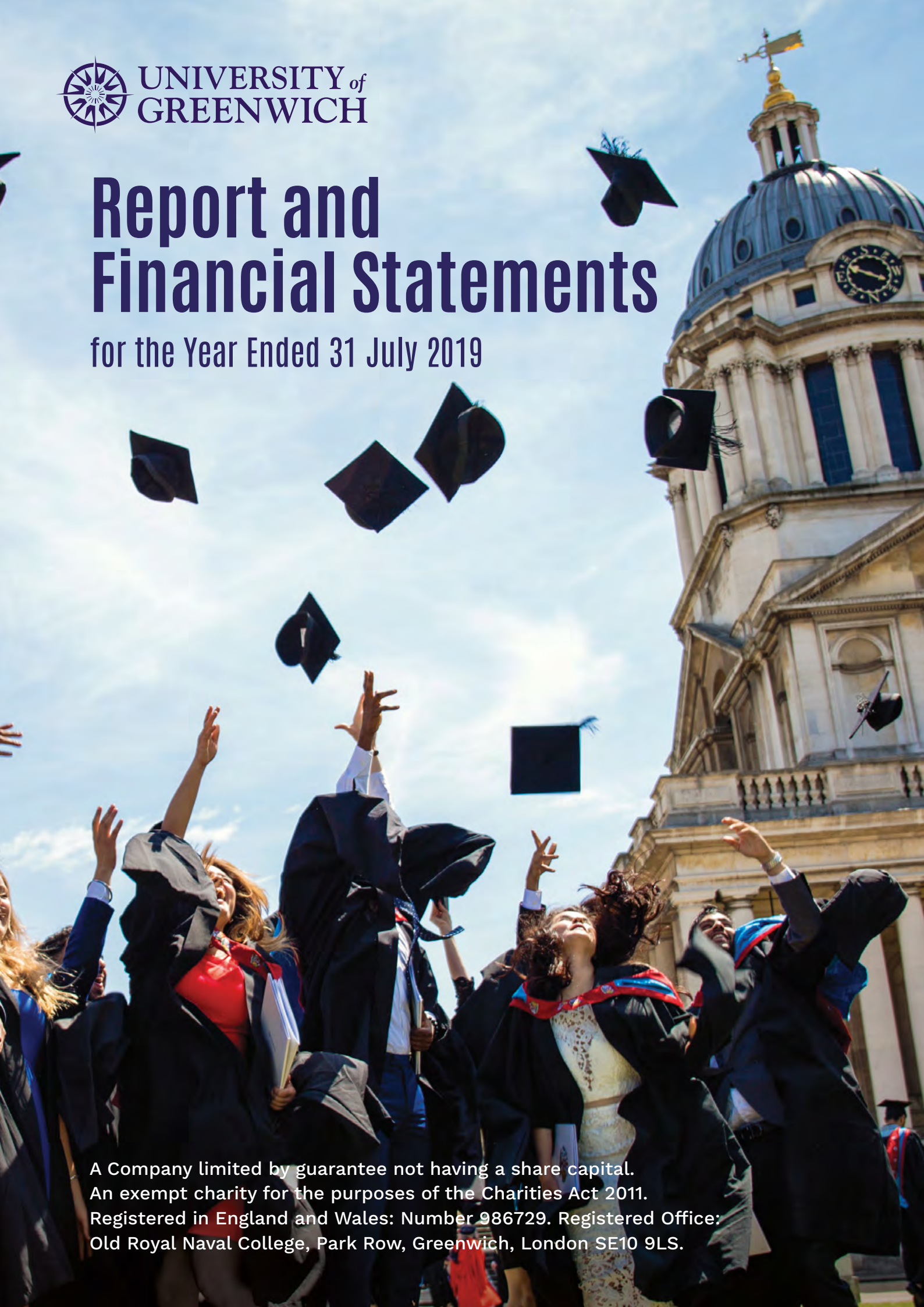


# Report and Financial Statements

for the Year Ended 31 July 2019



A Company limited by guarantee not having a share capital.  
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# University of Greenwich

The University of Greenwich is one of the most respected universities in London and Kent, with a tradition in education dating back more than 125 years. With historic campuses that are among the most iconic in the world, it is home to a diverse and talented community of nearly 36,000 students. Almost a quarter are postgraduate, and a significant number study overseas.

Whilst the University proudly serves its local communities, it has an increasingly international outlook, sitting at the centre of a network of prestigious partners and clients.

Research is thriving, with much of the University's work world-leading. The University believes in making a difference to people's lives and finding solutions to local and global problems. With a wide range of degree programmes, the University is also proud of its reputation for teaching innovation and excellence, achieving a "Silver" award in the Teaching Excellence Framework. Many of the University's staff are recognised for academic achievements and contributions to society.

Students continue to benefit from ongoing investment in first-class facilities and from the University's mission to transform lives. The University aims to help each and every student to realise their full potential and embark on rewarding careers.

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# University of Greenwich at a glance

## STUDENT NUMBERS

**35,758** Total students

15,245 Students studying wholly overseas

20,513 Students studying in the UK

**81%** Undergraduate  
Postgraduate  
**19%**



## STAFF

# 215

EU staff  
(11% of total staff)



Employability

# 90%

Students in employment or further study 6 months after graduation (UK domiciled, full-time, first degree)



# 206

International staff  
(10% of total staff)

## INTERNATIONAL

3,476 International students

3,310 EU students

International students from

# 179 countries

**47** Overseas partner organisations



# University of Greenwich at a glance

## FINANCE

£210 million

Annual turnover



## ENVIRONMENT 1st class

Rating by the People & Planet University League for our environmental and ethical performance



## TEACHING

TEF Silver

Silver rating in the Teaching Excellence Framework



‘Outstanding’

Ofsted rating for quality of training in primary education



# 4

Queen’s Anniversary Prizes for Higher & Further Education



## RESEARCH £22.6 million

External research and enterprise revenue each year

Ranked 3rd in University Alliance tables for Research Grant and Contract Income (2017–18)



## 10,000+

Published research articles read

each year





# Vice-Chancellor's Foreword



The University of Greenwich is one of the top 3% of universities in the world<sup>1</sup> and we have an excellent and growing reputation for the high quality of our research and teaching. Our University is a special place of scholarship where people achieve extraordinary things, often exceeding their own expectations of themselves. Some of our graduates go on to become luminaries in their field of endeavour and we count among their number winners of a Nobel Prize, an Oscar, and an

Olympic gold medal; many are leading lights in the arenas of business, charity, education and politics. Today we continue to equip our graduates with both the capabilities and confidence to excel in their chosen field.

At Greenwich our research forges new ideas and brings them to bear on some of the world's most challenging problems, including alternative energy, drug developments, fire safety, food security and political economic futures. Additionally, we make imaginative and significant contributions to the creative industries. A substantial body of our research is regarded as world class and is much in demand both at home and overseas.

The University is extremely proud of the exceptional calibre of the students we recruit and the staff we employ; they provide the essential impetus behind our continuous drive to make the University one of the most highly regarded in the UK. The University's silver Teaching Excellence Framework rating is an endorsement of the strides made in recent years, and it is very rewarding to have the recognition of our peers for the high-quality education which we provide to our students.

However, we are not complacent as we move forward. We have big ideas to continue the improvements seen over the past few years. We are also acutely aware of the political challenges ahead, which will impact on our students and graduates, and the institution itself. Our drive to provide the best possible education with which to equip our students so that they can face these challenges head-on continues unabated. We will continue to build our research base and use our community of knowledge to navigate the world before us, providing solutions to some of the most pressing issues of our time.

Professor David Maguire

Vice-Chancellor, University of Greenwich

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<sup>1</sup> QS World University Rankings 2019





# Strategic Report

## The Strategic Plan

Making Greenwich Great II, the University's 2017-22 Strategic Plan, sets the ambition of building on the University's achievements to take forward its mission of transforming lives through inspired teaching and research, as the second phase of a ten-year strategy.

The University's six core strategic objectives for 2017-22 build on those in the previous Strategic Plan:

- Changing students' lives through outstanding teaching and learning;
- Enhancing science and society through inspiring research and enterprise;
- Creating engaging campus environments and services;
- Supporting and developing staff;
- Internationalising Greenwich;
- Enhancing student employability.

The first three strategic objectives articulate the major lines of development, and are complemented by the last three, which represent cross-cutting themes. In pursuing these objectives, the University will embed its values – ambition, creativity, determination, excellence, and inclusivity – in all that it does.

The strategic plan sets out an ambitious course for the University by building on previous achievements and charts a path to a future based on a clear commitment to delivering high quality education, research and enterprise activities. Success will be demonstrated by significant cultural, economic, environment and social contributions at local, national and international levels. In particular the University will know that it has succeeded in 2022 if:

- The University has continued its recent improvements in learning and teaching as evidenced by enhanced Teaching Excellence Framework (TEF) and National Student Survey (NSS) scores.
- A major increase in the University's research outcomes has been demonstrated by at least 150 full-time-equivalent staff achieving

world-leading /international quality (3\*/4\* level) outputs in the Research Excellence Framework (REF) 2020-21 (it was 84 in the last REF in 2014).

- The performance of the University's support services in meeting the needs of its students and staff has improved as measured by three quarters of staff being engaged with the University's mission, and national student satisfaction being above the TEF benchmarks.

In the 5 years leading up to the Strategic Plan 2017-22 there were major changes in the environment in which universities operate, including a revolution in the way in which funding was provided; continued globalisation; and much greater competition at home and overseas. These have continued at pace, with a change in the sector's main regulator from HEFCE to the Office for Students with different areas of focus. Brexit and the recent publication of the report of the Augar review of post-18 education and funding may result in further significant changes. Nonetheless the strategic themes remain as valid now as in 2017, and a university that can provide outstanding teaching and learning, world-leading research and students and staff engagement will be successful in the long term, whatever changes occur.

The University will enter a new phase in December 2019 when Professor Jane Harrington commences as the University's Vice-Chancellor, succeeding Professor David Maguire.

The University of Greenwich is a different and better university than it was in 2012 (the beginning of Making Greenwich Great Part 1). Although the University has made great strides, there is much more to be done, and the University remains as intensely ambitious for the future as ever.

# Outstanding teaching and learning

Students are at the heart of the University's mission, which aims to provide a distinctive learning experience for all students through a supported learning environment, making appropriate use of new technology. Over half of its programmes are professionally accredited.

The resources provided to support this high-quality learning experience include:

- Continued enhancement of the University's student analytics ecosystem which encompasses personal tutor management, attendance monitoring, the virtual learning environment and library use;
- Continued enhancement of the personal tutoring system;
- Initiatives to improve student retention and success;
- Improving teaching skills through ensuring relevant staff have the appropriate professional qualifications; and
- Varied and comprehensive staff development programmes, e.g. supporting academic Programme Leaders.

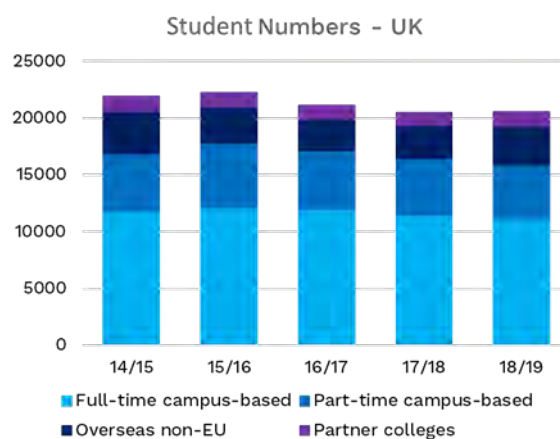
The University's focus on improving the teaching experience is reflected by its award of 'Silver' status in the Teaching Excellence Framework (TEF). A consequence of the focus on teaching and learning has been the success of University students.

The University implemented a new Academic and Student Experience Strategy in 2018-19, following approval by the Governing Body in July 2018. A staff strategy group with student representatives and a student reference group worked to shape the strategy, illustrating the University's commitment to co-production with students.

In 2018-19, a new Assessment and Feedback policy was developed to support delivery of the

Strategy. This was also developed with both staff and student groups involved.

Recruitment of home and international students underpins the University's revenue streams and overall financial outcomes. The University has a diverse community of around 38,000 students and staff from over 140 countries, with a range of backgrounds, ages and experiences. Many staff have professional backgrounds and the University encourages staff to continue their links with their professions. The University also involves a wide range of employers in its work, for example in curriculum development and student mentorship schemes. A suite of degree apprenticeship programmes continues to be developed with employers and achieved Ofsted Good rating in the University's first inspection in 2018-19.



UK student numbers were on par with the previous year, reflecting continuing investment in recruitment.

The University continues to have a strong network of UK partner institutions, at which 1,197 students were enrolled on University of Greenwich accredited programmes of study in 2018-19.



# Our students

Beyond the academic qualifications that they gain, University of Greenwich students continue to win awards and recognition for outstanding achievement, including:

**Verity Lancaster**, a second year Midwifery student, was named Student Midwife of the Year 2019. The award was presented at the British Journal of Midwifery Awards in Leeds, following her nomination by Lewisham and Greenwich NHS Trust.

**Sara Marr-Phillips**, a Paramedic Science student, won a critical writing prize in the nursing and allied professions category of the annual Critical Writing Prize awards. The prize is awarded for the best student essay demonstrating a high level of critical thinking and is open to undergraduate and postgraduate students of social work, nursing and education.

**Sameet Sindhu**, a third year Computer Science student, **Madalin Preda**, a second year Computer Science student and **Claire Stretch**, a first year Software Engineering student, together with their team supervisor Dr Tuan Vuong, a lecturer in Computer Science, entered the Digital Race Finale in Vietnam in May this year, programming a self-driving car using AI technology, and, after battling past the 115 teams, were eventually placed 7th overall in the final, which was televised nationally.

**Hannah Phillips**, studying for an Early Years degree, worked with local children to write a storybook for children in hospital. 'Can You Imagine', is made up of 7 short stories and pictures, and has been published and distributed at Evelina London Children's Hospital.

**Maria Vioque Nguyen** and **Agnese Pulvirenti** won the International Society of Typographic Designers Award. Maria's work was a large format, beautifully crafted circular visual interpretation of Molly Bloom's 4,000-word monologue from James Joyce's Ulysses. Maria won a Commendation for her project, one of only 10 Commendations awarded in the UK this year. Agnese's work was a practice research exploration of visual agnosia, described in Oliver Sacks' The Man Who Mistook His Wife for a Hat.

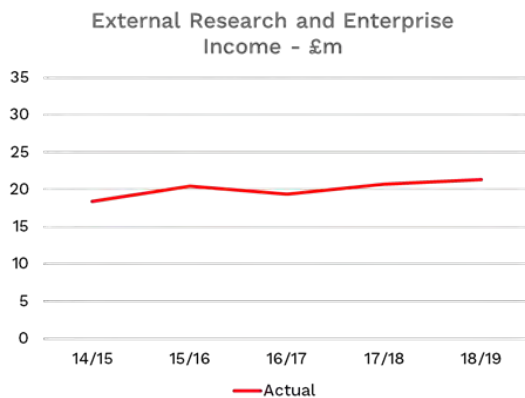
**Marilia Lezou** won the RIBA Silver Serjeant Award for Excellence in Drawing work with 'Hotel Mollino: Staging Spaces of the Everyday as Heterotopias of Performance in Scenography and Architecture'. The award is part of the Royal Institute of British Architects' (RIBA) Presidents Medals 2018. **Alex Wilford** also won the RIBA Bronze Medal Commendation for his project 'The Smithfield Meat Market'.





# Transformational research and enterprise

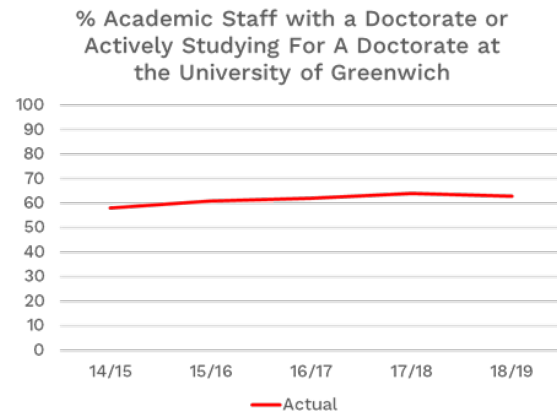
Support for the University's research and enterprise activity grows, reflected in its largest ever income (£22.6m) and an increasing number of successful awards from UK research councils and our partners in Europe. The University also continues to do exceptionally well in deriving income from philanthropic and industrial funders. Of particular note, and reflecting the unique position that the University occupies within the UK research and enterprise landscape, is the award of £7.5m to the Natural Resources Institute (part of the Faculty of Engineering and Science) from Research England's Expanding Excellence in England Fund to undertake cutting-edge research into climate change, food waste and sustainable agriculture.



The University is particularly proud of its impactful research, and its work with businesses, charities and industries, that transfers the knowledge generated within the University to its partners. The University's collaborations with global companies such as Boehringer Ingelheim, GlaxoSmithKline,

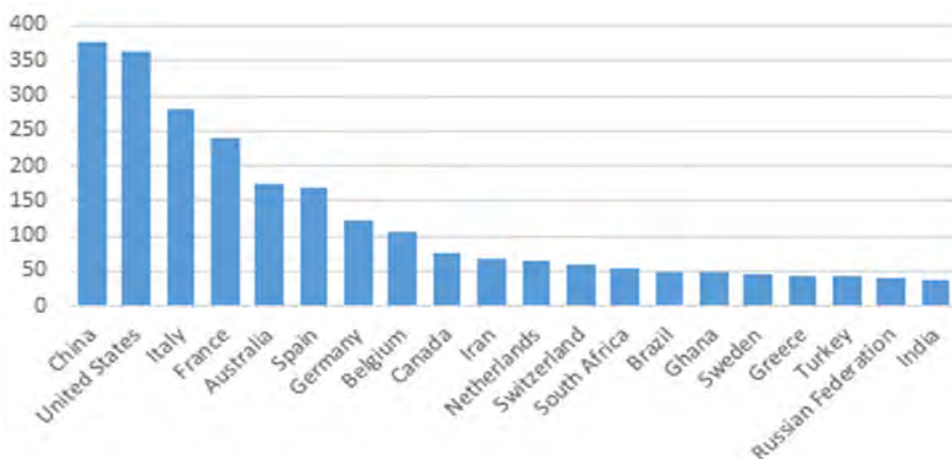
Unilever and Infinium continue to build. At the same time, the University is growing its support for small and medium-sized enterprises in and around London, and the south-east of England in particular, through a major contract from Innovate UK that provides coaching and mentoring for high-growth firms.

The University is realising its aspiration to grow research activity within the academic staff base and is supporting a much closer integration of awareness of research into its teaching activity. In parallel, the University is investing significantly through the Research and Enterprise Training Institute (RETI), to upskill the capability of its research staff base to tackle challenges of the future



The University have also harnessed additional Enterprise potential by use of the Cooper Powerhouse space. This is discussed in more detail on page 10.

International Research Collaborations by Country since 2014







## Our research

The University has received grant funding from the majority of major UK research councils this year. Notable successful bids for projects funded this year include:

- Electrochemical generation of oxygen and nitrogen centred radicals (funded by EPSRC).
- Exploitation of interspecific signals to deter oviposition by spotted-wing drosophila (funded by BBSRC).
- Digitally Enhanced Advanced Services Network+ (funded by EPSRC).
- Autodissemination of entomopathogenic fungus for sustainable control of spotted wing drosophila, an invasive pest threatening the future prosperity of the UK horticulture industry (funded by Innovate UK).
- Diverseafood (funded by BBSRC) – evaluating the potential of multi-tropic aquaculture to improve nutrition and ecosystem sustainability in the UK.
- Sustainable solutions for Sargassum inundations in Turks & Caicos (funded by DEFRA).
- Bioelectric signalling in human neural stem cells and brain organoids (funded by Leverhulme Trust).
- Designing for the Future: Optimising the structural forms of regolith-based monolithic vaults in low-gravity conditions (funded by EPSRC).

