UNIVERSITY of GREENWICH

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

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

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

CONTENTS

UNIVERSITY of GREENWICH

OFFICERS AND PROFESSIONAL ADVISERS

Chancellor	The Lord Hart of Chilton
Pro Chancellor and Chairman	Mr S Etherington (appointed 1 August 2008)
Vice-Chancellor	Baroness Blackstone
Secretary & Clerk to the Court	Mrs L. Cording
External Auditors	Grant Thornton UK LLP Chartered Accountants and Registered Auditors Bryanston Court, Selden Hill Hemel Hempstead HP2 4TN
Internal Auditors	RSM Bentley Jennison 45 Moorfields London EC2Y 9AE
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP
Solicitors	Stephenson Harwood One St. Paul's Churchyard London EC4M 8SH

UNIVERSITY of GREENWICH

MEMBERSHIP OF THE COURT

The following persons served as Governors during the year ended 31 July 2009. In the case of those who became or ceased to be governors during the year, the appropriate dates are shown.

Article 7(1) – Vice-Chancellor	Baroness Blackstone	
Article 7(2)a – Independent Members	Mr R J Baglin	
	Mr J E Brathwaite	
	Mr S H Davie	
	Mr S Etherington	
	Mr J C Gould	(resigned 31.8.08)
	Mr P Housden	
	Mr S W Howlett	
	Mr J R H Loudon	
	Sir Callum McCarthy	
	Mrs M McKinlay	(resigned 31.8.08)
	Dr A S Pugh	
Article 7(2)b – Academic Council Members	Professor P Ainley	
	Professor S Golding	(appointed 1.9.08)
	Dr P M B Meers	(resigned 31.8.08)
Article 7(2)c – Student Members	Mr B Adeeso	
Article 7(2)d – Co-opted Members	Mr J C Barnes	(appointed 1.9.08)
	Mrs S L Clarke	(appointed 1.9.08)
	Mr N W Eastwell	(appointed 1.9.08)
	Dr L Garner	(resigned 31.8.08)
	Ms M Hay	(appointed 1.9.08)
	Ms C H Rose	

UNIVERSITY of GREENWICH

MEMBERSHIP OF COURT COMMITTEES

The following are the Court Committees and their membership during the year ended 31 July 2009. In the case of those who became or ceased to be members during the year, the appropriate dates are shown.

Pro-Chancellor's Advisory Group	**Stuart Etherington**	**(Chairman)**
	Richard Baglin	
	James Loudon	
Audit	**Richard Baglin**	**(Chairman)**
	Steve Davie	
	Alaric Pugh	
Finance	**James Loudon**	**(Chairman)**
	James Barnes	
	Tessa Blackstone	
	Nick Eastwell	
	Marianne Hay	
	Stephen Howlett	
	Callum McCarthy	
Nominations	**Stuart Etherington**	**(Chairman)**
	Tessa Blackstone	
	Sue Golding	
	James Loudon	
Remuneration	**James Loudon**	**(Chairman)**
	Richard Baglin	
	Tessa Blackstone	
	Stuart Etherington	

REPORT OF THE GOVERNORS (AS DIRECTORS)

INTRODUCTION

1. Constitution and activities

The University of Greenwich is a company limited by guarantee without share capital and was incorporated in 1971. The University's financial statements comply with the Companies Act 2006. On the 1st January 1995, the University became an exempt charity.

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

2. Mission and objectives

The University of Greenwich aims to provide high quality education, research and enterprise for international, national, regional and local communities.

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

The University's strategic objectives are:-

(a) Enhancing learning and teaching

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

(b) Employability

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

(c) Expanding opportunities

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

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

2. Mission and objectives (continued)

(d) Enterprise and research

- To undertake enterprise and research with the public and private sectors including consultancy and knowledge transfer activities

- To engage with local and regional communities and to provide services that meet their needs and encourage participation in University activities

(e) Effectiveness and efficiency

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

3. Developments

The University continues to implement its Corporate Plan approved in 2006. Progress toward achievement of the targets set out in the Corporate Plan has been monitored throughout the year.

