of the scheme assets	**2014**	2013
	£'000	£'000
Opening fair value of employer assets	**128,348**	106,803
Expected return on assets	**6,956**	5,544
Contributions by members	**1,702**	1,623
Contributions by the employer	**5,630**	5,939
Contributions in respect of unfunded benefits	**38**	43
Actuarial (losses) / gains	**(4,546)**	14,690
Estimated unfunded benefits paid	**(38)**	(43)
Estimated benefits paid	**(5,175)**	(6,251)
Closing fair value of employer assets	**132,915**	128,348

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

History of experience gains and losses	**2014 £'000**	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Difference between the expected and actual return on assets	**(13,411)**	18,635	(22,025)	4,797	3,982
Value of assets	**132,925**	128,348	106,803	103,220	90,959
Percentage of assets	**10.1%**	(14.5%)	20.6%	(4.6%)	(4.4%)
Experience gains on liabilities	**12,369**	17	(12)	14,347	374
Present value of liabilities	**208,647**	188,711	183,384	156,463	147,188
Percentage of the present value of liabilities	**5.9%**	0.0%	0.0%	9.2%	0.3%
Actuarial gain / (loss) recognised in STRGL	**(13,411)**	18,635	(22,025)	4,797	3,982
Present value of liabilities	**208,647**	188,711	183,384	156,463	147,188
Percentage of the present value of liabilities	**(6.4%)**	9.9%	(12.0%)	3.1%	2.7%
Cumulative actuarial gains and losses	(41,897)	(28,486)	(47,121)	(25,096)	(29,893)

Analysis of projected amount to be charged to operating profit for the year to 31 July 2015:-

	Year to 2015 £'000
Estimated current service cost & total operating charge *(A)*	**5,858**
Expected return on employer assets	**(7,775)**
Interest on pension scheme liabilities	**8,814**
Net return *(B)*	**1,039**
Expected net I&E account cost *(A – B)*	**4,819** *

* Includes employer conributions of £6,201k.

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 2014 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 £5.336m (2013: £5.251m) 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:-

	2014 £'000	2013 £'000
Contributions to TPS	**5,125**	4,926
Contributions to USS	**99**	97
Contributions to LPFA	**5,563**	5,209
Total pension costs **(note 6)**	**10,787**	10,232

33. Taxation

	2014 £'000	2013 £'000
UK corporation tax on the profits of		
Greenwich University Enterprises Limited *	**-**	-
Greenwich Property Limited	**-**	-
	-	-

* Taxable profit for the year of £33,113 was Gift Aided to the University.

34. Contingent liabilities

The University is a member of U.M. Association (Special Risks) Limited, a mutual association of over 120 higher education institutions for cover against terrorism risk. The association has a reserve fund in excess of £15m, and a £1bn aggregate layer of insurance with which to meet claims. Institutions pay contributions based on the value of their property and geographical location. No claims from the University of Greenwich, or any other member, have been made during the year ended 31st July 2014.

35. 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).

(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 2014 the University received NIL (2013: NIL) from GOETEC and paid GOETEC Limited £25,294 (2013: £26,258) with no balance outstanding at the year end (2013: NIL).

NOTES TO THE FINANCIAL STATEMENTS

35. Related party transactions (continued)

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.

36. HEFCE – Student support funding

	Rec'd In Year £'000	Interest Earned £'000	Disbursed £'000	31 July 2014 £'000	31 July 2013 £'000
Access to learning fund	599	-	(488)	111	67
	599	-	(488)	111	67

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.

37. The National College for Teaching and Leadership

	Rec'd In Year £'000	Disbursed £'000	31 July 2014 £'000	31 July 2013 £'000
ITT trainee funding				
Training bursaries	1,296	(1,568)	(272)	(95)
	1,296	(1,568)	(272)	(95)

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.

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

38. 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	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Financial assets				
Available for sale financial assets	**13,602**	13,186	**13,452**	13,036
Loans and receivables				
Receivables (excludes prepayments)	**9,322**	7,961	**8,756**	7,212
Amounts owed by subsidiaries	**-**	-	**31,734**	31,764
Cash and cash equivalents	**54,123**	78,507	**53,980**	78,239
	77,047	99,654	**107,922**	130,251
Financial liabilities at amortised cost				
Trade & other payables (excludes deferred income)	**29,018**	27,286	**43,592**	40,103
Loan - Salix Limited	**26**	78	**26**	78
Loan - HEFCE Revolving Fund	**487**	186	**487**	186
Bond	**18,821**	19,635	**18,821**	19,635
Loan - Greenwich Properties Limited	**-**	-	**32,296**	33,845
	48,352	47,185	**95,222**	93,847

(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.

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

38. 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:-

	Loan - Salix Ltd	HEFCE Green Loan	Trade & other payables	Bond	Finance lease
	£'000	£'000	£'000	£'000	£'000
As at 31st July 2014					
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**
	26	**487**	**29,018**	**28,705**	**25,063**
As at 31st July 2013					
In one year or less or on demand	52	-	27,286	2,050	1,715
In more than one year but not more than two years	26	46	-	2,050	1,766
In more than two years but not more than five years	-	140	-	6,151	5,622
In more than five years	-	-	-	20,505	17,675
	78	186	27,286	30,756	26,778

(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.

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

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(iii) *Credit risk (continued)*

	Total £'000	0 to 6 Months £'000	7 to 12 Months £'000	More than 1 Year £'000
As at 31st July 2014				
Accommodation	250	250	-	-
Commercial	6,619	5,701	918	-
Tuition	375	375	-	-
Other	-	-	-	-
	7,244	**6,326**	**918**	**-**
As at 31st July 2013				
Accommodation	250	250	-	-
Commercial	5,838	5,928	-	-
Tuition	375	375	-	-
Other	-	-	-	-
	6,463	**6,553**	**-**	**-**

Commercial debtors not past due, net of bad debt provision, are £2,667k (2013: £1,178k).

(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 2014			As at 31 July 2013		
	Total £'000	**Floating /fixed**	**Weighted interest rate**	Total £'000	Floating /fixed	Weighted interest rate
Financial assets						
Available for sale:						
Endowment assets						
COIF income shares	**69**	**-**	**-**	67	-	-
Managed Funds	**1,261**	**Floating**	**0.40%**	1,259	Floating	0.40%
Equity	**12,084**	**-**	**-**	11,663	-	-
Cash and equivalents:						
Debt service reserve	**2,412**	**Fixed**	**0.94%**	2,412	Fixed	0.94%
Fixed term & notice bank deposits						
Sterling	**44,160**	**Floating**	-	73,039	Floating	-
US Dollar	**-**	**-**	-	-	-	-
Cash at bank	**7,551**	**-**	-	3,053	-	-
	67,537			91,493		

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(iv) Interest rate risk (continued)

	As at 31 July 2014			As at 31 July 2013		
	Total £'000	Floating /fixed	Weighted interest rate	Total £'000	Floating /fixed	Weighted interest rate
Financial liabilities						
Loan - Salix Limited	**26**	**-**	-	78	-	-
Loan - HEFCE Green Fund	**487**	**-**	-	186	-	-
Bond	**18,821**	**Fixed**	**6.97%**	19,635	Fixed	6.97%
Finance lease	**14,409**	**Fixed**	**8.00%**	14,409	Fixed	8.00%
	33,743			34,308		

(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:

	Assets		Liabilities	
Currency	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Sterling	**75,509**	96,472	**62,460**	61,594
EURO	**888**	2,149	-	-
US $	**636**	808	-	-
Other	**14**	30	-	-
	77,047	99,459	**62,460**	61,594

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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