The University works closely with its EU and international partners in delivering impactful research, including:

- Dual-resistant cassava for climate resilience, economic development and increased food security of smallholders in eastern and southern Africa (DualCassava) (Funded by EU).
- MOTION - Mechanised Orthosis for children with neurological disorders (Funded by EU Interreg).
- RTBFOOD: Deploying RTB varieties for food products that meet user requirements (Funded by Bill and Melinda Gates Foundation).
- Valgorize (funded by EU Interreg) – Valorisation of algae for a better taste.
- Closing the gender pay gap in public services in the context of austerity (funded by EU Commission).
- Gender-sensitive agroforestry for improved nutrition and health of indigenous communities in Peru (funded by Newton Fund).
- EC Support to Technical Assistance for Strengthening National Capacities in Food Fortification Food Fortification Advisory Services (2FAS) (funded by European Commission).
- C4IIoT (Cybersecurity 4.0 for Industrial Internet of Things) (funded by Horizon 2020).



# Inspiring campus experiences and services

An ambitious programme of redevelopment is underway that is significantly enhancing the student experience.

The Dreadnought Student Hub, at the heart of the Greenwich campus, is fully operational and provides new state-of-the-art learning, teaching and social space, combined with support facilities. The building has been well received by students, staff and visitors.

Following the completion of Dreadnought and the move of Greenwich Students' Union to the ground and basement floors, the Cooper Building has become available; the ground floor has now been converted to a research, enterprise and teaching hub. Known as the Cooper Powerhouse, enterprise activity includes use as an innovation centre running workshops, competitions and events that prioritise learning and business issues. The aim is to equip students interested in entrepreneurship in knowledge and skills for starting their own business of social enterprise.

The move of Student and Academic Services and Information and Library Services to Dreadnought has also created the opportunity to bring together the University's Employability functions on the ground floor of Queen Mary to bring together Greenwich Learning and Teaching within Queen Mary and to create new teaching and social spaces within Queen Mary.

The programme of refurbishment at Devonport (with 125 rooms) halls of residence is now complete and the refurbishment of the Cutty Sark (with 231 rooms) halls of residence is continuing. This will improve services to students and provide additional income from the bed spaces for summer schools.

The University of Greenwich International College (UGIC) has been created in the Greenwich Maritime Campus; this is a prime location for UGIC, offering teaching rooms, an IT Lab and staff offices. The students will

complete studies at UGIC and some students have already progressed onto degree courses with the University.

On 14 August 2018 the University bought back its interest in Devonport House, an historic Grade II listed building in the heart of Greenwich, through acquiring 100% of the share capital of GDCC Newco ("G") Limited. Longer term this acquisition will increase the range of strategic options available to the University on the Greenwich campus, sited as it is between existing the Old Royal Naval College buildings, the Stockwell Street building, and the Dreadnought student hub.

The National Student Survey (NSS) allows students to give feedback on the quality of their courses and learning experiences. The overall student satisfaction rating for the University has risen significantly to 82.2% (2018: 79.4%), albeit this remains slightly below the sector mean, which is now standing at 83.7% (2018: 83.5%). As compared with the previous year the University has improved its performance on the vast majority of questions, and noticeably outperforms the sector for the quality of assessment and feedback, the student voice, the learning community and learning resources. The outcome of the NSS is important to the University's strategic objectives, and further measures have been put in place to continue to improve outcomes for future years, in addition to the improved student facilities just coming on stream and the attention being given to teaching qualifications and resources.

The University continues to meet sustainability responsibilities, progressing in areas that are important to its reputation, risk management and its finances. This year the University maintained its First Class Award in the People and Planet University (Green) League, advancing from 19<sup>th</sup> to 14<sup>th</sup> in a competitive field of 154 higher education institutions. Progress has been made in terms of carbon reduction and the University is currently exceeding the HEFCE target for 2020 (set in 2011).



# Our campuses

## Greenwich Campus

The University's largest campus is at the heart of a UNESCO World Heritage Site and centres on three magnificent 17th-century buildings design by Sir Christopher Wren.

The campus is often recognised for its stunning setting. It features in Times Higher Education's 10 Most Beautiful Campuses in the UK and appears regularly as a backdrop on film and TV.

The past few years have seen major developments on the campus, including the conversion of the Dreadnought Building.

The University's library facilities are now in the Stockwell Street Building. The building's contemporary design and imaginative use of space, which includes 14 roof gardens, have received many plaudits since it opened in 2014, including a RIBA London Award.

## Avery Hill Campus

The Avery Hill Campus combines the convenience of living in London with a relaxing atmosphere and attractive green spaces.

Although the campus is on the edge of 86 acres of parkland, it's just a short walk from Eltham High Street with its shops, restaurants and cafés. Central London is only 30 minutes away by train.

As well as plenty of classroom space, academic facilities include clinical skills labs. These resemble NHS wards and provide health students with realistic training in a safe environment.

The campus is a focus for university sport, and facilities include football and rugby pitches and netball courts. Floodlit all-weather sports pitches mean that matches can be played on campus throughout the year.

## Medway Campus

The Medway Campus is located in Chatham Maritime, Kent, about 30 miles from central London. A former naval base, the campus is close to the River Medway and Chatham's Historic Dockyard.

Medway School of Pharmacy, a partnership between the Universities of Greenwich and Kent, opened in 2004 to address the shortage of pharmacists in south-east England. The Natural Resources Institute attracts students from across the world and is a leader in food, agricultural and environmental research.

Facilities include an extensive library, gym, tennis courts and sports hall. The Deep End, a student centre with café and bar, is a focal point for social activities on campus.

The University of Greenwich is easy to find, with great transport networks including train, bus and car. There is also a University bus service operating exclusively for the University which maintains ease of access between campuses.

# Supporting and developing staff

The University of Greenwich is committed to providing staff with the opportunity and environment which supports both their personal and professional aspirations. Activities to support this include the following:

## Core Training Programme:

The programme includes both internally- and externally-facilitated development sessions aimed at both academic and professional services staff. The sessions have been chosen from training needs analysis to support the implementation of the University's strategic plan and are informed by the University's values and behaviours.

## Greenwich Certificate on Academic Programme Leadership:

Approved by the Institute of Leadership and Management (ILM), this provides academic Programme Leaders with an introduction to management, helping them to understand their personal style at work, engage and influence others and coach and develop their teams.

## Leadership Development – Heads of Department/Schools:

In the context of organisational change and following the publication of the new Academic and Student Experience Strategy (2018-22), a leadership development programme has been established for Heads of Department/Schools. The aim of the programme is to support Heads in leading their areas through the changes required to ensure the successful implementation of the new strategy.

## Aurora Leadership Programme for women:

Aurora is a leadership development programme organised by the Leadership Foundation for Higher Education for all people who identify as a woman. It was designed to help address the issue of the reducing numbers of women in senior posts

in Higher Education. The programme aims to enable a wide range of women in academic and professional roles to think of themselves as future leaders and to develop leadership skills and strategies.

## Wellbeing:

A University Health and Wellbeing Strategy 2018-22 has been approved and implemented in the University and is now available online via the wellbeing information hub. To support this work the University is rolling out mental health first aid and awareness training. In total it is expected that over 1500 staff will be trained by March 2020, which will have a significant impact on the ability to be both proactive and reactive to the needs of students and colleagues.

## Publications and Compliance

The University published its second Gender Pay Gap Report, in line with statutory reporting requirements, using the snapshot data of 31 March 2018. The report has shown a reduction in the pay gap from 13% reported in 2017 to 10.4% in 2018.

The University's second annual report on Trade Union Facility Time was also published in line with statutory requirements which came into force last year. This is disclosed on page 34 of this report.

The University published its second Equality Diversity and Inclusion (EDI) report for the year ended 31 July 2018 recording progress against the University's strategic EDI objectives. A revised EDI Strategy 2019-22 has also been launched within the University. The Strategy aims to deliver measurable equality and inclusion outcomes for both students and staff, promote inclusion, fairness and dignity at work and ensure we comply with the legislative requirements.





## Our staff

There have been several notable awards and appointments for staff this year, including:

**Pam Maras**, Professor of Social and Educational Psychology, became the first woman to be President of the International Union of Psychological Science.

**Martin Snowden**, Professor in Colloid and Polymer Science, has been named Eminent Fellow of the UK Academy of Pharmaceutical Sciences (APS).

**Gordon Ade-Ojo**, Principal Lecturer, became a Principal Fellow of the Higher Education Academy.

**Adeola Solanke**, Lecturer, was elected to the UK Fulbright Commission Alumni Council.

**Dr Alex Pheby**, Senior Lecturer, won the 2019 Republic of Consciousness Prize with 'Lucia'.

**Professor Adrian Dobbs**, Professor of Organic and Medicinal Chemistry, was appointed Deputy Director of the University Alliance Doctoral Training Alliance.

**Dr Colin Coulson-Thomas**, Lecturer, has been nominated to the Board of Governing Directors of the SRISIIM Research Foundation, a charitable organisation based in India.

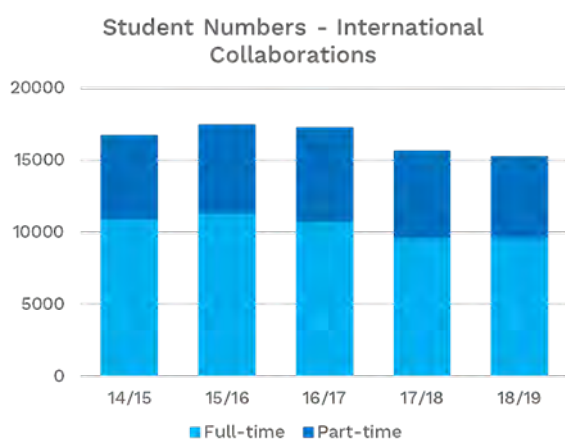
**Professor Edwin Galea**, Professor and Fire Safety Research Group Leader, received a Career Excellence Research Award as part of our GRE Awards.

**Deborah Sims**, Senior Lecturer, was elected Vice President of the Chartered Institution of Highways & Transportation (CIHT).

# Internationalising Greenwich

The University is home to a diverse population of students, with 146 nations represented. It successfully undertakes a wide range of research and enterprise activities abroad, with cutting-edge work and facilities that have attracted partners from over 50 countries including international agencies, government departments and global corporations. The University's academics have published papers in collaboration with research institutions in over 80 countries over the past 5 years.

In addition to students based in the UK the University has around 15,000 students in circa 31 partnerships across 19 countries. This level of international presence is exceeded by only one other university in the UK.



Projects are underway to ensure that the quality of delivery can be maintained and improved, and internally the cross-departmental 'Global Greenwich' group has been formed to co-ordinate initiatives.

Key aspects of the Global Greenwich strategy include:

- To continue the process of internationalising the University's academic portfolio with content and delivery modes appropriate for on-campus and distance learning;
- To provide greater access to student and staff exchange options to give international experiences and stimulate further interactions;

- To increase on-campus student numbers and invest in recruitment channels and activities;
- To enhance international transnational education (TNE) partnerships to ensure they deliver both high-quality academic outcomes and financial success; and
- To develop collaborative research with international partners that increases funding and output citation rates.

Success has been measured in terms of:

- The increased numbers of overseas students in the past year, both from within and outside the EU, despite Brexit;
- New partnership proposals from high-quality institutions;
- Significantly increased uptake by students due to take part in the Erasmus+ scheme in 2019, with further students taking up places in summer schools in Spain, China, South Korea and Sweden;
- The continuing delivery of research and enterprise activities with an international content, including the NRI's impactful work in developing countries; and
- The level of collaboration between the University's academics and those abroad, including Leuven, the University of New South Wales, the Ministry of Education China, Northeastern University in the US and many others across all continents.

Finally, a new partnership which aims to help international students start their undergraduate and postgraduate degrees has commenced this year, between the University and Oxford International. The University of Greenwich International College (UGIC) prepares students from outside the UK to continue onto University of Greenwich undergraduate and postgraduate programmes by developing students' university level study skills and their English language level. UGIC welcomed its first group of students in September 2018, and already the first students from UGIC have begun their degree courses at the University.



# Enhancing student employability

Many of the University's students want to progress to graduate jobs once they have completed their studies. Others, however, want to start their own businesses. Finally, some are keen on progressing to postgraduate level study, typically a Masters programme.

Performance is measured by the Destination of Leavers from Higher Education (DLHE) survey (now replaced by a new Graduate Outcomes survey). Across the University the proportion of UK-domiciled full time undergraduate students achieving a graduate outcome (i.e. a graduate level job or postgraduate level study) has increased, according to the DLHE, from 48.9% for students graduating in 2012-13 to 70.2% for 2016-17 graduates. While this significant improvement reflects well on the investments made in this area, the University is determined to improve further. Outcomes vary across the University, so there is a strategic imperative to ensure that all students, in whichever part of the University they study, receive a consistent, high level of support.

## Moving onto graduate employment

The University's support to help students move on to high quality graduate jobs is based on a strategic approach incorporating both their academic programmes of study and extra-curricular activities:



The Greenwich Employability Passport (GEP) is one of the main extra-curricular interventions to help students develop transferrable and job seeking skills. Students are awarded points for taking part in activities which develop their skills and enrich their CVs, for example part time work, volunteering, holding positions of

responsibility within the student community or attending career workshops. As students accumulate points they qualify for rewards, such as being invited to a networking reception with employers, or having a recommendation from the University on their LinkedIn profiles. Originating in the Business faculty the GEP was relaunched across the University at the beginning of 2018-19. Around 3,000 students engaged with the GEP during the year.

Students have continued to respond enthusiastically to the Career Mentoring scheme which pairs students up with experienced professionals who advise them on career options and preparation. Over 500 students took part in the scheme over the past year. The University is very grateful to the organisations who encourage their staff to take part, including: EY, Oracle, JP Morgan, Barclays, Northern Trust and PwC. Over the next year the Career Mentoring scheme will be progressively extended across the whole University. Following feedback the University will seek to engage more mentors from BAME backgrounds.

## Student and graduate entrepreneurs

Many students want to start their own business, either as soon as they graduate or after a few years of experience in the world of work. Students are encouraged to get started by joining #GreStartUp, an enterprise bootcamp which the University launched this year, with over 120 students taking part. Student entrepreneurs can then progress to the Enterprise Challenge and compete for prizes worth a total of £14,000. The new Accelerator programme will support recent graduates with trading businesses.

## Postgraduate study

Many students progress directly to Masters level study after graduation. Although there are now loans available for postgraduate study, some students are still deterred by the prospect of taking on further debt. Such students may be supported through the Fast Forward Masters Scholarship, which awards £5,000 scholarships to high performing Greenwich graduates with limited financial means. 65 students benefitted from such scholarships in 2018-19.

# Student employability

‘The Greenwich Employability Passport (GEP) allows me to improve my current skills and develop new ones, such as communication and teamwork, through informative workshops and seminars. Being able to receive points for attending extracurricular activities and receive awards for the collected points is a bonus that also adds to my CV. GEP enables me to prepare myself for employment and achieve my career goals.’

**Csenge Anna Rigo – BA (Hons) Marketing Management and Passport Champion**

‘Working for the Walt Disney Company has been an incredible experience and has given me a great insight into the working world and the industry that I hope to move into. As well as having a huge impact on my professional development, it also increased my personal development because of the people that I have met and bonded over the year. I have definitely become more confident in myself and about what the future hold when I finish university.’

**Cassie Meer – BA (Hons) Events Management**

“What the internship did was give me the chance to be inside an organisation, to understand the environment and how the team works. It made me see what I could offer and the part I could play in the team.”

**Kashane Smith - BSc (Hons) Digital Media Technology**

“The placement allowed me to test whether lab-based work was what I wanted to do. I improved my skills in organisation and communication, and made some great contacts, whom I am still in contact with. It also gives you interview experience too. Without all this on my CV, I wouldn’t be in the position I’m in now.”

**Ria Popat - BSc (Hons) Pharmaceutical Science**

‘Every year the calibre of students we hire from University of Greenwich never ceases to amaze me. The students have passions, dedication and have a desire to be successful, not to mention the creative ideas to help our business be successful. The students have a willingness to be successful and do whatever it takes to drive their placement year forward, and their fresh perspective brings result that have allowed Enterprise to continue to drive the business forward. We have had many of the students return upon graduation, many of them in Assistant and Branch Manager roles.’

**Rajinder Dohil - Talent Acquisition Manager (London and Southeast England) at Enterprise Rent-A-Car**





# Financial Review of the Year

## University Finances Explained

The University's mission is to transform lives through inspired teaching and learning. All of its activities – including how it earns and spends money – are focused on its strategic objectives which, as well as changing our students' lives through providing outstanding teaching, includes enhancing science and society through research and enterprise. The University does not seek to make a profit, but it does aim to make a surplus annually to reinvest in improving facilities and

enhancing outcomes for students and for research. This is essential for long-term sustainability. In the year to 31 July 2019 the University generated £210m in income, and total expenditure was £200m; in addition, over £30m was invested in new facilities during the year. New facilities included the leasehold on Devonport House as well as the completion student hub in the Dreadnought Building.

## Revenues

Teaching revenues make up three quarters of the University's revenue. This largely comes from student fees, either directly paid by students or by bodies such as the Student Loan Company on the students' behalf.

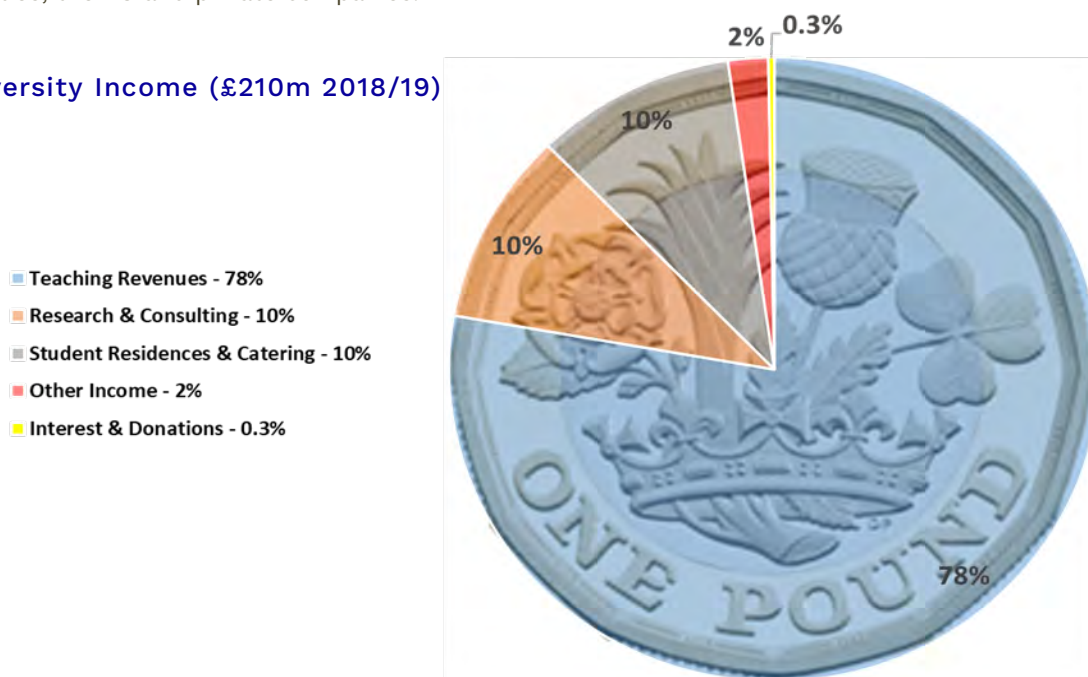
The Office for Students and institutions such as the NHS also make contributions towards certain courses, for example some courses are particularly expensive to run, and to allow the University to support students who may be under-represented in Higher Education (the University is recognised for its work in widening access and ensuring successful outcomes for our diverse student population). The second major income stream comes from the Research and Consultancy activities that the University undertakes, a mix of projects funded by various UK research councils, charities, the EU and private companies.