A key measure of the University's success is that our graduates are attractive to employers. Most Schools have established employer advisory panels that meet regularly to discuss the relevance of the curriculum to the employment market and the needs of the economy and to encourage employers to take an active interest in the University. Our graduates have continued to be successful in gaining employment, but in the current economic climate prospects for the immediate future are less promising.

Overseas partnerships continue to flourish as an effective method of raising the profile of the University. We continue to expand collaboration with existing partners by adding new subject areas.

During the year, the University acquired a freehold site in central Greenwich on which to build a new building for the School of Architecture and Construction and a new Learning Resources Centre. A competition to choose architects was launched and work has begun on the design of the new School. Other developments in the University's estate include the opening of upgraded catering facilities on the Medway and Avery Hill campuses

Supporting sustainability and combating climate change are becoming increasingly important and University researchers are contributing to this field in a number of ways:

- Staff in the School of Science won a Times Higher Education Award for developing a technology that converts contaminated land and industrial waste into harmless pebbles thus capturing large amounts of carbon dioxide.
- Built environment researchers are working on the likelihood of extreme weather events, their impact on physical infrastructure and the effect on local populations.
- Plant pathologists are working on developing virus resistant crops, especially sweet potatoes in sub Sahara Africa.
- Scientists are working on a range of rodent research projects to curb the rat population in Bangladesh.

New initiatives that have been started on the Medway Campus with the local community remain important.

- The Renishaw Centre for Manufacturing Productivity, will offer courses to businesses, developing teaching and research on manufacturing productivity and giving local firms access to the latest technology. This Centre is a collaborative venture between engineering manufacturers Renishaw and the School of Engineering.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

3. Developments (continued)

- The Rochester Bridge Trust has sponsored a new professorship to encourage innovation and increase knowledge in infrastructure. An expert in the assessment, repair and maintenance of structures such as a bridge took up the post in August 2009.

We will face many challenges in the year ahead as result of the recent world financial crisis. Cuts in public spending are inevitable although their extent and their impact on higher education remain unknown. The University is planning to meet these cuts, and remains confident that it will remain attractive to sufficient applicants to make good progress in achieving its objectives.

The competition for students remains strong and we need to maintain improvement in obtaining research and enterprise funding.

We have plans in place to meet these challenges through a range of activities to improve our attractiveness to students by reviewing our programmes and improving the experience of students during their studies, by ensuring that research funders recognise our research capacity in specific areas, and by continuing to develop links with business that will benefit all parties.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

4. Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University (including the Natural Resources Institute) and its subsidiary companies Greenwich University Enterprises Limited, Greenwich Property Limited and the Centre for Contaminated Land Remediation (CCLR). CCLR did not trade in the year ended 31st July 2009.

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and the Companies Act 2006.

5. Results for the year

The Group results for the year ended 31 July 2009 are summarised as follows:-

	2009	2008
	£'000	£'000
University (including NRI):-		
Operating surplus	**8,866**	7,120
Greenwich University Enterprises Limited	**33**	88
Greenwich Property Limited	**-**	-
Centre for Contaminated Land Remediation (CCLR)	**-**	(1)
Group historical cost surplus	**8,899**	7,207

The group had a historical cost surplus of £8.9m for the 2008/9 financial year (2008: £7.2m) that includes a £1.2m non-recurring exchange gain. This surplus is significantly higher than planned and is explained by significant growth in income streams that has outstripped increases in the cost base. It confirms the continued success of the University in attracting students to its many programmes of study, an expansion of its Partner Colleges and collaborative arrangements, and improvements in its research and enterprise base, despite the impact of the economic downturn.

Funding council grants increased by 4% to £70.7m, largely on the back of a HEFCE additional student number (ASN) contract. Tuition fees and educational contract income rose by 23% mostly the result of increases in international student recruitment and international collaborations, but also reflecting additional home and EU students and the third year of variable fee income. Other income streams contributing to the overall strong income growth, were research grants and contracts with a 24% increase in revenues to £7.1m, with other sources of income increasing by 16% to £20.9m, the latter the result of increased enterprise income and additional revenues from increased student accommodation on the Medway campus.