Of special note is the Natural Resources Institute (NRI), part of the University of Greenwich, which delivers world class, internationally impactful research, attracting funding from global charities such as The Bill & Melinda Gates Foundation.

The final major income stream is from student residences and catering. These revenues seek to cover the costs of providing the services. Smaller amounts of other income are also received from activities such as hosting summer schools, conferences and other services.

Donations, endowments and investment income complete the picture; as a relatively new University, at least in its present form, this income is modest but extremely valuable in providing additional opportunities for students and researchers.

## University Income (£210m 2018/19)



## Expenditure

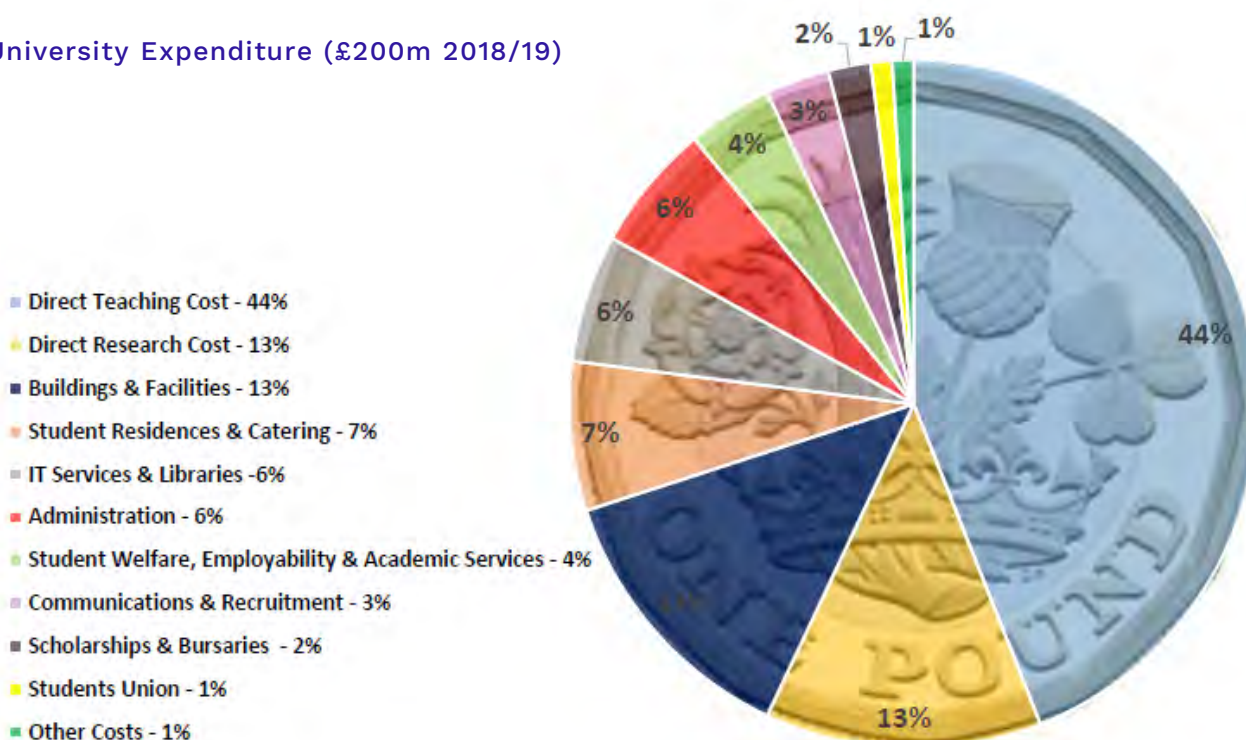
Direct teaching and research costs, largely made up of staff salaries, make up over half the University's costs. However to deliver teaching and research activities the University has a large estate, including several halls of residence for students. Most of these buildings are not owned by the University, which must therefore pay rent and, in some cases, financing costs on these.

The University is proud of its 3 libraries, including the award-winning Stockwell Street Library, and the world class IT support provided to its students, including

a substantial number of desktop computers made available at all 3 campuses. The University similarly devotes significant resources to student welfare, employability and academic services.

The University supports its students' union with nearly £2m of grants, ensuring a wide range of services and clubs can be made available to students. Finally, £4.7m was spent in 2018/19 to provide bursaries and scholarships to both undergraduate and postgraduate students.

### University Expenditure (£200m 2018/19)



## Surplus

In the year to 31 July 2019 the University made a group surplus before other gains or losses of £9.4m (2018: £3.3m). These figures represent 4.5% of total income, and will be reinvested in the University in future years. To put this level of surplus into context, the

Dreadnought student hub has cost over £30m, afforded through the careful management of finances over past years. Other recent examples of reinvesting past surpluses include the library at Stockwell Street and the student hub at Medway.



# Scope of the financial statements

The financial statements comprise the consolidated results of the University (including the Natural Resources Institute (NRI)) and its wholly owned subsidiary companies, Greenwich University Enterprises Limited (GUEL), Greenwich Property Limited (GPL), GDCC Newco (“G”) Limited (GDCC Newco) and Greenwich Devonport Conference Centre Limited (GDCC). GUEL 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. GPL is a special purpose company established to facilitate the development of a student residents’ scheme

under a service concession arrangement (previously PFI). GDCC Newco is a holding company which holds 100% of the share capital of GDCC, which in turn holds the sub-lease of Devonport House. Note 15 of the financial statements also provides information of the entities with which the University is associated.

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and Financial Reporting Standards (FRS) 102.

## Results for the year

The Group reported a surplus of £9.4m (2018: £3.3m) in the year to 31 July 2019, before gains on disposal of property, plant and equipment of nil (2018: £0.5m), gains on investments of £0.6m (2018: £0.8m), currency translation gains of £0.3m (2018: 0.1m), and the actuarial loss in respect of pension schemes of £5.7m (2018: £11.8m gain). This surplus equates to a margin of 4.5% on total income. This represents a sound financial performance with consequential improvements to cash reserves and I&E reserves. These results are important in meeting the capital investment commitments of the University.

## Revenues

Total revenues in the year to 31 July 2019 were £209.9m (2018: £202.7m), a 3.6% increase on the previous year.

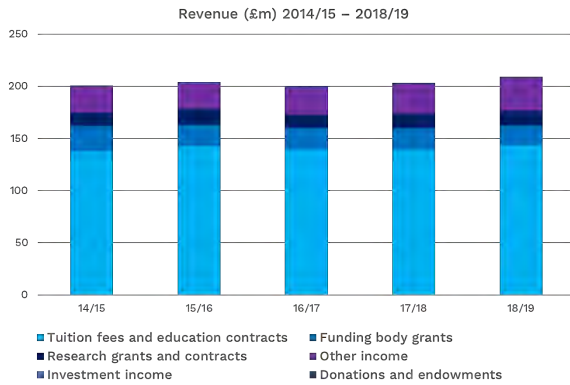
Teaching revenues, comprised of tuition fees and education contracts and funding body grants but excluding Research England and Knowledge Exchange funding of £5.3m (2018:

£4.9m), were £158.0m (2018: £154.3m), a 2.4% increase on the previous year. A reduction in the Health Service contract income was due to the change in the funding model, and was largely offset by an increase in tuition fee revenue.

Research and enterprise revenues were 3.4% higher at £22.6m (2018: £21.9m), due to a number of new University projects and fluctuations in activity on large NRI projects. Circa 10% of this was sourced from the EU, although there is the risk in the short to medium term of BREXIT to this source of funding in the future.

Other income is comprised mainly of student residence, catering and consultancy revenues. Overall revenues were £2.8m higher at £31.8m (£24.6m excluding consultancy revenues (2018: £29.0m, £22.2m excluding consultancy revenues)). Investment income of £0.6m (2018: £0.4m) increased slightly when compared to 2018.

The sources of revenue for the year under review are outlined in the following diagram:



## Expenditure

Total expenditure for the year to 31 July 2019 of £200.4m (2018: £199.4m) was 0.5% higher than the previous year, with the change attributable to a rise in other operating costs of 4.2% offset by a reduction in severance costs of 69%.

Staff costs remained on par at £103.1m (2018: £103.7m) due to the restructuring exercise that was undertaken in 2018.

Other operating expenses were 4.2% higher than the previous year at £81.5m (2018: £78.2m).

Staff severances of £0.8m (2018: £2.4m) were lower than the previous year, reflecting the inclusion in the previous year of a programme of restructures and voluntary severance across the University, which resulted in 89 members of staff leaving the University.

## The balance sheet

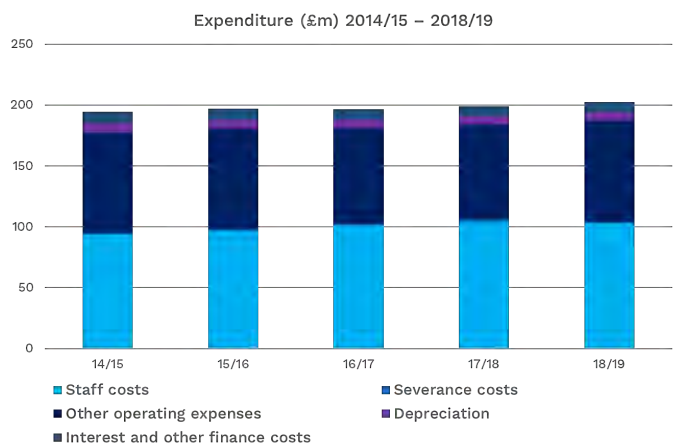
The Group's balance sheet remains robust, with £104.7m net assets (2018: £100.0m), an increase of £4.7m, which is attributable the results of the year.

### Capital investment and fixed assets

The fixed assets of the Group at the balance sheet date were £286.5 (2018: £262.2m). Work has completed on the development of the Dreadnought student hub at Greenwich, which opened in September 2018, and the refurbishment of the Devonport student residences. The acquisition of GDCC Newco ("G") Limited has resulted in the reacquisition of the lease on Devonport

Interest and finance costs were £7.9m (2018: £8.2m) comprising of £0.9m in respect of the University's bond, £4.5m payable on service concessions (relating to student residence and facilities management) and £2.5m of notional interest on the FRS102 pension deficit on the London Pension Fund Authority (LPFA) defined benefit superannuation scheme. The pension deficit and notional interest are outside of the University's control.

The sources of revenue expenditure for the year under review are outlined in the following diagram:



House, which has added £21.5m to fixed assets. The Mansion Site, with a net book value of £3.2m, is earmarked for disposal, and terms with a buyer have been agreed.

### Long-term borrowing

Long-term borrowing at the balance sheet date was £75.0m (2018: £77.3m), of which £12.7m is the non-current outstanding balance on the University's £30m bond (£25.5m of which remains in issue) and £62.3m (2018: £63.4m) relates to service concession liabilities in respect of student residence and facilities management.



## 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 TPS is an unfunded, contributory, public service occupational pension scheme, governed by statutory regulations. As it has no assets, it is accounted for on a pay as you go basis. The employer contribution rate has been 16.48% since September 2015.

The LPFA Scheme 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 FRS 102 section 28 (Defined Benefit Obligations). The University's employer contribution rate in respect of current service cost was revised from April 2017 to

14% (previously 16%), with an additional payment of £2.1m per annum with the aim of repaying the deficit over the next 13 years. The liabilities of the scheme exceed its assets, with a FRS 102 pension deficit of £110.7m (2018: £96.8m). The FRS102 deficit on the scheme reflects continuing low bond yields used in discounting liabilities.

## Other balance sheet indicators

Other key balance sheet ratios continue to be healthy. Short-term investments and cash equivalents were £85.3m (2018: £97.2m) reflecting the strong underlying operating surplus.

Creditors due within one year were £60.6m (2018: £61.9m). Net current assets remain strong at £39.9m (2018: £48.8m) despite the acquisition of Devonport House while income and expenditure reserves increased by 13% to £172.5m (2018: £153.2m).

## Key financial indicators

The 2018-19 financial outturn continues to build on those of the previous years, with the five year summary of key financial drivers and indicators as follows:

The movement in student numbers is highlighted on page 6.

University of Greenwich					
Key Indicators					
	2019	2018	2017	2016	2015
Total UK campus based students	20,513	20,506	21,120	22,189	21,895
New entrants	9,743	9,223	9,660	9,934	10,068
Tuition & education contracts as % of operating revenues	69%	69%	70%	70%	69%
Funding body grant as % of operating revenues	9%	10%	10%	10%	12%
Operating margin %	3%	2%	3%	3%	3%

## Financial instruments

The Group finances its activities through cash generated from operations, retained surpluses, current liabilities, as well as long term borrowing.

The power of the University to raise funds and the conditions attached are defined by the University's Articles of Association, the OfS's Terms and Conditions of Funding for higher education institutions, and the Charities Acts. All borrowing must be approved by Finance Committee and Governing Body. The power to invest surplus funds is governed by the Trustee Act 2000 and the University's Treasury Management policy. This policy encompasses the management of the institution's cash flow, banking and capital market transactions, the effective control of risk associated with

these activities and the pursuit of optimum performance consistent with that risk.

The University operates a prudent investment policy, with deposits limited by amount and maturity across financial institutions with minimum credit rating requirements (A-), which are approved by Finance Committee. The Group's policy is that no trading in financial instruments shall be undertaken. The University has a £14m obligation in respect of a 30 year £30m Guaranteed Secured Bond issued in 1998 (see notes 19 and 20 for details).

Disclosures required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of financial instruments and their exposure to risk is given in note 34 of the financial statements.

# Legal Status and Public Benefit

## Legal Status

The University of Greenwich (the University) is a company limited by guarantee without share capital and was incorporated in 1970 in the United Kingdom. The University's predecessor, Thames Polytechnic, was granted the power to award degrees on 4 June 1992 by an order of the Privy Council under s.76 of the Further and Higher Education Act 1992. On 16 June 1992 the Privy Council consented to the adoption of the name of 'University of Greenwich' by Thames Polytechnic under s.77 of the Further and Higher Education Act 1992.

The University's financial statements comply with the Companies Act 2006.

The Governing Body (known as the Court until 1 September 2018, when the University's new Articles of Association came into effect) 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 Governing Body act as company directors and as charity trustees.

The objectives of the University are set out in its Articles of Association and are to establish, carry on and conduct a university; to advance learning and knowledge in all their aspects; to educate students so that they are able to develop their abilities and aptitudes and to contribute to the life of their communities; to provide courses at any level of and in any branch of higher education; to provide opportunities and facilities for development and research of any kind; and to provide for the recreational and social needs of students of the University.

## Charitable Status and Public Benefit

The University is an exempt charity and is thus exempt from registration with the Charity Commission. It is monitored by the Office for Students as its Principal Regulator, in accordance with the Charities Act 2011. It is a public benefit entity under Financial Reporting Standard (FRS) 102.

The University is required to report on how it has delivered its charitable purposes for the public benefit. In making this statement,

the Trustees (the members of the Governing Body) have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The Articles of Association sets out the University's charitable objectives which, as indicated above, focus primarily on the advancement of learning and knowledge and conducting research. Its mission is "transforming lives through inspired teaching and research". The University aims to achieve this through high-quality education, research and enterprise activities and measures its success by achieving significant cultural, economic, environmental and social contributions at local, national and international level.

Further details of how the University carried out its charitable objectives for the public benefit in 2018-19 are set out in these financial statements.

## Education and outreach

The University of Greenwich has a proud history of widening participation that dates back to its foundation over 125 years ago as Woolwich Polytechnic, the second Polytechnic to be founded in the UK. The University remains committed to social mobility, increasing access to higher education and maximising student achievement, enabling students to fulfil their potential and their ambitions in employment and further study. This is evidenced in the student population, where 97% are from state schools, 51% who identify as Black, Asian or Minority Ethnicity (BAME), and 36% who are mature (over 21 years of age on entry), highlighting the University's commitment to educational excellence by providing higher education for those who have potential, irrespective of background.

Recent data from the Office for Students highlights the University's success at recruiting students from the most disadvantaged areas using the Index of Multiple Deprivation (IMD) scale. In 2017-18, 26.3% of the University's student population were from the most disadvantaged areas, compared to a sector average of 21.6%. Our success at recruiting BAME students also reinforces the University's diverse student population; in 2017-18 Black students



accounted for 19.9% of the student population, compared to a sector average of 10.5%.

The University continues to deliver an extensive range of outreach interventions, including engaging local pre-entry learners in schools and colleges that have high numbers of students from disadvantaged backgrounds. Aspirations towards studying in higher education and supporting achievements are raised through a range of taster days and master classes, which helps to communicate the University's brand. Through the new GREat Skills programme, outreach activities now have a specific focus on the academic skills of pre-entry learners, ensuring they have the required skills for success in higher education.

Additionally, the University plays a strategic role in the governance of local partner schools. For example, the Deputy Vice-Chancellor works as a Governor to shape direction, promoting academic success and transition to higher education. More University staff are being encouraged to become Governors at local schools, ensuring the Greenwich footprint increases in London and the South East.

To ensure that higher education is available to a range of under-represented groups the University has fully engaged with the Government's apprenticeship programme, delivering new programmes to enable learners to work and earn at the same time.

Engaging students in partnership with the Greenwich Students' Union has highlighted the importance of the University delivering financial support for the most disadvantaged students. A small student employment survey highlighted that 69% of students were working over the recommended 20 hours per week alongside their studies. The University's response has been to improve support for students who live in households with family incomes of less than £25,000, by committing to provide a bursary of £700 to all new entrants within this group.

The University continues to commit substantial investments in outreach and student success as part of its Access and Participation Plan (APP) 2018-19, which was approved by the Office for Students. The strategic interventions that have been delivered to improve the access, continuation, attainment and progression of our students from disadvantaged

backgrounds can be seen in the University's APP which is placed on the University's website:

<https://docs.gre.ac.uk/rep/communications-and-recruitment/access-agreements>.

## Research for public benefit

Research and education go hand-in-hand, and the vibrant research and enterprise activity undertaken by the academic staff at the University enriches its teaching provision and therefore its graduates. Last year, the University secured its highest ever level of research income, (£22m). It partners with a wide range of external stakeholders, encompassing industry, charity, government and other social organisations, and is driven and motivated by its contribution to addressing the future challenges of society.

The University is flexible and adept at forging functional relationships with a range of different stakeholders. Indeed, engaging with the stakeholder community is crucial to the successful exploitation of the knowledge generated within the University. The University's services and expertise are accessible via a range of mechanisms, including short-term business guidance, consultancy, collaborative knowledge generation projects, as well as long-term research partnerships. Through its many apprenticeship programmes, the University is able to work with partners to develop the skills base of their existing staff, as well as provide highly-trained graduates.

Enhanced enterprise activity is being stimulated and incorporated into the academic activity through an ongoing commitment to develop the entrepreneurial capabilities of the University's staff and students, with a programme of annual competitions and prizes.

## Cultural impact and environmental sustainability

The University acknowledges its responsibility to develop and enrich the intellectual and cultural lives of its local communities and works actively to develop and sustain them. It has established a number of mutually beneficial collaborative initiatives supporting projects linked to student and staff volunteering, providing community access to the University's

learning and research resources, and ensuring that its physical assets are used for the good of local citizens and community groups.

Example of initiatives the University participate in, include the University of Greenwich Green Week, the Ethical Food and Fairtrade Fortnight, 'Student Switch Off' and the Halls End of Term reuse programme.

The University contributes economically to its local area and provides a graduate workforce which raises productivity and stimulates economic growth.

The University is fully committed to functioning as a socially responsible and sustainable institution. It aims to minimise the impact on the environment of its activities. This year the University maintained its First Class Award in the People and Planet University (Green) League, advancing from 19th to 14th in a competitive field of 154 higher education institutions.

The University operates both an Anti-Bribery and an Anti-Slavery & Trafficking Policy. These policies integrate with international operations and the University is committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or any of its supply chains.

## 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 30 and 31 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.

The articles of association provided the directors with a qualifying third party indemnity provision throughout the period and the indemnity remains in force at the date of the approval of this report and the financial statements

## Statement of Directors' Responsibility for the Financial Statements

The Statement of Responsibilities of the Governing Body for the financial statements is set out on pages 35 to 37 of this report.

## Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors in accordance with an elective resolution made under section 737 of the Companies Act 2006.

The University, by virtue of its transferrable security, a public bond, (see note 20) has been designated as a public interest entity, the key implications of which are the greater scrutiny of the Financial Statements and requirement for transparency, as seen by the extended independent auditors report on pages 38 to 44.



# Principal risks and uncertainties

The principal risks and uncertainties of the University are noted below.

## Brexit

The decision of the UK vote to leave the EU gives rise to substantial risk in relation to future student recruitment from EU countries and research grants received from the European Commission.

EU Students from 2020-21 may not have access to student support funding, which represents a substantial risk to the University given that 18% of its campus-based student population is from EU countries.

Research funding under Horizon 2020 and other EU programmes accounts for circa 10% of the University's research revenues. In the absence of alternative funding through UK research agencies this would result in a material reduction in the University's research activities.

Developments are monitored regularly by the Governing Body and other fora within the University.

## Student recruitment

Home student recruitment: the market for UK students continues to be competitive on the back of expansion by some institutions, new providers, demographics, the removal of the student numbers cap and increased provision by further education institutions. This presents recruitment challenges. The University manages this risk by investing in its academic provision, facilities and the quality of the student experience.

International student recruitment: revenue from international student enrolments accounts for 17% of total teaching revenues. The key risk associated with this revenue stream is a shortfall against international student recruitment targets with particular reference to:

- Increased international competition (from the USA, Canada and Australia) resulting in a reduction in the UK share of the HE international student market and the perception that Britain is less welcoming to international students than its competitors.

- The number of international students who wish to study in the UK and the impact of UKVI policy changes.
- Progressive increases in in-country provision that will over time reduce the size and shape of the international student market.
- Increased competition from UK based HE providers who are seeking to increase international student recruitment.

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

## International partnerships

The University has around 15,000 students in circa 31 partnerships across 19 countries. Political, social and economic changes in the countries and regions in which partnerships are located are a risk to their continued operations. Any adverse impact on provision may also be reputationally damaging. This risk is managed by continuous monitoring of political, social and economic developments in these countries/regions and rigorous assessment when forming new partnerships.

## Pension scheme deficits

The two main pension schemes to which the University contributes are in deficit, primarily the result of improving longevity and the low bond yields used in discounting pension liabilities.

The key risks to the University of pension scheme deficits are the increased employers' pension contributions required to eliminate the existing deficit, and a worsening of the deficit should bond yields fall. A funding valuation is under way for the LPFA scheme as at 31 March 2019 and this is likely to lead to a change in future contributions. The University has a small number of members in the USS pension scheme, for which the 2018 actuarial valuation was completed post 31<sup>st</sup> July 2019. The finalisation of this negotiation has reduced contributions payable over the next

two years pending a funding valuation as at 31 March 2020. For more details see note 28.

## Financial, treasury, liquidity and credit risks

The main financial risks to the Group are; liquidity risk, that the Group will be unable to meet its financial obligations as they fall due, currency risk, that currency fluctuations will impact on the Group's income and expenditure, credit risk, the exposure to financial loss if a counterparty fails to meet its obligations, and interest rate risk, that the Group's income and expenditure will be impacted by moves in

interest rates. Approved policies are in place to mitigate these risks.

The Strategic Report was approved by the Governing Body on 26 November 2019 and signed on its behalf by:

**Ms Marianne Ismail**

Chair



# Corporate Governance Statement

The University is committed to demonstrating best practice in all aspects of corporate governance and takes account of the provisions of the Charities Act 2011 and the principles identified by the Committee on Standards in Public Life. The University has adopted the Higher Education Code of Governance (2014, revised June 2018) and the Higher Education Senior Staff Remuneration Code (June 2018) issued by the Committee of University Chairs (CUC). The Higher Education Senior Staff Remuneration Code was reflected in decisions on senior staff remuneration made over the course of 2018-19.

The University is confident that it has in place all the seven primary elements of governance set out in the Higher Education Code of Governance and meets the requirements of the supporting 'must' statements that prescribe essential components within each element. This assurance is derived from periodic external reviews of the effectiveness of the University's governance. In July 2018, the final report of a governance effectiveness review by Advance HE concluded that "the standard of governance at Greenwich University is good with independent governors being committed and passionate about doing a thorough job... Greenwich has governance processes, practices and policies which are 'fit for purpose' and meet current expectations for HE governance... The findings from this report support previously undertaken work that the Court [Governing Body] complies with the CUC HE Code of Governance". In June 2019, the Nominations, Staffing and Remuneration Committee noted the significant progress over the year in implementing Advance HE's recommendations, and that many improvements to governance had become embedded in practice.

This summary describes the University's corporate governance arrangements and the manner in which the University seeks to comply with the Management and Governance Condition of the Office for Students (OfS) Regulatory Framework, as well as the guidance and codes of practice published by the Committee of University Chairs, the Charity Commission and the UK Corporate Governance Code (April 2016), 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, universities in England are regulated on behalf of the Charity Commission by the Office for Students as the principal regulator.

- The University is governed by its Articles of Association which set out its objects, which focus primarily on the advancement of education and research. New Articles of Association were approved by the Court on 2 July 2018 (replacing the previous Memorandum and Articles dating from 1996) and came into effect on 1 September 2018, following approval by the Privy Council. The changes to the Articles (the Memorandum is no longer required as a stand-alone document) align the Articles with best governance practice and the Companies Act 2006; reduce the weight of unnecessary detail; set out the Articles in a more contemporary, accessible and comprehensible form; deliver an accurate reflection of the current business of the University that is both relevant and future proof; and reform and update employment-related provisions. The requirements of the Office for Students Regulatory Framework are reflected in provisions relating to academic freedom and freedom of speech. Following implementation of the new Articles, the Court has been renamed the Governing Body.
- Members of the Governing Body are legally Directors of the Company and Charity Trustees. The Governing Body is responsible for managing the University and exercising the powers assigned to the University in the Articles. It sets the University's strategic aims, monitors the implementation of the activities undertaken to achieve these, and reports to stakeholders on its stewardship.
- The Governing Body has a majority of Independent Governors, who are not staff or students of the University, who are chosen for their expertise in areas relevant to the work of the University. The Governing Body appoints Independent Governors following recommendations by the Nominations, Staffing and Remuneration Committee. The Chair and

Vice-Chair of the Governing Body are appointed from the Independent Governors.

- Up to three Staff Governors (who are members of staff of the University) are appointed by the Governing Body following nominations in accordance with arrangements approved by the Governing Body. At least one Staff Governor is member of the Academic Council. The Vice-Chancellor is a member of the Governing Body ex officio.
- To ensure that students have opportunities for engagement with the University's governance, a Student Governor (traditionally, the President of the Students' Union) is appointed following nomination by the students. The Student Governor is also a member of the Finance Committee. Student representatives also serve on the Academic Council and its committees.
- Newly appointed Governors receive induction, briefing and training, as appropriate, on the University, the role of the Governing Body and on higher education in general to ensure that they are fully conversant with their responsibilities. Through appropriate due diligence processes, the University ensures that Governors are fit and proper persons. Governors do not receive remuneration for serving as Governors although expenses may be reclaimed.
- The Vice-Chancellor, as chief executive of the institution, has a general responsibility to the Governing Body for the organisation, direction and management of the University. The Vice-Chancellor is responsible for the development of institutional strategy and the identification and planning of new developments and is the University's accountable officer under the Office for Students Regulatory Framework.
- In accordance with the Articles of Association the University Secretary is appointed to act as Secretary to the Governing Body and its Committees and also acts as Company Secretary. In that capacity, the University Secretary provides independent advice to Governors on matters of governance.
- The Governing Body meets at least five times a year. However, much of its business is conducted through the following committees: Audit and Risk; Finance; Nominations, Staffing and Remuneration; the Long-term Strategy Group; and the Academic Council. All of these Committees have terms of reference and membership approved by the Governing Body. All Committees of the Governing Body submit their minutes to the Governing Body.
- The Audit and Risk Committee plays a key role in the University's system of internal control (see below). The Committee oversees the work of the University's internal and external auditors and monitors the auditors' performance. It also keeps under review the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness (value for money); and the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA) and other bodies. The Committee consists solely of Independent Members of the Governing Body and at its option, one external co-opted member; no members are also members of the Finance Committee. In October 2018, the Governing Body approved the change of the name of the Committee to the Audit and Risk Committee to reflect the Committee's responsibility for reviewing the University's risk management framework.
- The Finance Committee is responsible to the Governing Body for reviewing the University's finances, accounts and investments. It makes recommendations to the Governing Body on the annual revenue and capital budgets, the annual financial statements and the financial forecasts. It monitors performance in relation to approved allocations.
- The Nominations, Staffing and Remuneration Committee has three main areas of responsibility. It keeps under review the membership of the Governing Body and its committees and makes recommendations to the Governing Body on appointments; it provides governance oversight for strategic staffing matters, including the implementation of the



University's People Strategy; and it determines policy on staff remuneration and, as the Remuneration Committee, oversees the remuneration of the executive.

- The Long-term Strategy Group (LTSG) is a committee of the Governing Body established to consider the University's long-term strategic direction over the life of the 2017-2022 Strategic Plan and beyond. Through engagement between Governors and the executive, the LTSG oversees the development of options and recommendations for the Governing Body to secure the University's long-term success and sustainability.
- Subject to the overall control and direction of the Governing Body, the Academic Council is responsible for overseeing the teaching and research of the University, and is responsible for the academic quality and standards of the University and the admission and regulation of students. Its membership is drawn from staff and students of the University. The Governing body receives and tests assurance from the Academic Council that academic governance, including the standard of University awards, the student academic experience and student outcomes, are adequate and effective.
- The University's Articles provide for the declaration of interests by Governors and the management of potential conflicts of interest. The Governing Body 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.
- The University's Articles provide for staff, while engaged in teaching and research, to have freedom within the law to question and test received wisdom and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy of losing their jobs or privileges. The University is also required by the Articles to take steps to ensure that freedom of speech within the law is secured for its students and staff and for visiting speakers.
- The Governing Body ensures that there are adequate and effective arrangements in place to provide transparency about value

for money and to ensure public funds are managed appropriately in line with the conditions of grant and the principles of regularity, propriety and value for money, and to protect the interests of taxpayers and other stakeholders. The University's Audit and Risk Committee receives an annual report on value for money arrangements and outcomes and the implementation of the University's Value for Money Strategy, prior to the presentation of the report to the Governing Body. The University's internal auditor is required to provide an annual report to the University's Audit and Risk Committee and the Governing Body expressing the internal auditor's opinion on the adequacy and effectiveness of the University's arrangements for value for money. The Audit and Risk Committee, in turn, provides an annual report to the Governing Body which includes the Committee's opinion on the adequacy and effectiveness of the University's arrangements for value for money.

- The University's external auditor is required by the OfS's Accounts Direction to provide an opinion to the Governing Body on whether funds (including public funds) have been applied for the intended purposes. This opinion is included in the Independent Auditor's Report to the Members of the Governing Body in the University's Report and Financial Statements.

# Officers and Professional Advisors

<b>Chancellor</b>	The Rt Hon the Baroness Scotland of Asthal QC (until 31.3.19)		1 Embankment Place, London WC2N 6RH (from 01.3.19)
	The Rt Hon the Lord Boateng (from 01.04.19)	<b>Internal Auditors</b>	BDO LLP 55 Baker Street, London W1U 7EU
<b>Pro-Chancellor and Chair</b>	Ms Marianne Ismail	<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place, Canary Wharf, London E14 5HP
<b>Vice-Chancellor</b>	Professor David Maguire	<b>Registered Office</b>	Old Royal Naval College, Park Row, Greenwich, London SE10 9LS
<b>Secretary &amp; Clerk to the Governing Body</b>	Mr Peter Garrod	<b>Company Registration No.</b>	00986729
<b>External Auditors</b>	PricewaterhouseCoopers LLP		

## Membership of the Governing Body

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.

<b>Article 9.3.1</b>	Vice-Chancellor Professor D Maguire	Ms B Hill CBE Ms M Ismail
<b>Article 9.3.2(a)</b>	<b>Staff Governors</b> Mr L Devlin (appointed 25.2.19) Professor S Keates (resigned 31.12.18) Ms S Ragab Mr P Taylor (appointed 1.9.18, until 9.12.18)	Mr K Jacob MBE (resigned 31.8.18) Mrs D Khanna Ms T King Miss D Larnder Mr C McWilliam
<b>Article 9.3.2(b)</b>	<b>Student Governor</b> Ms M Imberg (resigned 30.6.19) Mr H Setter (appointed 1.7.19)	Mr M Orr Mrs W Palmer (appointed 26.11.18) Mr A Sharma (appointed 1.9.19) Mrs E Sideris (appointed 26.11.18) Ms J Wood
<b>Article 9.3.2 (c)</b>	<b>Independent Governors</b> Sir S Gass (resigned 31.8.19) Mr P F Hazell (resigned 31.8.19)	Mrs H P Wyatt (resigned 31.8.18)



# Membership of Governing Body's Committees

The following are the Governing Body's 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.

<b>Audit and Risk</b>	Miss D Larnder (Chair) Sir S Gass (resigned 31.8.19) Mrs D Khanna Mrs W Palmer (wef 1.9.2019) Mr A Sharma (co-opted: appointed 2.8.18, until 31.8.19) (membership as a Governor wef 1.9.19) Ms J Wood	Sir S Gass (resigned 31.8.19) Mr P Hazell (resigned 31.8.19) Ms B Hill CBE Ms M Ismail (wef 1.9.19) Miss D Larnder Professor D Maguire Mr C McWilliam Mr M Orr Mrs E Sideris (appointed 1.9.19)
<b>Finance</b>	Mr M Orr (Chair) Mr L Devlin (appointed 25.2.19) Mr P F Hazell (resigned 31.8.19) Ms B Hill CBE Ms M Imberg (resigned 30.6.19) Ms T King Professor D Maguire Mr P Taylor (appointed 15.10.18, until 9.12.18) Mr C McWilliam Mrs W Palmer (appointed 25.2.19, until 4.9.19) Mr H Setter (appointed 1.7.19)	<b>Nominations, Staffing and Remuneration</b> Mr P Hazell (Chair) (resigned 31.8.19) Mrs E Sideris (Chair) (appointed 25.2.19, Chair wef 1.9.19) Ms B Hill CBE Ms M Ismail Professor S Keates (resigned 31.12.18) Miss D Larnder (for remuneration only) Professor D Maguire (not a member when sitting as the Remuneration Committee) Mr M Orr (for remuneration only) Ms S Ragab Mrs J Wood (wef 14.10.19) Mrs H P Wyatt (resigned 31.8.18)
<b>Long Term Strategy Group</b>	Ms T King (Chair)(wef 14.10.19) Ms M Ismail (Chair) (until 31.8.19)	

# Statement of Internal Control

The Governing Body is responsible for ensuring an effective 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 Terms and Conditions of Funding of the Office for Students (OfS), the OfS Regulatory Framework and the Terms and Conditions of UK Research and Innovation Funding administered through Research England.

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.

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 2019 and up to the date of the approval of the financial statements. The Governing Body believes that the University follows the requirements and best practice guidelines of the OfS, Research England, the Committee of University Chairs and British Universities Finance Directors Group in its approach to risk management, and can confirm that the processes and procedures in place for risk management have provided a robust framework for ensuring that institutional risk is adequately recognised, evaluated and planned for throughout the financial year 2018-19 and up to the approval date of the financial statements.

The Governing Body is responsible for reviewing the effectiveness of the system of internal control and does so in the following ways:

## Internal Control

Matters related to the mission, strategy and educational character of the University are discussed on a regular basis.

The Audit and Risk Committee reports to each meeting of the Governing Body on matters discussed at Audit and Risk Committee.

The Audit and Risk 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 and Risk Committee approves a programme of work for the year, including for the outsourced internal audit team, which is based on a balanced portfolio of risk exposure while focussing on key risks, identified through the Corporate Risk Register and risk management process. It also incorporates work intended to demonstrate value for money.

Regular reviews are undertaken of institutional performance and financial results during the year, including quarterly updates of the forecast outturn.

Clearly defined and formalised regulations are in place for the approval and control of expenditure, with investment-related decisions being subject to formal review and approval arrangements.

Comprehensive financial regulations, including procedures relating to financial controls, are reviewed regularly and approved by the Governing Body, as well as being submitted to the Audit and Risk, and Finance Committees.

The Director of Finance and the University Secretary attend meetings of the Audit and Risk Committee and have direct and independent access to members of that Committee, as do the external and internal auditors, and others are invited to attend.

The Audit and Risk Committee, in its annual report to the Governing Body, provides an annual opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance.

## Risk Management

There is a clear policy and plan of risk management which has been communicated throughout the University and is reviewed annually. Risk appetite has been clearly defined by the Governing Body and is reviewed regularly, and an internal



audit review is undertaken on an aspect of risk management each year.

The Audit and Risk Committee annually reviews the University's risk management framework (including the University's Risk Management Policy, risk management guidance and Statement of Risk Appetite), which is managed by the University Secretary. Any changes to the framework are recommended by the Committee to the Governing Body for approval. A review of the framework in 2018-19 led to significant changes which were approved by the Governing Body in November 2018, including an improved format for the Corporate Risk Register, a new Risk Management Policy and guidance, and a new corporate Statement of Risk Appetite.

A hierarchy of risk registers is in place to identify key risks and their owners and mitigating controls and actions. The likelihood and impact of risks before and after mitigations are identified, along with the associated risk thresholds derived from the Statement of Risk Appetite. Risks are linked to the objectives in the University's Strategic Plan. Faculty and directorate risk registers are maintained to a common template and are reviewed each quarter at a meeting of the risk owners in the Chief Operating Officer's Operations Management Group. This in turn informs the quarterly updating of the University's Corporate Risk Register. The Corporate Risk Register is approved by the University's executive prior to its presentation with a quarterly risk management report to the Audit and Risk Committee. The Governing Body considers the full Corporate Risk Register annually and, on a quarterly basis, considers a risk management report which summarises the Corporate Risk Register and highlights any changes to strategic risks. The Governing Body's business is planned using a 'strategic scorecard' which ensures that business is planned with reference to the risks in the Corporate Risk Register. The specific financial risks in the Corporate Risk Register are reviewed annually by the Finance Committee.

The Vice Chancellor, in their capacity as accountable officer, is responsible to the Governing Body for ensuring compliance with the Terms and Conditions of Funding of the Office for Students and the Terms and Conditions of UK Research and

Innovation Funding administered through Research England.

The University has considered its responsibility to notify the OfS (and through the OfS, Research England) of material adverse events, such as a significant and immediate threat to the University's financial position, significant fraud or impropriety or major accounting breakdown. The accountable officer confirms, on behalf of the University, that to the best of its knowledge, the University believes it is able to identify any material adverse events or material non-compliance with the Terms and Conditions of Funding of the OfS and the Terms and Conditions of UK Research and Innovation Funding administered through Research England. The University further confirms that any material adverse events to date have been notified.

The University also confirms that it has notified the OfS of all reportable events where reporting to the OfS is required by the OfS Regulatory Framework.

The Governing Body, through the Audit and Risk Committee, has reviewed the effectiveness of the system of internal control operating in 2018-19 and up to the date of approval of the financial statements.

There were no significant internal control issues during the year and up to the date of the signing of these financial statements.

The above Corporate Governance Statement and Statement on Internal Control relates to the period from 1 August 2018 to the date of approval of these Financial Statements.

## **Professor David Maguire**

Vice-Chancellor

## **Ms Marianne Ismail**

Chair

# Remuneration Annual Statement

The University has adopted the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC) in June 2018 and applied it to decisions made by the University's Remuneration Committee in 2018-19.

The University's Governing Body approved a Senior Staff Remuneration Framework to guide the University's implementation of the CUC's Remuneration Code in 2018-19.