On the expenditure side of the Income and Expenditure account, staff costs increased by 8.1% to £79.0m reflecting a 5% pay-award effective from October 2008, and the cost of additional staff numbers and increments. Non staff costs increased by 14.7% to £72.1m reflecting increased expenditure across all categories – payments to Partner Colleges £14.6m (2008: £12.8m), student accommodation and catering £8.4m (2008: £7.7m), rents, utilities, building maintenance and other facilities management costs £19.8m (2008: £17.3m); books and periodicals, computers and software and laboratory equipment £7.8m (2008: £6.4m).

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

5. Results for the year (continued)

The tangible fixed assets of the group at the balance sheet date were £96.8m (2008: £89.4m). Additions to fixed assets in the year were £13.2m with related capital grant receipts of £5.6m. Of the additions, £9m was in relation to the acquisition of a freehold site in pursuance of the University's estate strategy with £1.9m expended on equipment and IT infrastructure, accounting for the main items.

A significant aspect of the group financial statements is a £25m increase in the FRS 17 (Retirement Benefits) pension deficit of the LPFA pension scheme of which the University's administrative and support staff are members. This increased deficit arises from negative investment returns for the year (consistent with the under-performing equity markets during the economic downturn) while the schemes liabilities increased by 19.3% to £137.1m. The latter reflects increased life expectancies used in the mortality assumption, pay awards in excess of that assumed by the schemes' actuaries and the impact of a fall in the rate used for discounting liabilities. The deterioration in the pension deficit contributes to a decrease in net assets (after the pension liability) with net assets at 31 July 2009 of £31.3m (2008: £43.1m).

Other key Balance Sheet ratios continue to be healthy. Short-term investments increased by 9.1% to £84.9m reflecting the strong underlying operating surplus and modest levels of capital expenditure (net of capital grants received). Creditors due within one year were £57.7m (2008: £52.1 m). Net current assets remain strong at £35.9m (2008: £32.2m) while Income and Expenditure reserves increased by 26% to £45.6m.

Recruitment to teaching contracts and international student recruitment are the foundation on which the University's financial performance is built, with any shortfall against target having negative implications for its business plan. The number of recorded students in 2008-09 is summarised below:-

	2008/2009		2007/2008	
	Full-time	**Part-time**	Full-time	Part-time
HEFCE funded	**10,600**	**7,061**	10,385	7,195
TDA funded	**675**	**159**	677	192
Health contract	**1,078**	**908**	1,018	1,053
Overseas (non EU)	**4,220**	**1,800**	3,339	1,215
Others	**294**	**233**	242	307
	16,867	**10,161**	15,661	9,962
Total	**27,028**		25,623	

6. Principal risks and uncertainties

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

(a) Student recruitment and retention;

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

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

6. Principal risks and uncertainties (continued)

International students are in excess of 20% of the University's student population, and are therefore an important component of its operations. Along with all of its peers, the University seeks to recruit sufficient numbers of these students to meet it business plan targets. The market for these students is increasingly competitive, and will continue to be so in the foreseeable future. The main risk in this area is the increasing move to in-country provision, which over time will change the nature and size of these markets, and the University's continued ability in securing its share. The University manages this risk by making decisions informed by segmental market analysis, and investing in marketing and recruitment in its chosen market segments.

(b) The impact of the economic downturn;

The main risk associated with the current economic downturn is assessed as being the potential cuts in public funding with a consequential reduction in the value of teaching contracts. Additionally, an adverse economic environment may impact the potential for securing research and enterprise contracts, and result in low returns on investments.

The University seeks to mitigate these risks by developing new and existing income streams, and addressing the fundamentals of its operations with a view to optimising its cost base. In relation to its investments, it continually monitors these to ensure that returns are optimised, and capital value maintained. The impact of these measures creates the required headroom on its revenue account to manage these risks.

(c) Major overrun of capital projects;

The University's current estate strategy is underpinned by a major capital project. As with all such projects, the cost of overrun is a risk. The University manages this risk by ensuring value for money in the procurement of all building and professional services (by virtue of adequate market testing), and the appointment of professional project managers to ensure that the project is delivered to budget and on time.

(d) Pension scheme deficits;

A pension scheme to which University employees contribute has in recent years fallen into deficit, primarily as a result of decreasing mortality rates coupled with underperformance on investments. This position has been exacerbated by the impact of the economic downturn. If this under-performance continues into the medium term it may almost certainly result in increased employer contributions to this scheme. Any such increase would be unfunded and would therefore have adverse implications for the University's financial plans.