Information about made in relation to senior staff remuneration in 2018-19 is provided in the Remuneration Committee's 2018-19 Remuneration Annual Report and Statement, which is published on the University's website (<https://www.gre.ac.uk/hr/pay-and-pensions>).

As mentioned on page 12, The University has an Equality, Diversity and Inclusion Strategy. The strategy includes (a) full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities; (b) continuing the employment of, and arranging training for employees who have become disabled persons while employed; and (c) otherwise for the training, career development and promotion of disabled persons.

During the financial year the University has strived to: provide employees systematic information on pertinent matters, consulting employees or representatives on a regular basis, encouraging involvement of employees in the University's performance and strived to achieve a common awareness of the financial and economic factors affecting University performance. Examples of this included weekly emails to all staff summarising news and events at the University, a weekly newsletter to all staff from the Interim Provost, staff meetings, and termly meetings of the Leadership Forum to brief staff with significant management responsibility. Following publication of the 2017/18 financial statements, 'University Finances Explained' was produced to provide a concise

explanation for staff and students of the University's sources of income and how it is spent. The Joint Negotiating Committee, bringing together representatives of management and the University's recognised trade unions (UCU, Unison, GMB and Prospect), met regularly during the year.

## Trade Union facility time statistics

For the year from 1 April 2018 to 31 March 2019, the trade union facility time statistics were as follows:

- Employees at the University:
  - 1501 to 5000 employees
- Trade union representatives and full time equivalents:
  - Trade union representatives: 16
  - FTE trade union representatives: 15.3
- Percentage of working hours spent on facility time:
  - 0% of working hours: 0 representatives
  - 1 to 50% of working hours: 16 representatives
  - 51-99% of working hours: 0 representatives
  - 100% of working hours: 0 representatives
- Total pay bill and facility time costs:
  - Total pay bill: £94,510,205.00
  - Total cost of facility time: £129,252.00
  - Percentage of pay spent on facility time: 0.14%
- Paid trade union activities:
  - Hours spent on paid facility time: 3824
  - Hours spent on paid trade union activities: 510
  - Percentage of total paid facility time hours spent on paid trade union activities: 13.34%

# Statement of Responsibilities of the Governing Body

The primary responsibilities of the Governing Body are to set the University's strategic aims, monitor the implementation of the activities undertaken to achieve these, and report to stakeholders on its stewardship. To meet its responsibilities the Governing Body 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 Governing Body 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 Governing Body 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.



# Statement of Responsibilities of the Governing Body for the Financial Statements

In accordance with the University's Articles of Association, the Governing Body is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The members of the Governing Body (who are also the directors of the University for the purposes of company law) are responsible for preparing the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Governing Body to prepare financial statements for each financial year. Under that law, the Governing Body is required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition, the Governing Body is required to prepare the financial statements in accordance with the terms and conditions of its grant funding agreement with the Department for Education and the OfS Terms and Conditions of Funding, through its accountable officer. Under company law, the Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit, gains and losses, changes in reserves and cash flows of the University and the Group for that year.

In preparing the financial statements, the Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University and Group will continue in business.

The Governing Body is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements comply with the Articles of Association, the Statement of Recommended Practice - Accounting for Further and Higher Education as issued in March 2014 and any subsequent amendments, the OfS Accounts Direction and the Companies Act 2006. They are also responsible for safeguarding the assets of the University and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Department for Education, the OfS and other funding bodies are used only for the purposes for which they have been given and in accordance with the OfS Terms and Conditions of Funding and the grant funding agreement with the Department for Education and any other conditions which funding bodies may from time to time prescribe;
- ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- ensure that the University has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities; and secure the economic, efficient and effective management of the University's and the Group's resources and expenditure.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governing Body confirms that:

- so far as each Governor is aware, there is no relevant audit information of which the University's auditor is unaware; and
- the Members of the Governing Body have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the University's auditor is aware of that information.

Approved on behalf  
of the Governing Body by:

**Ms Marianne Ismail**

Chair

Date of Approval: 26 November 2019

# Independent Auditors' Report to the Governing Body of University of Greenwich (the "University")

## Report on the audit of the financial statements

### Opinion

In our opinion, University of Greenwich's group financial statements and university financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the university's affairs as at 31 July 2019 and of the group's and the university's **income and expenditure, gains and losses and changes in reserves**, and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education, and the requirements of the Office for Students' Accounts Direction (OfS 2018.26); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and university balance sheet as at 31 July 2019; the consolidated and university statement of comprehensive income and expenditure, the consolidated and university statement of changes in reserves and the consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the university.

Other than those disclosed in note 11 to the financial statements, we have provided no non-audit services to the group or the university in the period from 1 August 2018 to 31 July 2019.



## Our audit approach

### Overview



- Overall group materiality: £2,098,000 based on 1% of total income.
- Overall university materiality: £2,077,000 based on 1% of total income.
- The group comprises the university and four subsidiary companies
- We conducted a full scope of audit of each entity within the group
- These audit procedures covered 100% of group turnover and 100% of group total assets
- Judgements made in key estimates (Group and university)
- Accounting for pension schemes (Group and university).
- Accounting for tangible fixed assets (Group and university).

### *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### *Capability of the audit in detecting irregularities, including fraud*

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Office for Students' regulatory framework, including the terms and conditions of funding, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Office of Students' Accounts Direction and the Education Reform Act 1988. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to reduce the reported surplus and management bias in accounting estimates. Audit procedures performed by the group engagement team included:

- review of the financial statement disclosures to ensure compliance with the Office for Students' Accounts Direction;
- evaluation of management's controls designed to prevent and detect irregularities;
- enquiries of management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulation;
- challenging assumptions and judgements made by management in their significant accounting estimates and identifying; and
- testing journal entries, in particular any journal entries posted with unusual account combinations or for unusual amounts.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### *Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any

comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Judgements made in key estimates (Relates to group and university financial statements)</i></p> <p>Our work has focused on judgements made in relation to bad debt, accruals and deferred income.</p> <p>See note 1 of the financial statements for the group and university’s disclosure of the related accounting policies, note 17 for the trade receivables balance and notes 19 and 20 for the amount of accruals and deferred income recognised in the financial statements.</p> <p>The group recognises a bad debt provision of £5,212k (2018: £4,868k) in respect of debts which it considers are impaired. This is a significant provision in the context of the financial statements and the results of the group and university.</p> <p>The university recognises accruals for expenditure which has been incurred but which has not been paid or for which an invoice has not been received before year-end.</p> <p>The university recognises deferred income where income has been received but performance obligations have not been met or, for capital government grants, income is being recognised over the life of the asset funded.</p> <p>Accruals and deferred income total £64,704k (2018: £69,268k) and are significant liabilities in the context of the group and university financial statements.</p>	<p>We understood the basis for making the bad debt provision recognised. Management consider debt relating to students separately from other debt.</p> <p>For student related debt, we tested the basis of the bad debt provision and, in doing so, considered previous provisions for student debt against amounts recovered. We found the provision recognised to be reasonable.</p> <p>We tested the basis for the bad debt provision for other debts by testing the rationale for each provision. We noted no material exceptions.</p> <p>We tested a sample of accrual balances recognised to ensure that the accrual was valid and that the estimate for expenditure incurred was appropriate. We noted a number of accruals where there was insufficient evidence to recognise an accrual. We discussed these with management who adjusted the financial statements.</p> <p>We tested a sample of post year end payments to documents supporting the payments to ensure that expenditure items were included in the correct period. No material exceptions were noted.</p> <p>We tested a sample of deferred income balances recognised to ensure that the deferral was in line with the university’s and group’s accounting policies. We noted some instances where income had been incorrectly deferred. We discussed these with management who made adjustments to the financial statements.</p> <p>Overall, we found the judgements made to be reasonable.</p>
<p><i>Accounting for pension schemes (Relates to group and university financial statements)</i></p> <p>See note 1 of the financial statements for the group and university’s disclosure of the related accounting policies and notes 21 and 28 for an analysis of the pension provisions recognised in the financial statements.</p> <p>The university is a member of three defined benefit pension schemes:</p> <ul style="list-style-type: none"> <li>• London Pension Fund Authority’s pension fund (“LPFA”);</li> <li>• Teachers’ Pension Scheme (“TPS”); and</li> <li>• Universities Superannuation Scheme (“USS”).</li> </ul> <p>The group recognises a net defined benefit liability in respect of the LPFA scheme of £110,667k (2018: £96,793k). This liability is calculated by an external actuary using the projected unit cost method and is a significant liability in the context of the group and university financial statements.</p>	<p>For each scheme, we obtained the detailed workings supporting the amounts recognised in the financial statements.</p> <p>For the LPFA scheme, we engaged our internal actuarial experts to assist us with the audit of the scheme’s liabilities. They:</p> <ul style="list-style-type: none"> <li>• compared key financial assumptions, including the discount rate used and future estimates of RPI and CPI to internally developed benchmarks;</li> <li>• assessed the reasonableness of the assumptions used in calculating mortality assumptions; and</li> <li>• considered how scheme’s actuary estimated the impact of specific events arising in the period.</li> </ul> <p>We also considered how the scheme’s actuary calculated the share of plan assets attributable to the University and tested the underlying members data used to calculate the defined benefit pension liability.</p>

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**Key audit matter**

The TPS and USS schemes are treated as defined contribution schemes as it is not possible to identify the University's share of each scheme's assets and liabilities. However, the following amounts are recognised in the financial statements:

- A provision of £5,535k (2018: £5,312k) is recognised for enhanced pensions granted to former members of staff who are members of TPS.
- A provision of £705k (2018: £305k) for future deficit funding contributions to the USS.

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**How our audit addressed the key audit matter**

We found the assumptions used to be reasonable.

For the TPS and USS schemes, we engaged our internal actuarial experts to review the modellers used to calculate the provisions recognised and assumptions used to calculate the provision. These were found to be acceptable.

We tested the underlying data, such as salaries and recurring pension payments, used within the modellers and noted no material exceptions.

We examined disclosures in the financial statements and consider these appropriate.

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**Accounting for tangible fixed assets (Relates to group and university financial statements)**

See note 1 of the financial statements for the group and university's disclosure of the related accounting policies, significant judgements and estimates, and note 13 of the financial statements for an analysis of the tangible fixed assets recognised in the financial statements.

The net book value of tangible fixed assets held by the group totals £286,461k (2018: £262,186k).

There have been a number of transactions involving the tangible fixed assets held by the group, including:

- The group acquired GDCC Newco ("G") Limited and its subsidiary, Greenwich Devonport Conference Centre Limited. The only significant element of the acquisition was a leasehold interest over a property;
- The group agreed the terms of sale for the Mansion site; and
- The refurbishment of the Dreadnought building was completed.

All tangible fixed assets are held at cost less depreciation subject to an impairment review if an impairment trigger event occurs.

These assets are held for their service potential, so impairment considerations are focused on whether there has been a loss of service potential during the period.

No impairment has been recognised in the year.

We obtained an understanding of the purchase of GDCC Newco ("G") Limited and concluded that this was, in substance, an asset acquisition as opposed to an acquisition of a business. We tested the allocation of the amount paid to acquire the company and the amount recognised within tangible fixed assets. No exceptions were noted from this testing.

We also considered if the asset recognised was potentially impaired by comparing the amount recognised as the cost of the leasehold interest with the fair value of the leasehold interest held by the group. No impairment was identified.

We examined the contract for the sale of the Mansion site and agreed with management that the criteria for recognising a disposal had not been met.

We tested the disclosures made in the financial statements regarding the sale and concluded these were appropriate.

We tested a sample of amounts capitalised in respect of tangible fixed assets during the period to invoices and other supporting documentation and assessed if capitalisation was appropriate. We noted no material exceptions in this work.

We tested a sample of expenditure items to invoices and other supporting documentation, selected on a risk basis, to confirm that the amounts were appropriately expensed. This testing identified additional items of capital spend which have been capitalised by management.

We examined management's impairment assessment and we agreed that no impairment was required.

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**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the University, the accounting processes and controls, and the industry in which they operate.

The group comprises the University and four subsidiaries. We performed full scope audits on each entity because they all required individual statutory audits.

The full scope audits undertaken by the group team covered 100% of group turnover and 100% of group total assets.



## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<b>Group financial statements</b>	<b>University financial statements</b>
<b>Overall materiality</b>	£2,098,000	£2,077,000
<b>How we determined it</b>	1% of total income.	1% of total income.
<b>Rationale for benchmark applied</b>	A key performance indicator for the group and this is a generally accepted measure applied when auditing organisations with social objectives, to calculate overall materiality.	A key performance indicator for the University and this is a generally accepted measure applied when auditing organisations with social objectives, to calculate overall materiality.

For the University and each subsidiary in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across the University and each subsidiary was between £44,250 and £1,986,000. All subsidiaries were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £104,000 (group audit) and £103,000 (University audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and University's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's and university's activities, students, suppliers and the wider economy.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Governing Body are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and report of the Governing Body, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Report of the Governing Body*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the governing body, including the strategic report, for the year ended 31 July 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and University and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Governing Body.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the Governing Body for the financial statements*

As explained more fully in the Statement of Responsibilities of the Governing Body for Financial Statements set out on pages 36 to 37, the Governing Body (who are also the directors of the University for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Governing Body are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body are responsible for assessing the group's and the University's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intend to liquidate the group or the University or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the Governing Body of University of Greenwich, in accordance with Article 29 of the University's Articles of Association, section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, and Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

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### Opinions on other matters prescribed in the Office for Students' and Research England's Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by the Office for Students and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them.

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the audit committee, we were appointed by the members of the Governing Body on 25 February 2019 to audit the financial statements for the year ended 31 July 2019 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Ian Looker (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

28<sup>th</sup> November 2019



# Consolidated and University Statement of Comprehensive Income and Expenditure

For the Year ended 31 July 2019

		Group		University	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Income</b>					
Tuition fees and education contracts	2	143,223	139,353	143,223	139,353
Funding body grants	3	20,084	19,873	20,084	19,873
Research grants and contracts	4	14,071	13,956	13,894	13,639
Other income	5	31,776	28,952	28,821	27,954
Investment income	6	584	442	619	455
Donations and endowments	7	124	134	1,074	261
<b>Total income</b>		<b>209,862</b>	202,710	<b>207,715</b>	201,535
<b>Expenditure</b>					
Staff costs	8	103,057	103,675	102,014	102,744
Severance costs	9	752	2,437	752	2,437
Other operating expenses	11	81,471	78,160	79,911	76,817
Depreciation	13	7,213	6,927	7,046	6,927
Interest and other finance costs	12	7,935	8,203	8,739	9,114
<b>Total expenditure</b>		<b>200,428</b>	199,402	<b>198,462</b>	198,039
<b>Surplus before other gains</b>		<b>9,434</b>	3,308	<b>9,253</b>	3,496
Gain on disposal of property		-	516	-	516
Gain on investments		617	809	617	809
Currency translation gains		330	108	330	108
<b>Surplus before tax</b>		<b>10,381</b>	4,741	<b>10,200</b>	4,929
Taxation	28	-	-	-	-
<b>Surplus for the year</b>		<b>10,381</b>	4,741	<b>10,200</b>	4,929
Actuarial (loss)/gain in respect of pension schemes	27	(5,672)	11,821	(5,672)	11,821
<b>Total comprehensive income for the year</b>		<b>4,709</b>	16,562	<b>4,528</b>	16,750
Represented by:					
Endowment comprehensive expense for the year		(3)	(11)	(3)	(11)
Restricted comprehensive income/(expense) for the year		27	(28)	27	(28)
Unrestricted comprehensive income for the year		4,685	16,601	4,504	16,789
		<b>4,709</b>	16,562	<b>4,528</b>	16,750

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies form part of these financial statements.

# Consolidated and University Statement of changes in reserves

For the Year ended 31 July 2019

	Income and expenditure reserve			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
<b>Consolidated</b>					
<b>Balance at 1 August 2017</b>	<b>1,078</b>	<b>409</b>	<b>34,110</b>	<b>47,852</b>	<b>83,449</b>
Surplus for the year after tax	(11)	(28)	4,780	-	4,741
Actuarial gain in respect of pension schemes	-	-	11,821	-	11,821
Transfers between revaluation and income and expenditure reserve	-	-	88	(88)	-
<b>Total comprehensive (expense)/income for the year</b>	<b>(11)</b>	<b>(28)</b>	<b>16,689</b>	<b>(88)</b>	<b>16,562</b>
<b>Balance at 31 July 2018</b>	<b>1,067</b>	<b>381</b>	<b>50,799</b>	<b>47,764</b>	<b>100,011</b>
Surplus for the year after tax	(3)	27	10,357	-	10,381
Actuarial loss in respect of pension schemes	-	-	(5,672)	-	(5,672)
Transfers between revaluation and income and expenditure reserve	-	-	88	(88)	-
<b>Total comprehensive income for the year</b>	<b>(3)</b>	<b>27</b>	<b>4,773</b>	<b>(88)</b>	<b>4,709</b>
<b>Balance at 31 July 2019</b>	<b>1,064</b>	<b>408</b>	<b>55,572</b>	<b>47,676</b>	<b>104,720</b>
<b>University</b>					
<b>Balance at 1 August 2017</b>	<b>1,078</b>	<b>409</b>	<b>27,201</b>	<b>47,852</b>	<b>76,540</b>
Surplus for the year after tax	(11)	(28)	4,968	-	4,929
Actuarial gain in respect of pension schemes	-	-	11,821	-	11,821
Transfers between revaluation and income and expenditure reserve	-	-	88	(88)	-
<b>Total comprehensive income for the year</b>	<b>(11)</b>	<b>(28)</b>	<b>16,877</b>	<b>(88)</b>	<b>16,750</b>
<b>Balance at 31 July 2018</b>	<b>1,067</b>	<b>381</b>	<b>44,078</b>	<b>47,764</b>	<b>93,290</b>
Surplus for the year after tax	(3)	27	10,176	-	10,200
Actuarial loss in respect of pension schemes	-	-	(5,672)	-	(5,672)
Transfers between revaluation and income and expenditure reserve	-	-	88	(88)	-
<b>Total comprehensive income for the year</b>	<b>(3)</b>	<b>27</b>	<b>4,592</b>	<b>(88)</b>	<b>4,528</b>
<b>Balance at 31 July 2019</b>	<b>1,064</b>	<b>408</b>	<b>48,670</b>	<b>47,676</b>	<b>97,818</b>

The accompanying notes and policies form part of these financial statements.

(Company Registration No. 00986729)

# Consolidated and University Balance Sheet

As at 31 July 2019

		<b>Group</b>		<b>University</b>	
	<i>Note</i>	<b>2019</b>	2018	<b>2019</b>	2018
		<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Non-current assets</b>					
Tangible assets	13	<b>286,461</b>	262,186	<b>265,125</b>	262,186
Investments	15	<b>38</b>	38	<b>38</b>	38
Investment in subsidiaries	15	-	-	<b>21,496</b>	-
		<b>286,499</b>	262,224	<b>286,659</b>	262,224
<b>Current Assets</b>					
Stock	16	<b>64</b>	76	<b>64</b>	76
Trade and other receivables	17	<b>15,194</b>	13,446	<b>14,532</b>	13,017
- amounts falling due after more than one year	17	-	-	<b>5,138</b>	5,879
Investments	18	<b>24,941</b>	59,268	<b>24,941</b>	59,268
Cash and cash equivalents	25	<b>60,343</b>	37,927	<b>59,669</b>	37,808
		<b>100,542</b>	110,717	<b>104,344</b>	116,048
Less: Creditors: amounts falling due within one year	19	<b>(60,644)</b>	(61,930)	<b>(61,968)</b>	(63,073)
<b>Net current assets</b>		<b>39,898</b>	48,787	<b>42,376</b>	52,975
<b>Total assets less current liabilities</b>		<b>326,397</b>	311,011	<b>329,035</b>	315,199
<b>Creditors:</b> amounts falling due after more than one year	20	<b>(103,012)</b>	(106,588)	<b>(112,557)</b>	(117,522)
<b>Provisions</b>					
Pension provisions	21	<b>(116,907)</b>	(102,410)	<b>(116,907)</b>	(102,410)
Other provisions	22	<b>(1,758)</b>	(2,002)	<b>(1,753)</b>	(1,977)
<b>Total net assets</b>		<b>104,720</b>	100,011	<b>97,818</b>	93,290



(Company Registration No. 00986729)

## Consolidated and university Balance Sheet (continued) As at 31 July 2019

	<b>Group</b>		<b>University</b>	
<i>Note</i>	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Restricted Reserves</b>				
Income and expenditure reserves:				
- endowment reserve	23	1,064	1,064	1,067
- restricted reserve	24	408	408	381
<b>Unrestricted Reserves</b>				
Income and expenditure reserve - unrestricted		172,479	153,209	165,577
Pension reserve	21	(116,907)	(102,410)	(116,907)
Revaluation Reserve		47,676	47,764	47,676
<b>Total Reserves</b>		<b>104,720</b>	<b>100,011</b>	<b>97,818</b>
				93,290

### The accompanying notes and policies form part of these financial statements.

The Financial Statements on pages 45 to 78 were approved by the Governing Body on 26<sup>th</sup> November 2019 and signed on its behalf by:

Professor David Maguire, Vice-Chancellor

Ms Marianne Ismail, Chair

# Consolidated Statement of Cash Flows

For the Year ended 31 July 2019

	<i>Note</i>	<b>2019</b> <b>£'000</b>	2018 £'000
<b>Cash flow from operating activities</b>			
Surplus before tax		<b>10,381</b>	4,741
<i>Adjustment of non-cash items :-</i>			
Depreciation	<i>13</i>	<b>7,213</b>	6,927
Decrease/(increase) in stock	<i>16</i>	<b>12</b>	(16)
Increase in debtors	<i>17</i>	<b>(1,402)</b>	(542)
Increase in creditors		<b>(1,585)</b>	1,025
Increase in pension provision (excluding actuarial gain)	<i>21</i>	<b>8,825</b>	6,757
(Decrease)/increase in provisions	<i>22</i>	<b>(244)</b>	2,002
<i>Adjustment for investing or financing activities:-</i>			
Gain on disposal of property		-	(516)
Gain on investments		<b>(617)</b>	(803)
Currency translation gains		<b>(330)</b>	(108)
Capital grant income		<b>(1,279)</b>	(1,160)
Investment income	<i>6</i>	<b>(584)</b>	(442)
Interest payable	<i>12</i>	<b>5,460</b>	5,504
Endowment income	<i>7</i>	<b>(124)</b>	(134)
<b>Net cash inflow from operating activities</b>		<b><u>25,726</u></b>	<u>23,235</u>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of tangible assets		-	516
Payments made to acquire tangible assets		<b>(32,595)</b>	(19,441)
Disposal of current asset investments		-	8,437
Withdrawal from deposits/(new deposits)		<b>34,944</b>	(5,111)
Investment income		<b>584</b>	442
Capital grants receipts		-	-
		<b><u>2,933</u></b>	<u>(15,157)</u>
<b>Cash flows from financing activities</b>			
Interest paid - Bond	<i>12</i>	<b>(937)</b>	(1,004)
Interest element of service concession payments		<b>(4,523)</b>	(4,500)
Repayments of amounts borrowed		<b>(1,113)</b>	(1,168)
		<b><u>(6,573)</u></b>	<u>(6,672)</u>
Translation gains on currency bank accounts		<b>330</b>	108
<b>Increase in cash and cash equivalents in the year</b>	<i>25</i>	<b><u>22,416</u></b>	<u>1,514</u>
Cash and cash equivalents at the beginning of the year		<b>37,927</b>	36,413
Cash and cash equivalents at the end of the year		<b><u>60,343</u></b>	<u>37,927</u>
		<b><u>22,416</u></b>	<u>1,514</u>

The accompanying notes and policies form part of these financial statements.

# Notes to the Financial Statements

## 1. Principal Accounting Policies

### a) Basis of preparation and accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with Financial Reporting Standard (FRS) 102.

The financial statements have been prepared on a going concern basis informed by the University's future financial forecasts. The University has a strong cash position at the balance sheet date and adequate resources to ensure the future operation of the University. The financial statements have been prepared in accordance with the historical cost convention, modified by the revaluation of land on transition to FRS 102. The functional currency is GBP Sterling.

The University has taken advantage of the exemption under paragraph 1.12 of FRS 102 for qualifying entities from preparing its own cash flow statement.

### b) Basis of consolidation

Consolidated financial statements have been prepared for the University and its subsidiaries Greenwich Property Limited, Greenwich University Enterprises Limited, GDCC Newco ("G") Limited and Greenwich Devonport Conference Centre Limited.

The Group has taken advantage of the early adoption permitted under the FRS 102 triennial review (2017) in relation to gift aid payments and the tax effects thereon.

Intra-group income, costs and financial assets/liabilities are eliminated on consolidation.

The activities of the Students' Union University of Greenwich have not been consolidated with those of the University, as the University does not have sufficient control and significant influence over policy decisions to warrant consolidation.

### c) Use of estimates and judgements

The preparation of the Group's financial statements requires the use of certain judgements, estimates and assumptions that determine the reported amounts of assets, liabilities and expenses. Estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where judgements and estimates have been made include:

#### Judgements

- Service concessions are recognised as such in line with FRS 102. In 1996 the University paid Greenwich Property Ltd (GPL), a subsidiary company, for the lease of the Avery Hill Student Village for a term of 125 years, and for the provision of facilities management services for a period of 30 years. Judgement has been used to record this as an asset sale and a prepayment, with the prepayment being recognised as turnover equally spread over the 30 year term. A loan made in 1996 by GPL to the University at 8% interest is recorded as such in both the University and GPL accounts, with the interest treated as an interest expense by the University, and as interest income by GPL.
- The acquisition of GDCC Newco ("G") Limited and its wholly owned subsidiary Greenwich Devonport Conference Centre Limited treated as the acquisition of assets and liabilities rather than a business. The amount paid to acquire the companies has been allocated to the trading assets and liabilities held by the companies with the residual amount (£21,503k) treated as the amount paid to acquire the lease held by Greenwich Devonport Conference Centre Limited which permits it to use part of Devonport House. The leasehold interest acquired is capitalised within non-current tangible assets, which is in line with the Group's long term intentions of utilising the asset.
- In relation to the post balance sheet events note 30, the Mansion Site is not yet treated as a disposal. Contractual terms have been agreed but there are some conditions outstanding that won't be met until after 31 July 2019. Disposal of the asset will be recognised once all conditions are met.



### **Estimates**

- Defined benefit pension liability - the University has made key assumptions (refer to note 27) in conjunction with the schemes' actuaries which have been used in the calculation of the defined benefit liability.
- Bad debt provision – the University has made an estimate on the recoverability of both student and commercial debtors based on historical experience and other external factors.
- Other provisions – estimates have been used in the determination of provisions, see note 22.
- Depreciation – as stated in the Fixed Assets accounting policy, depreciation is based on the University's evaluation of the useful economic life of the relevant assets.

### **d) Income recognition**

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and is recognised in the Statement of Comprehensive Income and Expenditure to reflect the delivery of teaching to students over the period of the tuition to which the fee relates. This includes short course income, and income from International Partner Colleges. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Income from education contracts is recognised in the Statement of Comprehensive Income and Expenditure in the period to which it relates, to reflect the delivery of teaching to students.

Investment income from short-term deposits is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

Other income, which includes income relating to residences and catering, and consultancy, is recognised in the Statement of Comprehensive Income and Expenditure when the services have been supplied to the customers or the terms of the contract have been satisfied.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income and Expenditure where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### **e) Grant funding**

Government grant funding, including funding council and government research grants, is recognised in the Statement of Comprehensive Income and Expenditure over the periods over which the University recognises the related costs for which the grant is intended to fund. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year, as appropriate based on the period in which it is expected to be recognised.

Other grants and donations from non-government sources (including research grants), are recognised in the Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Statement of Comprehensive Income and Expenditure in line with such conditions being met.

Projected losses on onerous long-term contracts, where income on a long-term contract is expected to be below the cost of provision, are recognised immediately in the Statement of Comprehensive Income and Expenditure.

### **f) Donations and endowments**

Donations and endowments are non-exchange transactions with or without performance related conditions and/or restrictions. (Non-exchange transactions are defined as where an entity receives value from another entity without directly giving approximately equal value in exchange.) Donations and endowments with donor-imposed restrictions are recognised in income when the University is entitled to the funds, the receipt is probable and can be measured reliably. Income

is retained within a restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves.

Donations with no restrictions are recorded within income when the University is entitled to the funds, the receipt is probable and can be measured reliably.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the individual endowment fund.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purpose or construction of tangible fixed assets, and the University can convert the donated sum into income.
4. 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.

#### **g) Capital grants**

Government capital grants are recognised in income over the expected useful life of the asset in accordance with the accruals model. Non-government capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

#### **h) Foreign currencies**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date and are recognised in the Total Comprehensive Income for the year.

#### **i) Employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

#### **j) Fixed assets**

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. The Group took advantage of the transitional provisions within section 35 of FRS 102. The cost of land that have been revalued on 1 August 2014 are measured on the basis of deemed costs, being the revalued amount at the date of that revaluation having taken advantage of the transitional relief in section 35 of FRS 102.

#### **k) Land and buildings**

The University has not adopted a policy of annual revaluations. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the University of 50 years. The fair value on the acquisition of leasehold land and buildings is amortised on a straight line basis over the period of the lease.

Major capital additions/refurbishments to freehold and leasehold buildings are amortised on a straight line basis over periods up to 50 years; other refurbishments and improvements to

buildings are depreciated on a straight line basis over 10 years. Where a major capital addition/refurbishment extends the useful economic life of a building, the capital cost of the addition/refurbishment together with the book value of the existing asset are depreciated on a straight line basis over the new expected useful economic life of the building.

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income and Expenditure. Assets are considered to be impaired if their recoverable value is less than book value.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to the balance sheet date. They are depreciated once available for use.

#### **l) Equipment and vehicles**

Equipment costing less than £6,000 per individual item is written off to the Statement of Comprehensive Income and Expenditure 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:

Equipment	5 years
Vehicles	5 years
Equipment acquired for specific research or other projects	project life

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.

#### **m) Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

Leased assets acquired under finance lease and associated lease liability are stated at the lower of fair value and the present value of the minimum lease payments at inception of the lease. Lease assets are then depreciated over the shorter of the useful life of the asset or the length of the lease, less any impairment losses.

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **n) Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentives are spread over the lease term.

#### **o) Service concession arrangements**

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under service concession arrangements are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

In 1996, through its subsidiary company, Greenwich Property Limited (GPL), the University entered into a service concession arrangement with a contractor for the construction of a student's 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 raised the finance for the construction of buildings, which were subsequently 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 as a service concession and are offset in the Consolidated Statement of Comprehensive Income and Expenditure. The Consolidated Balance Sheet therefore includes the buildings as a fixed asset with a consequential, and matching, long-term creditor.

#### **p) Investments**

Non-current asset investments are not listed investments and their fair value can not be readily determined. Therefore, they are held on the Balance Sheet at amortised cost less impairment.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure below surplus for the year after tax.

#### **q) Provisions, contingent liabilities and contingent assets**

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.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

#### **r) Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand (and overdrafts). Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term liquid investments, readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits and other instruments held as part of the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

#### **s) Taxation**

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of VAT. The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

#### **t) Accounting for retirement benefits**

The two main pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the London Pension Fund Authority (LPFA), both defined benefit schemes. The LPFA is externally funded, whilst the TPS is unfunded. The LPFA is valued every three years and the TPS not less than every four years by professionally qualified independent actuaries.

The LPFA scheme is accounted for as a defined benefit scheme in accordance with FRS 102. Under a defined benefit scheme, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. This defined benefit liability is



measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by the scheme actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds.

Actuarial gains and losses are included in Other Comprehensive Income.

The TPS is an unfunded scheme and as it is not possible to identify separately each institution's share of the underlying liabilities, it is treated as a defined contribution scheme under FRS102.

The University is also a member of the Universities Superannuation Scheme, a multi-employer scheme where it is not possible to identify the University's share of assets and liabilities and which is currently in deficit with an agreed deficit recovery plan, for a small number of employees. In accordance with FRS102, an institution belonging to a multi-employer pension scheme with a deficit recovery plan must provide for its contractual obligation to fund its share of the deficit.

#### **u) Secured loan - bond**

The University has an obligation in respect of a 30 year £30m 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 Statement of Comprehensive Income and Expenditure over 30 years using the effective interest method.

#### **v) Financial instruments**

Financial assets and liabilities are accounted for in accordance with section 11 of FRS 102 (Basic Financial Instruments). The University has no non-basic financial instruments.

The Group's financial instruments comprise equity investments (including investment funds), loans and receivables, cash and cash equivalents, trade payables and borrowings. All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument, and are measured at amortised cost using the effective interest method, with the exception of equity investments (including investment funds) which are measured at fair value through the Statement of Comprehensive Income and Expenditure, in accordance with section 11 of FRS 102.

Receivables and inter-company loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and are measured subsequent to initial recognition at amortised cost less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Statement of Comprehensive Income and Expenditure.

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.

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 are recorded at amortised cost using the effective interest method, with interest-related charges recognised as a finance expense in the Statement of Comprehensive Income and Expenditure. Finance charges, including premiums payable on settlement or redemption and transaction costs, are charged to the Statement of Comprehensive Income and Expenditure 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.

#### **w) Medway School of Pharmacy**

The University has an agreement with the University of Kent with respect to the Medway School of Pharmacy, sharing revenue and costs equally. In accordance with FRS 102 paragraph 15.7 this

arrangement has been accounted for as a Jointly Controlled Asset reflecting the University's share of the assets, liabilities and results for the year within the financial statements.

#### x) Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund.

Other restricted reserves include balances for which the donor has designated a specific purpose and hence the University is restricted in the use of these funds.

#### y) Segmental analysis

No segmental analysis is provided in the financial statements as there are no meaningful operating segments for which bottom line accountability rests with chief operating decision makers; this is with reference to the University's core activities of teaching and research where there is considerable overlap, the organisation of and accountability for its faculty operations, and its geographical activities (international academic partnerships).

## 2. Tuition fees and education contracts

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Full-time home and EU students	<b>96,557</b>	91,824	<b>96,557</b>	91,824
Part-time home and EU students	<b>6,570</b>	7,091	<b>6,570</b>	7,091
Overseas students	<b>32,221</b>	27,744	<b>32,221</b>	27,744
	<b>135,348</b>	126,659	<b>135,348</b>	126,659
Health Service contract	<b>7,875</b>	12,694	<b>7,875</b>	12,694
	<b>143,223</b>	139,353	<b>143,223</b>	139,353

### 3. Funding body grants

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>OfS:-</b>				
Recurrent grant	<b>11,388</b>	10,389	<b>11,388</b>	10,389
Specific grants	<b>3,460</b>	4,573	<b>3,460</b>	4,573
Reimbursement of inherited liabilities	<b>305</b>	249	<b>305</b>	249
Deferred grant income	<b>1,036</b>	1,007	<b>1,036</b>	1,007
<b>Research England:-</b>				
Recurrent grants	<b>3,297</b>	3,179	<b>3,297</b>	3,179
Specific grants	<b>425</b>	324	<b>425</b>	324
<b>Department for Education:-</b>				
Recurrent grant	<b>173</b>	146	<b>173</b>	146
Other	-	6	-	6
	<b>20,084</b>	19,873	<b>20,084</b>	19,873

### 4. Research grants and contracts

Research Councils	<b>2,026</b>	1,624	<b>2,026</b>	1,307
UK charities	<b>579</b>	580	<b>579</b>	580
UK government and health authorities	<b>735</b>	1,493	<b>735</b>	1,493
UK other	<b>872</b>	766	<b>784</b>	681
European Commission	<b>1,412</b>	1,474	<b>1,412</b>	1,474
EU charities	<b>11</b>	8	<b>11</b>	8
EU other	<b>1,215</b>	1,450	<b>1,150</b>	1,350
Non-EU charities	<b>6,331</b>	5,184	<b>6,331</b>	5,185
Non-EU other	<b>890</b>	1,377	<b>866</b>	1,561
	<b>14,071</b>	13,956	<b>13,894</b>	13,639

### 5. Other income

Student residences and catering	<b>19,878</b>	18,800	<b>19,523</b>	18,644
Other revenue grants	<b>7,164</b>	6,704	<b>5,717</b>	5,637
Other income	<b>4,734</b>	3,448	<b>3,581</b>	3,673
	<b>31,776</b>	28,952	<b>28,821</b>	27,954

### 6. Investment income

Return on endowment funds	<b>17</b>	16	<b>17</b>	16
Other investment income	<b>567</b>	426	<b>602</b>	439
	<b>584</b>	442	<b>619</b>	455

## 7. Donations and endowments

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Endowments received	-	2	-	2
Donations with restrictions	124	132	1,074	259
	<b>124</b>	134	<b>1,074</b>	261

## 8. Staff costs

### (i) Staff Costs

Salaries	76,639	78,256	75,811	77,526
Social Security costs	8,050	8,242	7,955	8,153
Pension costs	18,368	17,177	18,248	17,065
	<b>103,057</b>	103,675	<b>102,014</b>	102,744

### Average staff numbers by major category:-

	No.	No.	No.	No.
Academic and research	1,037	1,028	1,020	1,013
Administrative & technical support	1,117	1,173	1,111	1,167
Premises	28	33	28	33
Student residences	18	19	17	19
	<b>2,200</b>	2,253	<b>2,176</b>	2,232

Staff numbers are calculated as an average full time equivalent and pro rated by the proportion of the relevant year worked.

Remuneration of higher paid staff, excluding employer's pension contributions were:-

	2019 No.	2018 No.
£100,000 - £104,999	5	4
£105,000 - £109,999	1	1
£115,000 - £119,999	1	-
£120,000 - £124,999	2	4
£125,000 - £129,999	2	1
£130,000 - £134,999	2	-
£135,000 - £139,999	-	2
£140,000 - £144,999	-	-
£145,000 - £149,999	1	-
£150,000 - £154,999	1	-
£245,000 - £249,999	1	1

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



	<b>2019</b>	2018
	<b>£</b>	£
Salary	<b>245,984</b>	246,467
Taxable benefit	-	-
	<b>245,984</b>	246,467
Employers pension contribution	-	25,269
	<b>245,984</b>	<b>271,736</b>

The Vice Chancellor's basic salary is 5.87 (2018: 5.31) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice Chancellor's total remuneration is 5.20 (2018: 5.16) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University to its staff.

The University's operating context and performance in 2018-19 are described in detail elsewhere in these financial statements. Senior staff remuneration is set in the context of an institution which is one of the largest higher education providers in London, with an annual turnover of £210m, nearly 36,000 students (including students in UK and international partnerships) and over 2,000 staff with activities across three campuses in London and Kent. Like other 'post 92' universities, the University operates in an increasingly competitive student recruitment environment, linked to demographic factors and changes in government policy. Major risks include Brexit, increasing competition for student numbers, and rising staff and pension costs. Significant achievements during the year included an improvement in the University's performance in the National Student Survey; continued improvement in income from research and enterprise activities; the achievement of student recruitment targets in autumn 2018, with home and overseas registrations up on 2017; the acquisition of the interest in Devonport House, adjacent to the Greenwich campus, as a strategic investment; and the opening of the refurbished Dreadnought building as a student hub for the Greenwich campus.

The remuneration for 2018-19 of the Vice Chancellor, Professor David Maguire, was determined on 8 November 2018 by the University's Remuneration Committee. The Committee noted that the Vice-Chancellor had recently announced that he intended to retire at the end of 2019. The Committee did not consider a pay award for the Vice-Chancellor and agreed that the Vice-Chancellor's pay in 2018-19 should remain the same as in 2017-18. The Vice-Chancellor's remuneration in 2018-19 is disclosed in these financial statements in accordance with the Office for Students' Accounts Direction.

The Remuneration Committee considers the Vice-Chancellor's remuneration for 2018-19 to be fair, appropriate and justifiable, given the University's operating context and performance in 2018-19 outlined above.