7. Key Performance Indicators

The University has made good progress in 2008-09 towards achieving its operating targets. During the year we met our student number targets both home and overseas while at the same time increasing the average A Level scores for our students.

Our collaborations with partner colleges in the UK and worldwide have increased in number and in depth. New programmes started in the targeted areas of Creative and Cultural Studies, Health and Education and a number of courses using E-Learning to supplement traditional learning also increased.

All Schools improved their Study Skills support according to their particular subject needs. Advisory panels have been set up using employers to ensure that programmes remain relevant and up-to-date. Work continues on implementing our employability strategy, but the current economic climate has meant slower progress than we had hoped.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

8. Financial instruments

The Group finances its operations from retained surpluses and long-term borrowing, including that under PFI arrangements.

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

Powers to invest surplus funds are restricted by the Trustee Investments Act 1961, and by regulations of the University's Finance Committee. Year-end cash and investments totalled £84.9m including £2.4m in a separate charged account under the terms of the Bond. The University adopts a cautious investment policy for surplus funds, with deposits limited by amount and maturity across financial institutions with a minimum investment rating of AA-. The group does not hold funds with a maturity date in excess of 12 months.

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

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

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

(a) Liquidity Risk

The University manages its liquidity risk by adhering to its policy of managing net current assets, recovering on a timely basis all assets all amounts due to it, and managing payments to suppliers consistent with agreed terms of sale.

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 (£2.4m), in a charged account and maintain a minimum cash balance of £5m.

The Group's total debt at 31 July 2009 was £40.8m, of which £26.4m is in respect of the Bond and £14.4m a PFI debt repayable in 2026. At 31 July 2009, the maturity profile of borrowings (all of which were long term) shows an average maturity of 17 years. It is calculated that 3.8% is repayable in each of the periods that fall within one year and in 1 to 2 years, 6.6% in 2 to 5 years and 89.6% in more than 5 years.

(b) Currency Risk

Approximately 2.7% of the Group's business is research and consultancy contracts are that denominated in foreign currencies. The Group's policy is to mitigate currency exposures by reviewing contracts for currency risk as part of its risk assessment. Where appropriate a contingency is built into the contract price, and subcontracting is priced in the currency of the contract wherever possible. All other turnover is denominated in sterling.

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

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

8. Financial instruments (continued)

(c) Credit Risk

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

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

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

(d) Interest Rate Risk

The Group's borrowings are at fixed lending rates, of which 65% relates to the 30 years bond with 35% being in respect of the PFI financing of student residences.

9. Personnel Policy and Strategy

During the year the University's academic staff base was strengthened through the agreement to create 10 additional academic posts under the 'new blood' initiative. This important component of the University's HR Strategy is designed to improve the teaching staff /student ratio and to support the development of new academic programmes. A graduate entry administrative trainee scheme was also introduced, enabling the recruitment of high quality administrators with the potential to contribute to a range of different administrative functions within the University.

A Code of Good Practice Regarding the Professional Rights and Responsibilities of Academic Staff was negotiated with the trade union representing academic staff (UCU) and brought into operation during the year. This establishes key principles and good practice to be followed in relations between academic staff and their managers and outlines what reasonable expectations each may have of the other in the course of their daily interactions.

In January 2009 a new Management Development Scheme was introduced for both academic and administrative staff to assist the development of those with the potential to reach leadership positions within the University's Schools and Offices. This scheme includes sessions provided by Senior Managers from within the University, and also incorporates courses provided externally through the Leadership Foundation for Higher Education.

10. Disability Policy

The University operates in accordance with the requirements of the Disability Discrimination Act 1995, and practises the concept of "reasonable adjustment" enshrined in the Act in considering applications for employment from people with a disability. Under its Equal Opportunities Policy, the University is committed to develop effective measures for ensuring that all groups and individuals, including disabled staff and students, are able to work, study and develop their full potential in an environment, which is free from discrimination and harassment.

UNIVERSITY of GREENWICH

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

11. Diversity

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

The University will start work on the requirements of the forthcoming Equality Bill while continuing to meet existing obligations.

12. Employees

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

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

13. Future

The University is in the process of revising its Strategic Plan 2006-11. We are reviewing our spending plans in the light of probable public spending cuts and the forecast demographic downturn. The University's mission is to be a comprehensive institution. We believe that it is important to maintain a wide range of activity. We are confident that the University can remain attractive to applicants and make good progress in achieving our longer term aims.

14. Post Balance Sheet Events

There were no post balance sheet events.

15. Directors

The Governors of the University are Directors of the Company.

The Governors who served during the year ended 31 July 2009 are listed on page 3 of this report. No Director had any interest in any contract made by the University during the financial year, other than a contract of employment as a member of staff.

16. Statement of Directors responsibility for the Financial Statements

The statement of the responsibility of the Court for the financial statements in set out on pages 18 and 19 of this report.

UNIVERSITY of GREENWICH

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

17. Disclosure of information to auditors

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

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

18. Auditors

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

19. Approval

The Report of the Governors (directors) was approved by the Court on 30 November 2009 and signed on its behalf by:

L Cording
Secretary

CORPORATE GOVERNANCE

The University is committed to exhibiting current best practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life. The University's practice is consistent with the guidance to institutions of higher education from the Committee of University Chairmen in its Guide for Members of HE Governing Bodies in the UK.

This summary describes the University's corporate governance arrangements and the manner in which the University has applied the principles of Codes of practice published by HEFCE, CUC, and the Turnbull and the Combined Code, insofar as they are applicable to Higher Education Institutions.

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

1. The University was established under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. It is a company limited by guarantee and members of the University Court are legally Directors of the Company. The specific powers and responsibilities of the University Court are set out in the Memorandum and Articles of Association and in the Financial Memorandum with the Higher Education Funding Council for England. The current version of the Articles was approved by the Privy Council in 1996.

2. The Articles require the University to have a governing body, the University Court, and an Academic Council, each with clearly defined functions and responsibilities to oversee and manage its activities.

3. The Court is the governing body of the University. It is specifically required to determine the educational character and mission of the University and to set its strategic direction. Its primary responsibilities are:-

- 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 academic, corporate, financial, estate, and personnel management of the University.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
- To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans, delivery and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- To establish processes to monitor and evaluate the performance and effectiveness of the Court itself.
- To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To appoint the Vice Chancellor.
- To appoint a secretary to the University Court and to ensure that, if the person appointed has managerial responsibilities, there is an appropriate separation in the lines of accountability.
- To be the employing authority for all staff and to be responsible for establishing a human resources strategy.

CORPORATE GOVERNANCE (continued)

- 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 appropriate advice is available to enable this to happen.

4. The Court has a majority of lay persons chosen for their expertise in areas relevant to the work of the University. They do not receive any reimbursement for the work that they do. The Court appoints independent and co-opted members following recommendations by the Nominations Committee. Staff and students are co-opted according to the Articles of Association. The role of the Chair of Court is separate from that of the Chief Executive, the Vice-Chancellor. The Chair is elected from the lay members.

5. Newly appointed members receive briefing and training, as appropriate, on the University, the role of Court and on higher education in general to ensure that they are fully conversant with their responsibilities.

6. The Vice-Chancellor as head of the institution has a general responsibility to the Court for the organisation, direction and management of the University. The Vice-Chancellor is the chief accounting officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons. She is responsible for the development of institutional strategy and the identification and planning of new developments. The senior staff of the University all contribute in various ways to this work, but the ultimate responsibility rests with the Court.

7. In accordance with the Articles of Association the Secretary and Registrar is appointed to act as Secretary to the Court and its Committees and as Company Secretary. In that capacity, she provides independent advice to Members of Court on matters of governance.

8. The Court meets at least five times a year. It has the following committees: Audit, Finance, Nominations, Remuneration. All of these Committees are formally constituted with terms of reference and membership approved by Court. All Committees of the Court submit their minutes and recommendations to the Court. The membership of these Committees is drawn from the Lay members of Court in accordance with the Memorandum and Articles of Association. Exceptions to this arrangement are the Audit Committee which can include an independent member with experience in Audit and the Nominations Committee which includes a member of Court nominated by the Academic Council. The Chairs of Committees are selected from the Lay members of Court.