Further information about decisions made in relation to senior staff remuneration in 2018-19 is provided in the Remuneration Committee's 2018-19 Remuneration Annual Report and Statement, (<https://www.gre.ac.uk/hr/pay-and-pensions>).

**(ii) Governors (excluding Vice-Chancellor)**

No Governors received remuneration from the University in the year for serving in their capacity as Governors. Total expenses paid on behalf of Governors (nil, 2018: one) was £nil (2018: £25) in their capacity as Governors.

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 during the course of the year (2018: None).

**(iii) Key management personnel**

Key management personnel are those members of the executive having authority and responsibility for planning, directing and controlling the activities of the University.

Key management personnel of the University are members of the Vice-Chancellors Group comprising the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellors, Chief Operating

Officer, Director of Finance, University Secretary and Director of Human Resources. There were 11.42 (2018: 9.17) full time equivalent key management personnel in the year. Their remuneration including employer national insurance and superannuation costs are included in Staff Costs (note 8), with overall costs as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Key management personnel remuneration	<u><b>1,949</b></u>	<u>1,648</u>

## 9. Severance Costs

	<b>Group</b>		<b>University</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Severance costs	<b>752</b>	2,437	<b>752</b>	2,437
	<u><b>752</b></u>	<u>2,437</u>	<u><b>752</b></u>	<u>2,437</u>

Severance terms were agreed with 43 former staff members in the year, (2018: 89, of which 71 people left under the University's Voluntary Severance scheme).

## 10. Directors Indemnity

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.

## 11. Other operating expenses

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fees to other colleges	6,663	8,024	6,663	8,024
Student recruitment	5,691	3,770	5,691	3,770
Books and periodicals	2,061	1,654	2,060	1,654
Consumables and laboratory expenditure	2,438	1,892	2,348	1,892
Computers, software and IT maintenance	4,889	5,018	4,872	5,018
Bursaries and scholarships	4,738	6,398	4,723	6,398
Students union subvention grant	1,873	1,738	1,873	1,738
Residence, catering and conferences	11,747	10,468	10,051	9,104
Rents, service charges, rates and insurance	3,634	3,009	3,634	3,009
Electricity, gas and water	3,225	2,775	3,225	2,775
Building maintenance and repair	4,147	5,143	4,694	5,143
Security	2,368	1,936	2,363	1,936
Cleaning, caretaking and waste management	2,557	2,391	2,556	2,391
Publicity and advertising	1,776	1,818	1,770	1,818
Research and consultancy	2,053	1,827	2,071	1,827
Subcontractors' fees and expenses	5,940	5,631	5,940	5,631
Printed communication	769	1,362	764	1,362
Telephone and other communication costs	364	385	364	385
Legal and professional fees	1,667	877	1,656	877
Non-contracted and agency staff	2,793	2,665	2,786	2,665
Staff recruitment	532	110	532	110
Consultancy fees	1,951	2,105	1,872	2,105
Staff development	889	630	883	630
Subscriptions	1,458	1,183	1,446	1,183
Travel and subsistence	1,983	1,892	1,915	1,892
Transportation	1,278	1,115	1,277	1,115
Furniture and equipment	798	692	795	692
Pension increase payment	104	632	104	632
Other expenses	1,085	1,020	983	1,041
	<b>81,471</b>	<b>78,160</b>	<b>79,911</b>	<b>76,817</b>

**Group** other operating expenses are stated after charging:-

Auditors remuneration	- fees payable to the external auditors for:		
	- the audit of the University and Group financial statements	94	86
	- the audit of the University's subsidiaries	22	10
	- the audit of the financial statements of University's subsidiaries on acquisition	15	-
	- audit-related assurance services	19	-
	- fees payable to internal auditors	112	116
	- fees payable to other audit firms	36	28
Rentals under operating leases	- equipment and vehicles	451	473
	- property: campuses	1,747	1,559
	- property: student residences	1,053	1,015

## 12. Interest and other finance costs

Loan interest	937	1,004	937	1,004
Service concession finance charge	4,523	4,500	5,327	5,411
Exchange differences	(14)	44	(14)	44
Net interest cost	2,489	2,655	2,489	2,655
	<u>7,935</u>	<u>8,203</u>	<u>8,739</u>	<u>9,114</u>

## 13. Tangible Assets

### (a) Group

	Freehold £'000	Lease- hold £'000	Service Concess- ions £'000	Equip- ment £'000	Vehicles £'000	Total £'000
<b>Cost or Valuation</b>						
At 1 August 2018	160,917	111,520	68,271	24,344	529	365,581
Additions	(166)	30,330	-	1,277	47	31,488
Disposals	-	-	-	-	-	-
<b>At 31 July 2019</b>	<b>160,751</b>	<b>141,850</b>	<b>68,271</b>	<b>25,621</b>	<b>576</b>	<b>397,069</b>
<b>Accumulated Depreciation</b>						
At 1 August 2018	(27,787)	(37,238)	(15,188)	(22,776)	(406)	(103,395)
Disposals	-	-	-	-	-	-
Charge for year	(1,847)	(2,855)	(1,381)	(1,087)	(43)	(7,213)
<b>At 31 July 2019</b>	<b>(29,634)</b>	<b>(40,093)</b>	<b>(16,569)</b>	<b>(23,863)</b>	<b>(449)</b>	<b>(110,608)</b>
<b>Net Book Value</b>						
<b>At 31 July 2019</b>	<b>131,117</b>	<b>101,757</b>	<b>51,702</b>	<b>1,758</b>	<b>127</b>	<b>286,461</b>
At 31 July 2018	133,130	74,282	53,083	1,568	123	262,186

### (b) University

<b>Cost or Valuation</b>						
At 1 August 2018	160,917	111,520	68,271	23,995	529	365,232
Additions	(166)	8,827	-	1,277	47	9,985
Disposals	-	-	-	-	-	-
<b>At 31 July 2019</b>	<b>160,751</b>	<b>120,347</b>	<b>68,271</b>	<b>25,272</b>	<b>576</b>	<b>375,217</b>
<b>Accumulated Depreciation</b>						
At 1 August 2018	(27,787)	(37,238)	(15,188)	(22,427)	(406)	(103,046)
Disposals	-	-	-	-	-	-
Charge for year	(1,847)	(2,688)	(1,381)	(1,087)	(43)	(7,046)
<b>At 31 July 2019</b>	<b>(29,634)</b>	<b>(39,926)</b>	<b>(16,569)</b>	<b>(23,514)</b>	<b>(449)</b>	<b>(110,092)</b>
<b>Net Book Value</b>						
<b>At 31 July 2019</b>	<b>131,117</b>	<b>80,421</b>	<b>51,702</b>	<b>1,758</b>	<b>127</b>	<b>265,125</b>
At 31 July 2018	133,130	74,282	53,083	1,568	123	262,186

Under FRS 102 transitional arrangements, the University opted to revalue its freehold land at 1 August 2014 (other than the Mansion Site which is in the process of disposal). This resulted in a valuation of £54.9m, £40.8m higher than the book value of £14.1m. This valuation was treated as deemed cost at 1 August 2014. Freehold land with a book value of £57.3m is not depreciated.

The University has a 30 year bond (£25.5m in issue). Under its terms there is a fixed charge on specific assets and a floating charge on all other assets, other than those that are not capable of being charged under the conditions of relevant leases on service concessions. There is a negative pledge over other assets, preventing the creation of any security interests over these assets.



The group asset additions in the year to 31 July 2019 includes the Group's interest in Devonport House acquired by acquiring GDCC Newco "G" Limited as detailed in note 15. There were no freehold disposals during the year ended 31 July 2019, however the cost of freehold assets was adjusted by £166k as the retention due on land acquired was lower than expected.

#### 14. Service concessions

Service concessions (previously Private Finance Initiative (PFI) schemes) are arrangements under which an entity (the Concession Operator), by contract with a Concession Provider (usually the government), receives a right and incurs an obligation to provide public services. The service concession arrangement often gives the Concession Operator the right to use specified tangible assets, intangible assets, and/or financial assets, in exchange for the Concession Operator committing to provide the services according to certain terms and conditions during the concession period and, when applicable, committing to return at the end of the concession period the rights received at the beginning of the concession period and/or acquired during the concession period. Service concession arrangements within the Higher Education sector are typically student residences.

The University has three service concessions reflected on its Balance Sheet: Avery Hill Student Village (through its subsidiary company Greenwich Property Limited) for the construction of 662 en-suite student bedrooms and the provision of facilities management services for 30 years from 1996; Daniel Defoe Halls, a 358 en-suite student residence opened in 2014 with provision of facilities management services for 35 years and Cutty Sark Halls, a 45 year concession for a 231 en-suite student residence which excludes facilities management services. The assets and liabilities of the schemes are recognised in the Group's balance sheet.

Movement in service concession assets and liabilities:-

The asset value of the service concessions included in the Balance Sheet as at 31 July 2019 is £51,701,710 (2018: £53,082,143). The movement is due to depreciation of £1,380,433 (2018: £1,380,433).

The total liabilities relating to service concessions included in the Balance Sheet as at 31 July 2019 is £66,052,980 (2018: £66,751,765). The movement is due to interest in the year of £4,522,568 (2018: £4,500,954), less repayments of £5,221,353 (2018: £5,042,714).

Future commitments:-

The future commitments on service concessions are as follows:

	Payable in 1 year £'000	Payable in 2-5 years £'000	More than 5 years £'000	Total £'000
Liability repayments	3,719	7,103	55,231	66,053
Finance charge	1,635	15,205	68,880	85,720
	<b>5,354</b>	<b>22,308</b>	<b>124,111</b>	<b>151,773</b>

#### 15. Investments

(i) *Investments :-*

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Shares in CVCP Properties Plc	38	38	38	38
	<b>38</b>	38	<b>38</b>	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 ordinary shares of the company.

	<b>University</b>	
	<b>2019</b>	2018
	<b>£</b>	£
<b>Investment in subsidiaries at cost</b>		
Greenwich University Enterprises Limited	2	2
Greenwich Property Limited	2	2
GDCC Newco ("G") Limited	21,495,857	-
	<b><u>21,495,861</u></b>	<b><u>4</u></b>

**(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 incorporated in the UK (registered office address is that of the University) and whose principal activities are the provision of consultancy services, analytical testing, events/short lets and software sales. The results for the year ended 31 July 2019 are consolidated in these financial statements with those of the University. Greenwich University Enterprises Limited has an equity shareholding in the following company:-

- 19,999 ordinary shares (7.9%) in Carbon8 Systems Limited.
- 1 preference share (10%) 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 (registered office address is that of the University). 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 2019 are consolidated in these financial statements with those of the University.

**GDCC Newco ("G") Limited**

On 14 August 2018, the University of Greenwich acquired 100% of the issued shares (both £1 ordinary and £1 deferred shares) in GDCC Newco ("G") Limited for a consideration of £21,502,875, paid out of the University's own cash reserves. The sole asset of GDCC Newco ("G") Limited is its 100% shareholding (£1 ordinary shares) in Greenwich Devonport Conference Centre Limited, whose major business activity is its ownership of a lease on a property currently rented out to De Vere Venues. The lease owned is a lease from the University of Greenwich and runs to 2032 but can be extended at the option of Greenwich Devonport Conference Centre Limited every five years until 2148. The results for the period from 14 August 2018 to 31 July 2019 are consolidated in these financial statements with those of the University. Both GDCC Newco ("G") Limited's and Greenwich Devonport Conference Centre Limited's registered office address is that of the University.

## 16. Stock

	<b>Group</b>		<b>University</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Catering consumables	<b><u>64</u></b>	<u>76</u>	<b><u>64</u></b>	<u>76</u>

## 17. Trade and other receivables

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b><i>Due within one year</i></b>				
Trade receivables	8,993	6,771	8,474	6,550
Research grants receivables	2,702	3,076	2,702	3,076
Amounts due from group undertakings	-	-	140	136
Other receivables	530	409	278	65
Prepayments and accrued income	2,864	3,083	2,833	3,083
Amounts due from OfS/DfE	105	107	105	107
	<b>15,194</b>	13,446	<b>14,532</b>	13,017
<b><i>Due in more than one year</i></b>				
Amounts due from group undertakings	-	-	5,138	5,879
	<b>15,194</b>	13,446	<b>19,670</b>	18,896

The amounts due from group undertakings are unsecured and interest bearing.

## 18. Investments

Equities and investment funds	9,757	9,148	9,757	9,148
Charities Official Investment Fund shares	98	90	98	90
Debt service reserve (bond) - note 20	2,412	2,412	2,412	2,412
Short term deposits	12,674	47,618	12,674	47,618
	<b>24,941</b>	59,268	<b>24,941</b>	59,268

The market value of listed equities and investment funds at 31 July 2019 was £9.757m (2018: £9.148m).

Deposits are held with UK banks regulated by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2019 the weighted average interest rate of fixed rate deposits was 0.81% (2018: 0.66%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 92 days (2018: 89 days). The fair value of these deposits was not materially different from the book value.

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

Secured loan - Bond	1,186	1,114	1,186	1,114
Service concession arrangements - note 14	3,719	3,305	2,615	2,340
Trade payables	8,960	8,421	8,950	8,412
Amounts due to group undertakings	-	-	3,439	3,316
Social security and other taxation payable	2,259	2,377	2,207	2,377
Other creditors	7,791	6,699	7,764	6,683
Accrued expenditure	12,082	16,131	12,031	15,803
Deferred income	24,647	23,883	23,776	23,028
	<b>60,644</b>	61,930	<b>61,968</b>	63,073

Deferred income of £24.6m (2018: £23.9m) relates to revenues that have specific performance related conditions that will be met in future accounting periods.

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

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred income	27,975	29,254	27,975	29,254
Service concessions - note 14	62,334	63,446	51,965	51,973
<b>Loans</b>				
Secured loan - Bond	12,703	13,888	12,703	13,888
Unsecured loan - Greenwich Property Ltd	-	-	19,914	22,407
	<b>103,012</b>	106,588	<b>112,557</b>	117,522

### Loans - analysis of repayments:-

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Repayable between one and two years</i>				
Secured loan - Bond	1,262	1,186	1,262	1,186
Unsecured loan - Greenwich Property Ltd	-	-	2,698	2,493
	<b>1,262</b>	1,186	<b>3,960</b>	3,679
<i>Repayable between two and five years</i>				
Secured loan - Bond	4,297	4,037	4,297	4,037
Unsecured loan - Greenwich Property Ltd	-	-	9,503	8,780
	<b>4,297</b>	4,037	<b>13,800</b>	12,817
<i>Repayable after five years</i>				
Secured loan - Bond	7,144	8,665	7,144	8,665
Unsecured loan - Greenwich Property Ltd	-	-	7,713	11,134
	<b>7,144</b>	8,665	<b>14,857</b>	19,799
	<b>12,703</b>	13,888	<b>32,617</b>	36,295

### The 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.

When issued, AMBAC Assurance UK Limited (formerly Ambac Insurance UK Limited) (AMBAC) guaranteed re-payments of interest and principal, for which guarantee the University paid a premium. The University is required to maintain a debt service reserve comprising cash, on six-month deposit with a bank, sufficient to meet two bond repayment instalments (see note 18). Payments are semi-annual on 31 January and 31 July.

On 22 May 2019 a meeting of the holders of the bonds was convened to consider an extraordinary resolution (a) to release AMBAC from its obligations pursuant to the financial guarantee insurance policy dated 14 October 1998 and endorsement issued thereto by AMBAC in respect of the bond, and (b) to remove AMBAC as Controlling Party in respect of the bond. This meeting was held on 13 June 2019 and the extraordinary resolution was passed, and accordingly the modifications referred to in the extraordinary resolution were implemented.

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 and service concessions. There is a negative pledge over other assets.



In line with the requirements of Section 11 of FRS 102 (Basic Financial Instruments), the outstanding value of the bond is stated in these financial statements at amortised cost using the effective rate method. At 31 July 2019, the market price of the bond as quoted on the Luxembourg Stock Exchange was £118.11 per £100 unit (2018: £116.09 per £100 unit).

#### Unsecured loan – Greenwich Property Limited

The loan is unsecured and interest bearing.

### 21. Pension provisions (Group and University)

	Defined Benefit Scheme (note 28) £'000	USS Pension Deficit £'000	Enhanced Pensions £'000	Total £'000
At 1 August 2018	96,793	305	5,312	102,410
Movement on liability due to service in the period	5,471	-	-	5,471
Admin cost	249	-	-	249
Net interest cost	2,482	7	-	2,489
Payments in year	-	-	(241)	(241)
Revaluation of enhanced pension liability	-	-	464	464
Actuarial (gain)/loss	5,672	-	-	5,672
Increase in provision	-	393	-	393
<b>At 31st July 2019</b>	<b>110,667</b>	<b>705</b>	<b>5,535</b>	<b>116,907</b>

The enhanced pension provision of £5.5m is in respect of enhanced superannuation entitlements of former employees whose services were severed under a voluntary severance arrangement available at the relevant time. This provision was revalued during the year using actuarial tables from the Government Actuary's Department. The net interest rate used was 0.0% which meant a no interest costs arose. The provision in the year increased by £0.2m (2018: £0.7m decrease).

Since the year end, following the completion of the 2018 actuarial valuation, a new USS deficit recovery plan has been agreed of which more detail is given in note 27. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £405k, a decrease of £300k from the current year end provision.

More information on contributions to pension funds can be found in note 27.

### 22. Other provisions

	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Balances at 1 August</b>	<b>2,002</b>	-	<b>1,977</b>	-
Reclassified from accruals during year	-	738	-	738
Provided in year	-	1,264	-	1,239
Utilised in year	<b>(244)</b>	-	<b>(224)</b>	-
<b>At 31st July</b>	<b>1,758</b>	<b>2,002</b>	<b>1,753</b>	<b>1,977</b>

Other provisions relates to a provision for salaries, a dilapidation provision to bring part of the Mansion Site, currently earmarked for disposal, to the standard required by a restrictive covenant, and a provision for future losses on various onerous research contracts arising from the forthcoming increase in employer contributions to the Teachers' Pension Scheme as at 1 September 2019.

## 23. Endowment Reserve (Group and University)

	<b>Restricted Permanent £'000</b>	<b>Restricted Expendable £'000</b>	<b>2019 Total £'000</b>	2018 Total £'000
<b>Balances at 1 August</b>				
Capital	308	56	<b>364</b>	364
Accumulated income	176	527	<b>703</b>	714
	<u>484</u>	<u>583</u>	<u><b>1,067</b></u>	<u>1,078</u>
New endowments	-	-	-	2
Investment income	10	7	<b>17</b>	16
Expenditure	(6)	(22)	<b>(28)</b>	(35)
	4	(15)	<b>(11)</b>	(19)
Increase in market value	8	-	<b>8</b>	6
<b>At 31st July</b>	<u><b>496</b></u>	<u><b>568</b></u>	<u><b>1,064</b></u>	<u><b>1,067</b></u>
<b>Represented by:</b>				
Capital	316	56	<b>372</b>	364
Accumulated income	180	512	<b>692</b>	703
	<u>496</u>	<u>568</u>	<u><b>1,064</b></u>	<u>1,067</u>
<b>Analysis by purpose:</b>				
Scholarships and bursaries	465	405	<b>870</b>	873
Prize funds	31	22	<b>53</b>	52
General	-	141	<b>141</b>	142
	<u>496</u>	<u>568</u>	<u><b>1,064</b></u>	<u>1,067</u>
<b>Analysis by asset:</b>				
Charities Official Investment Fund shares			<b>98</b>	90
Cash and short term deposits			<b>966</b>	977
			<u><b>1,064</b></u>	<u>1,067</u>

## 24. Restricted reserve (Group and University)

	<b>2019 £'000</b>	2018 £'000
<b>Balances at 1 August</b>		
New donations	<b>381</b>	409
Other income	<b>124</b>	131
Expenditure	<b>85</b>	-
	<u><b>(182)</b></u>	<u>(159)</u>
<b>At 31st July</b>	<u><b>408</b></u>	<u>381</u>

## 25. Cash and cash equivalents (Group)

	<b>1 August 2018 £'000</b>	<b>Cash Flows £'000</b>	<b>Non-cash changes £'000</b>	<b>31 July 2019 £'000</b>
Cash and cash equivalents	37,927	22,086	330	<b>60,343</b>
Total	<u>37,927</u>	<u>22,086</u>	<u>330</u>	<u><b>60,343</b></u>

## 26. Lease obligations

Operating lease obligations:-

### *Leasehold properties*

#### **Future minimum lease payments due:**

Payable within one year	<b>2,800</b>	2,575	<b>2,800</b>	2,575
Payable between two and five years	<b>10,897</b>	10,098	<b>10,897</b>	10,098
Payable after five years	<b>218,793</b>	197,421	<b>218,793</b>	197,421
	<b><u>232,490</u></b>	<u>210,094</u>	<b><u>232,490</u></b>	<u>210,094</u>

### *Equipment*

#### **Future minimum lease payments due:**

Payable within one year	<b>141</b>	156	<b>141</b>	156
Payable between two and five years	<b>197</b>	208	<b>197</b>	208
	<b><u>338</u></b>	<u>364</u>	<b><u>338</u></b>	<u>364</u>

Leasehold properties held under operating leases pertain to 30 year leases for two student residences at Medway, and a 150 year lease for the Greenwich campus.