9. The Court is responsible for ensuring a good sound system of internal control to support the University's polices and objective. It is responsible for safeguarding the public and other funds available to it in accordance with the duties assigned to it in the articles of governance and the financial memorandum with HEFCE.

10. 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.

CORPORATE GOVERNANCE (continued)

11. 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 July 2009 and up to the date of the approval of the financial statements. The Court believes that the University follows the best practice guidelines of HEFCE and BUFDG in its approach to risk management.

12. The Court is responsible for reviewing the effectiveness of the system of internal control and does so in the following way:

- The Mission and educational of character of the University is discussed on a regular basis
- The Chair of the Audit Committee reports to each meeting of Court on matters discussed at Audit Committee
- The Audit Committee receives reports from Internal Auditors at each of its meetings, which provide an independent opinion on the adequacy and effectiveness of the internal control systems together with recommendations for approval.
- Each year the Audit Committee approves a programme for the year, which is based on a balanced portfolio of risk exposure while focussing on the most important key risks.
- There is a clear policy and plan of risk management which has been communicated throughout the University. The risk appetite has been clearly defined by the Court.
- The Audit Committee annually reviews the effectiveness of the risk management arrangements, which are managed by the Secretary and Registrar who also acts as Secretary to the Audit Committee.
- The Director of Finance and the Secretary and Registrar attend meetings of the Audit Committee and have direct and independent access to members of that Committee, as do the external and internal auditors.
- The Corporate Risk Register is updated throughout the year and includes the main risk owners and risk mitigating actions. Risks are prioritised by likelihood and impact and ranked accordingly.

13. The Court maintains a Register of Interests of its members and senior officers, which is updated annually and can be viewed on request to the Secretary and Registrar.

14. The Finance Committee is responsible to Court for reviewing the University's finances, accounts and investments. It makes recommendations to Court on the annual revenue and capital budgets. It monitors performance in relation to approved allocations.

15. The Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Deputy Vice-Chancellors and Secretary and Registrar.

16. Subject to the overall responsibility of the University Court, the Academic Council has oversight of the academic affairs of the University. Its membership is drawn from staff and students of the University. It is particularly concerned with general issues relating to academic standards, learning and teaching, and research.

Baroness Blackstone
Vice-Chancellor

RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF GREENWICH

In accordance with the Education Reform Act, the Court of the University of Greenwich is responsible for overseeing the University's activities and determining its future direction, and is required to present audited financial statements for each financial year.

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

In causing the financial statements to be prepared, the Court has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Court is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Court has also taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that funds from the Training and Development Agency for schools are used only for the purposes for which they have been given and in accordance with the Funding Agreement with the Agency, and any other conditions which the Agency may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud;
- secure the economical, efficient and effective management of the University resources and expenditure;
- ensure the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the United Kingdom governing the preparation of financial statements may differ from legislation in other jurisdictions.

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

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic schools and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set out by the Court;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee and Court;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee.

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

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

We have audited the group and university financial statements (the 'financial statements') of the University of Greenwich for the year ended 31 July 2009 which comprise the consolidated income and expenditure account, the consolidated and university balance sheets, the consolidated cash flow statement, the statement of consolidated total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the governing body, in accordance with and Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Court of the University for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Members of the Court and Auditors

The governors' (who are also directors for the purposes of company law) responsibilities for preparing the report of the governors and group financial statements in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities on pages 18 - 19.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, and have been prepared in accordance with the Companies Act 2006

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England, the Training and Development Agency for Schools.

We also report to you whether the information in the report of the governors is consistent with the financial statements.

In addition we report to you if in our opinion the University has not kept adequate accounting records, if the University's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the financial statements and consider whether it is consistent with the audited financial statements. This information comprises only the report of the governors and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to other information.

UNIVERSITY of GREENWICH

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

Basis of Audit Opinion

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in the preparation of the financial statements and of whether the accounting policies are appropriate to the group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view of the state of the group's and the University's affairs as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended.
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.
- The financial statements have been prepared in accordance with the Companies Act 2006.
- The information given in the report of the governors is consistent with the financial statements for the year ended 31 July 2009.
- In all material respects, income from the funding council, the Training and Development Agency for Schools grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received.
- In all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council, and the funding agreement with the Training and Development Agency for Schools.