## 27. Contributions to pension funds

The University participates in four active pensions schemes: the Teachers' Pension Scheme (TPS), the London Pension Fund Authority (LPFA), Universities Superannuation Scheme (USS) and the National Employee Savings Trust (NEST). The TPS and LPFA are defined benefit schemes, whose financial position, income and expenditure are disclosed in their annual audited financial statements. The employers' contribution rates 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 identify the liabilities of the TPS, which are attributable to the University. As required by FRS 102, the University accounts for the scheme on a defined contribution basis. 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 most recent valuation of the Scheme took place at 31 March 2016. The report revealed total Scheme liabilities for service to the valuation date of £218.1bn and notional assets of £196.1bn, giving a notional past service deficit of £22.0bn. Based on the detailed valuation analysis, the employer contribution rate was increased from 1 September 2019 to 23.68% of pensionable pay (including the 0.08% administration levy).

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

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

### ***London Pension Fund Authority (LPFA)***

The LPFA Scheme falls within the Local Government Pension Scheme regulations. It provides superannuation benefits for administration and technical staff.

The most recent actuarial valuation of the Scheme took place as at 31 March 2016. The total value of the Fund as at 31 March 2016 was £4,550m.

The main actuarial assumptions used in the 2016 valuation were:

Consumer Price Inflation (CPI)	2.4%
Discount Rate	5.7%
Annual rate of pay increases	3.9%
Annual rate of pension increases	2.4%

On 1 April 2014 The Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 came into effect. The benefits for service from 1 April 2014 are based on the Local Government Pension Scheme Regulations 2013. The main changes were to move from a final salary pension scheme based on 60ths accrual and a retirement age of 65 to a career average revalued earnings pension scheme based on 49ths accrual and a retirement age equal to State Pension Age. The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 serve the dual propose of retaining the previous benefit structure for service up to 31 March 2014 and introducing new protections for members close to retirement to ensure that they are not disadvantaged by the benefit changes. These provisions have since been challenged by the McCloud pension ruling, which is discussed in more detail below.

The University's contribution rate has been assessed at 14% plus an additional lump sum payment of £2.125m p.a. for past service costs.

Pension costs are charged to the Statement of Comprehensive Income and Expenditure in the year to which the salaries on which they are payable relate. Other creditors include £729,283 (2018: £676,155) payable to the LPFA in respect of the University's pension contributions on July 2019 salaries.

The following disclosures in relation to LPFA are a requirement of FRS 102.

Assumptions as at:-	<b>31 July 2019</b>	31 July 2018	31 July 2017
	<b>Nominal % pa</b>	Nominal % pa	Nominal % pa
RPI increases	<b>3.40%</b>	3.35%	3.50%
CPI increases	<b>2.30%</b>	2.25%	2.40%
Salary increases	<b>3.30%</b>	3.25%	3.40%
Pension increases	<b>2.30%</b>	2.25%	2.40%
Discount rate	<b>2.10%</b>	2.65%	2.70%

The actuarial calculations are based on the following assumptions:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

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 the Statement of Comprehensive Income and Expenditure.

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 0.5% in excess of price inflation.

McCloud/Sargeant judgement:

Analysis provided by the Government Actuary's Department (GAD) has been used to estimate the possible impact on the ruling on the University. GAD estimated that the past service liability would be 3.2% of liabilities for active members at 31 March 2019 based on a salary increase assumption



of CPI + 1.5%. This has then been adjusted to take into account the University's salary growth assumptions and additional amounts earned up to 31 July 2019 and, also, to ignore members who joined the scheme after the revisions were made to the scheme. These adjustments mean that the impact on the University's liabilities is 1.2% of liabilities for active members, which is around 0.5% of the University's total liabilities.

GAD analysis has also been used to compute the impact on service cost. GAD estimated that the impact on service cost to be 3% of payroll based on a salary increase assumption of CPI + 1.5%. Once adjusted to take account of the University's salary growth assumptions and to ignore members who joined the scheme after the revisions were made to the scheme, the impact is 0.7% of the University's payroll cost, equivalent to 1.9% of service cost

#### Mortality Assumptions:

The post retirement mortality is based on Club Vita analysis. These base tables are then projected using the CMI 2018 model, allowing for a long-term rate of improvement of 1.5% per annum.

The assumed life expectations from age 65 are:

	<u>2019</u>		<u>2018</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
Current Pensioners	<b>20.6 years</b>	<b>23.6 years</b>	21.6 years	24.6 years
Future Pensioners	<b>22.4 years</b>	<b>25.5 years</b>	23.9 years	26.8 years

The asset allocation for the University as at 31 July 2019 was as follows:

<b>Asset Class</b>	<b>Fair Value at 31 July 2019 £'000</b>	Fair Value at 31 July 2018 £'000
Equities	<b>114,829</b>	116,099
Target return portfolio	<b>53,523</b>	42,390
Cash	<b>11,117</b>	8,784
Property	<b>19,199</b>	14,700
Infrastructure	<b>12,077</b>	9,524
<b>Total</b>	<b><u>210,745</u></b>	<u>191,497</u>

The return on the fund (on a bid to bid value basis) for the year to 31 July 2019 is estimated to be 10%. Based on the above, the University's share of the assets of the Fund is approximately 3%.

	<b>2019 £'000</b>	2018 £'000
<u>Analysis of the amount shown in the balance sheet</u>		
Present value of defined benefit obligation	<b>(321,088)</b>	(287,933)
Fair value of Fund assets (bid value)	<b>210,745</b>	191,497
Deficit	<b>(110,343)</b>	(96,436)
Present value of unfunded obligations	<b>(324)</b>	(357)
<b>Deficit in scheme - net pension liability</b>	<b><u>(110,667)</u></b>	<u>(96,793)</u>

#### Analysis of the amount that is debited to finance costs

Interest cost	<b>7,564</b>	7,516
Expected return on employer assets	<b>(5,082)</b>	(4,867)
<b>Net cost</b>	<b><u>2,482</u></b>	<u>2,649</u>

<u>Analysis of the amount recognised in the Statement of Comprehensive Income and Expenditure</u>	<b>2019</b>	2018
	<b>£'000</b>	£'000
Actual return less expected return on pension scheme deficits	<b>13,869</b>	6,049
Experience loss	<b>(14)</b>	-
Change in demographic assumptions	<b>15,155</b>	-
Changes in assumptions underlying the present value of the scheme liabilities	<b>(34,682)</b>	5,772
<b>Actuarial (loss)/gain</b>	<b>(5,672)</b>	11,821

Movement in deficit during the year

<b>Deficit at beginning of the year</b>	<b>(96,793)</b>	(101,147)
Current service cost	<b>(9,905)</b>	(10,254)
Employer contributions	<b>6,517</b>	6,041
Contributions in respect of unfunded benefits	<b>33</b>	34
Impact of settlements and curtailments	<b>(458)</b>	(405)
Past service cost - impact of McCloud pension ruling	<b>(1,658)</b>	-
Administration expenses	<b>(249)</b>	(234)
Net interest cost	<b>(2,482)</b>	(2,649)
Actuarial (loss)/gain	<b>(5,672)</b>	11,821
<b>Deficit at end of year</b>	<b>(110,667)</b>	(96,793)

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

<b>Opening defined benefit obligation</b>	<b>288,290</b>	280,836
Current service cost	<b>9,905</b>	10,254
Interest cost	<b>7,564</b>	7,516
Contributions by members	<b>2,114</b>	2,126
Change in demographic assumptions	<b>(15,155)</b>	-
Change in financial assumptions	<b>34,682</b>	(5,772)
Experience (gain)/loss on on defined benefit obligation	<b>14</b>	-
Losses on curtailments	<b>458</b>	405
Past service cost - impact of McCloud pension ruling	<b>1,658</b>	-
Unfunded benefits payments	<b>(33)</b>	(34)
Estimated benefits paid net of transfers in	<b>(8,085)</b>	(7,041)
<b>Closing defined benefit obligation</b>	<b>321,412</b>	288,290

Analysis of the movement in the market value of the scheme assets

<b>Opening fair value of employer assets</b>	<b>191,497</b>	179,689
Interest on assets	<b>5,082</b>	4,867
Return on assets less interest	<b>13,869</b>	6,049
Other actuarial gains	<b>-</b>	-
Administration expenses	<b>(249)</b>	(234)
Contributions by members	<b>2,114</b>	2,126
Contributions by the employer including unfunded	<b>6,550</b>	6,075
Estimated benefits paid plus unfunded net of transfers in	<b>(8,118)</b>	(7,075)
<b>Closing fair value of employer assets</b>	<b>210,745</b>	191,497

***The Universities Superannuation Scheme***

The University participates in the Universities Superannuation Scheme (USS), a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the Scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The Scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other Universities' employees and is unable to identify its share of

the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102 Section 28, accounts for the scheme as if it were a defined contribution scheme.

The latest triennial actuarial valuation of the Scheme was at 31 March 2017. At this date there was a funding shortfall of £7.5bn, equivalent to a funding level of 89%. The Scheme's funding level has remained stable since the 2014 valuation.

A new deficit recover plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan.

With effect from 1 April 2016, the employers' contribution rate was 18% and this includes a provision for the correction of the past service deficit as at 31 March 2014. Following the 31 March 2017 valuation the employers' contribution was raised to 19.5% with effect from 1 April 2019, to 22.5% with effect from 1 October 2019, and to 24.2% from 1 April 2020.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

FRS 102 requires deficit recovery plans for multi-employer schemes such as USS to be recognised as a provision for a liability. The initial liability and any increases are charged to the Income Statement, recorded as a liability on the balance sheet and unwound over time as the liability is discharged. An amount of £705k is included within the University's pension provision (note 21) for USS and the increase in the provision for 2018-19 of £400k has been credited to Staff Costs (note 8).

The 2018 actuarial valuation was finalised after the year end which indicated a scheme shortfall of £3.6 billion.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £405k, a decrease of £300k from the current year end provision.

The total pension contributions for the University and its subsidiaries were:-

	<b>2019</b>	2018
	<b>£'000</b>	£'000
TPS	<b>6,161</b>	6,367
USS	<b>553</b>	162
LPFA	<b>11,637</b>	10,638
NEST	<b>17</b>	10
<b>Total pension costs (note 8)</b>	<b><u>18,368</u></b>	<u>17,177</u>

## 28. Taxation

UK corporation tax:-

Greenwich University Enterprises Limited	-	-
Greenwich Property Limited	-	-
Greenwich Devonport Conference Centre Limited	-	-
GDCC Newco ("G") Limited	-	-
	<u>-</u>	<u>-</u>

## 29. Contingent liabilities

The University of Greenwich will continue to support Greenwich University Enterprises Limited, by providing adequate financial assistance to enable the company to continue its business operations as a going concern for the foreseeable future. The University has also agreed to provide support to the Students' Union.

## 30. Post balance sheet events

Mansion Site:

Terms have been agreed to dispose of the Mansion Site (excluding the Winter Gardens, buildings and land), with the anticipated completion date being after 31 July 2019. This will be accounted for in the 2020 financial statements subject to successful completion of the sale. Principal terms have been agreed to dispose of the Winter Gardens, buildings and land to the Royal Borough of Greenwich, along with a payment to Royal Borough of Greenwich of £4.75m, which will also be accounted for in the 2020 financial statements, which is also subject to successful completion of the sale.

The Mansion site's carrying value at 31 July 2019 is £3.2m

USS Pension Scheme:

As set out in Note 27 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £300k in the provision for the Obligation to fund the deficit on the USS pension which would instead be £405k. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

## 31. 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 a specific exemption allowed by FRS 102 Section 33 (Related Party Disclosures).

### (ii) Other matters

The president of the Students' Union, University of Greenwich is a member of the University's Governing Body. The University paid a subvention grant to the Students' Union of £1,281,690 in the year (2018: £1,289,000). A letter of support is provided by the University of Greenwich to the Students' Union, University of Greenwich annually.

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

## 32. Financial instruments - Group

### (i) Overview

The Group's financial instruments comprise borrowings cash and liquid resources and trade creditors. The main risks arising from the Group's financial instruments, that the Governing Body has oversight of, are; liquidity risk, credit risk, interest rate risk and currency risk.



This note presents information about the Group's exposure to each of the above risks.

Categories of financial instruments	Group		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Financial assets</b>				
Equities and investment funds	<b>9,757</b>	9,148	<b>9,757</b>	9,148
Loans and receivables:				
Receivables (excludes prepayments)	<b>12,330</b>	10,363	<b>11,559</b>	9,934
Amounts owed by subsidiaries	-	-	<b>5,138</b>	5,879
Investments	<b>15,184</b>	50,120	<b>15,184</b>	50,120
Cash and cash equivalents	<b>60,343</b>	37,927	<b>59,669</b>	37,808
	<b>97,614</b>	107,558	<b>101,307</b>	112,889
<b>Financial liabilities</b>				
Trade & other payables (excludes deferred income)	<b>19,010</b>	17,497	<b>18,921</b>	18,485
Bond	<b>13,889</b>	15,002	<b>13,889</b>	15,002
Service concession arrangements	<b>66,053</b>	66,751	<b>54,580</b>	54,313
Loan - Greenwich Property Limited	-	-	<b>19,914</b>	24,710
	<b>98,952</b>	99,250	<b>107,304</b>	112,510

These financial assets and liabilities are all basic financial instruments in accordance with section 11 of FRS 102. They are measured at amortised cost with the exception of equities and investment funds which are measured at fair value through profit or loss.

### **(ii) Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. This risk is managed by the application of measures set out in the University's Treasury Management Policy and by ensuring the timely recovery of funds owed to the Group, forecasting cash requirements and matching requirements to maturity dates of deposits.

Under the terms of the University's 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 (see note 18) and to maintain a minimum cash balance (including fixed term and bank deposits) of the higher of £5m or 5% 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:

**(iii) Credit risk**

	<b><u>Trade &amp; other payables</u></b> <b>£'000</b>	<b><u>Bond</u></b> <b>£'000</b>	<b><u>Service Concess- ions</u></b> <b>£'000</b>
<b><u>As at 31st July 2019</u></b>			
In one year or less or on demand	19,010	2,050	5,353
In more than one year but not more than two years	-	2,050	5,490
In more than two years but not more than five years	-	6,151	17,319
In more than five years	-	8,202	123,611
	<b><u>19,010</u></b>	<b><u>18,453</u></b>	<b><u>151,773</u></b>
<b><u>As at 31st July 2018</u></b>			
In one year or less or on demand	17,497	2,050	5,171
In more than one year but not more than two years	-	2,050	5,302
In more than two years but not more than five years	-	6,151	16,727
In more than five years	-	10,254	127,590
	<b><u>17,497</u></b>	<b><u>20,505</u></b>	<b><u>154,790</u></b>

Credit risk is the Group's exposure to financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally on the University's receivables and its short-term investments.

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

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

The credit risk for trade debtors (student and commercial debt) is assessed as 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.

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

	<b>Total</b> <b>£'000</b>	<b>0 to 6</b> <b>Months</b> <b>£'000</b>	<b>7 to 12</b> <b>Months</b> <b>£'000</b>	<b>More</b> <b>than 1</b> <b>Year</b> <b>£'000</b>
<u>As at 31st July 2019</u>				
Accommodation	350	350	-	-
Commercial	6,623	6,623	-	-
Tuition	2,020	2,020	-	-
	<b>8,993</b>	<b>8,993</b>	-	-
<u>As at 31st July 2018</u>				
Accommodation	350	350	-	-
Commercial	5,696	5,696	-	-
Tuition	725	725	-	-
	<b>6,771</b>	<b>6,771</b>	-	-

Commercial debtors not due at 31 July 2019, net of bad debt provision, were £4.1m (2018: £5.4m).

**(iv) Interest rate risk**

Interest rate risk is the Group's exposure to higher debt servicing charges, and/or lower investment returns on changes in interest rates/yields.

The Group's borrowings are at fixed lending rates and 14% percent of the total financial liabilities relate to the University's 30 year bond (2028) with the remainder in respect of the financing of student residences and service concession arrangements.

The weighted average interest rate of the University's interest earning financial assets and interest bearing financial liabilities are as follows:-

	<b>As at 31 July 2019</b>			<b>As at 31 July 2018</b>		
	<b>Total</b> <b>£'000</b>	<b>Floating</b> <b>/fixed</b>	<b>Weighted</b> <b>interest</b> <b>rate</b>	<b>Total</b> <b>£'000</b>	<b>Floating</b> <b>/fixed</b>	<b>Weighted</b> <b>interest</b> <b>rate</b>
<i>Financial assets:-</i>						
Equities and investment funds	<b>9,757</b>	-	-	9,148	-	-
Debt service reserve	<b>2,412</b>	<b>Fixed</b>	<b>0.87%</b>	2,412	Fixed	0.82%
Fixed term & notice bank deposits						
Sterling	<b>12,674</b>	<b>Floating</b>	<b>0.79%</b>	47,618	Floating	0.66%
	<b>24,843</b>			<b>59,178</b>		
<i>Financial liabilities:-</i>						
Bond	<b>13,889</b>	<b>Fixed</b>	<b>6.97%</b>	15,002	Fixed	6.97%
Avery Hill Student Village loan	<b>11,473</b>	<b>Fixed</b>	<b>8.00%</b>	12,439	Fixed	8.00%
	<b>25,362</b>			<b>27,441</b>		

**(iv) Currency risk**

Currency risk is the risk that currency rate fluctuations will adversely impact the Group's income or expenditure or the value of its financial instruments. The Group's currency risk policy is set out in the Currency Risk Management Policy which was approved by the Governing Body in November 2015. The main element of the policy is to recognise and manage the currency risk where currency fluctuations can have a material impact on the University's business.

Approximately 54% 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 University did not enter into any hedging arrangements during the year.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows:

Currency	Assets		Liabilities	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Sterling	91,822	103,571	98,952	99,250
EURO	2,006	1,526	-	-
US \$	3,641	1,933	-	-
Other	145	528	-	-
	<b>97,614</b>	<b>107,558</b>	<b>98,952</b>	<b>99,250</b>

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

**(v) 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).

### 33. Capital commitments

Provision has not been made for the following capital commitments at 31 July 2019:

Commitments contracted	821	6,024	821	6,024
Commitments authorised but not contracted	3,811	2,720	3,811	2,720
	<b>4,632</b>	<b>8,744</b>	<b>4,632</b>	<b>8,744</b>

The total commitments are comprised of redevelopment of the Southwood Site, £3.9m, and the University's new focal point for enterprise £0.7m.





**University of Greenwich**  
Old Royal Naval College  
Park Row, London SE10 9LS

[greenwich.ac.uk](http://greenwich.ac.uk)