Martin Grundy,
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Hemel Hempstead
1December 2009

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2009

	Note	2009 £'000	Restated 2008 £'000
INCOME			
Funding council grants	*2*	**70,727**	68,121
Tuition fees and education contracts	*3*	**68,571**	55,456
Research grants and contracts	*4*	**7,113**	5,726
Other income	*5*	**22,049**	17,985
Total Income		**168,460**	147,288
EXPENDITURE			
Staff costs	*6*	**79,045**	73,058
Depreciation	*12*	**5,897**	5,363
Other operating expenses	*8*	**73,297**	62,864
Total Expenditure		**158,239**	141,285
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		**10,221**	6,003
Exceptional items		-	-
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and before interest and tax		**10,221**	6,003
Share of profits of associated undertaking		**21**	19
Endowment and Investment income	*9*	**3,430**	4,213
Interest payable	*10*	**(4,894)**	(3,133)
Surplus on continuing operations *after* depreciation of tangible fixed assets at valuation and disposal of assets and interest but before tax		**8,778**	7,102
Taxation		-	-
Deficit for the year on accumulated income in endowment funds		**33**	17
Surplus on continuing operations *after* depreciation of tangible fixed assets at valuation and disposal of assets, interest and tax		**8,811**	7,119

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

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUS AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2009

	2009 £'000	Restated 2008 £'000
Surplus after depreciation of assets at valuation on continuing operations and before tax	**8,811**	7,119
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	**88**	88
Historical cost surplus before tax	**8,899**	7,207
Taxation	-	-
Historical cost surplus after tax	**8,899**	7,207

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2009

	2009 £'000	Restated 2008 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, and tax	**8,778**	7,102
Decrease in endowment asset investments	**(8)**	(11)
New endowments	**166**	75
FRS 17 Retirement Benefits - actuarial loss	**(24,146)**	(10,143)
Total recognised losses for the year	**(15,210)**	**(2,977)**
Prior year adjustment (note 23)	**(2,769)**	
Total recognised losses since previous financial statements	**(17,979)**	
Reconciliation:-		
Opening reserves and endowments	**11,270**	14,247
Total recognised losses for the year	**(15,210)**	(2,977)
Closing reserves and endowments	**(3,940)**	11,270

UNIVERSITY of GREENWICH

(Company Registration No. 986729)

BALANCE SHEET

AS AT 31 JULY 2009

	Note	Group 2009 £'000	Group Restated 2008 £'000	University 2009 £'000	University Restated 2008 £'000
Fixed Assets					
Tangible assets	*12*	**96,823**	89,466	**96,777**	89,404
Investments	*13*	**315**	294	**172**	172
		97,138	89,760	**96,949**	89,576
Endowment Asset Investments	*14/15*	**853**	728	**853**	728
Current Assets					
Stocks	*16*	**29**	24	**29**	24
Debtors	*17*	**7,081**	6,124	**36,987**	35,244
Investments	*18*	**84,907**	77,829	**84,907**	77,829
Cash at bank and in hand		**1,638**	399	**1,582**	273
		93,655	84,376	**123,505**	113,370
Creditors: amounts falling due within one year	*19*	**(57,718)**	(52,160)	**(62,839)**	(55,332)
Net Current Assets		**35,937**	32,216	**60,666**	58,038
Total Assets less Current Liabilities		**133,928**	122,704	**158,468**	148,342
Creditors: amounts falling due after more than one year	*20*	**(40,517)**	(42,139)	**(65,058)**	(67,723)
Provision for liabilities	*21*	**(3,937)**	(3,972)	**(3,937)**	(3,972)
Net Assets (excluding Pension Liability)		**89,474**	76,593	**89,473**	76,647
Net Pension liability	*32*	**(58,126)**	(33,529)	**(58,126)**	(33,529)
Net Assets		**31,348**	43,064	**31,347**	43,118

UNIVERSITY of GREENWICH

(Company Registration No. 986729)

BALANCE SHEET (continued)

AS AT 31 JULY 2009

	Note	Group		University	
		2009	Restated 2008	**2009**	Restated 2008
		£'000	£'000	**£'000**	£'000
Represented by:					
Deferred Capital Grants	*22*	**35,288**	31,794	**35,288**	31,794
Endowments	*14/15*				
Expendable		**357**	229	**357**	229
Permanent		**496**	499	**496**	499
		853	728	**853**	728
Reserves	*23*				
Revaluation reserve		**7,757**	7,846	**7,757**	7,846
Income and expenditure account		**45,576**	36,225	**45,575**	36,279
Pension reserve		**(58,126)**	(33,529)	**(58,126)**	(33,529)
		(4,793)	10,542	**(4,794)**	10,596
Total Funds		**31,348**	43,064	**31,347**	43,118

The Financial Statements on pages 22 to 70 were authorised and approved by the Court on 30 November 2009 and signed on its behalf by:

Mr S Etherington
Pro Chancellor

Baroness Blackstone
Vice-Chancellor

UNIVERSITY of GREENWICH

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2009

	Note	2009 £'000	2008 £'000
Cash inflow from operating activities	26	**16,053**	11,096
Return on investments and servicing of finance	27	**342**	1,065
Capital expenditure and financial investment	28	**(7,211)**	(2,846)
Net cash inflow before use of liquid resources and financing		**9,184**	9,315
Management of liquid resources	29	**(7,078)**	(8,848)
Financing	30	**(701)**	(658)
Increase / (decrease) in net cash		**1,405**	(191)

Reconciliation of net cash flow to movement in net funds

	Note	2009 £'000	2008 £'000
Increase / (decrease) in cash in the period		**1,405**	(191)
Cash outflow re increase in liquid resources		**7,078**	8,848
Cash outflow re decrease in debt and lease financing		**701**	658
		9,184	9,315
Net funds at 1 August		**34,224**	24,909
Net funds at 31 July	31	**43,408**	34,224

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

Basis of preparation and accounting

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

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain financial assets and liabilities at fair value.

Basis of consolidation

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

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

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

Recognition of income

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Foreign currencies

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

FIXED ASSETS

Land and buildings

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

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

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

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

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

Equipment and Motor Vehicles

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Leased assets

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

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

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

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

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

Stocks and work in progress

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

Private finance initiative

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

Bond

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

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Provisions

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

Research and development expenditure

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

Cash flows and liquid resources

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

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

Taxation

The University is a charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax. The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Pensions

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the LPFA Pension Fund. These are defined benefit schemes and are externally funded and contracted out of the State Earnings related Pension Scheme. The funds are valued every three years by actuaries using the aggregate method, the rates of contribution being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuation of the Schemes.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Pensions (cont'd)

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

The current service costs and costs of settlement and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the schemes liabilities and the expected return on scheme assets are included net of other finance costs / income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Accounting for charitable donations

Unrestricted donations

- Charitable donations are recognised in the accounts when the charitable donation has been received.

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

- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the University can convert the donated sum into income.

- Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

For all the endowment funds, capital is shown as an asset on the balance sheet, with income received recognised in the income and expenditure account on the accruals basis.

Financial assets

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

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity where it is the intention of the directors to hold them until maturity. Held-to-maturity investments are measured subsequent to initial recognition at amortised cost using the effective interest method. If there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in the income and expenditure account.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Financial assets (cont'd)

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

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

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

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

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2009	2008
	£'000	£'000
Funding council grants		
HEFCE:-		
Recurrent grant	**55,620**	54,007
Specific grants	**7,609**	6,571
Inherited liabilities	**380**	371
Deferred capital grants released in year	**1,746**	1,828
Release of HEFCE capitalised rent	**1,007**	1,007
Training and Development Agency for schools:-		
Recurrent grant	**4,007**	3,905
Other	**358**	432
	70,727	68,121

2. Tuition fees and educational contracts

Full-time home and EU students	**26,420**	20,448
Part-time home and EU students	**3,870**	3,501
Overseas students	**27,209**	20,823
	57,499	44,772
Health Authority contract	**11,072**	10,684
	68,571	55,456

3. Research grants and contracts

Research Council	**946**	926
UK based charities	**158**	121
UK central govt.\health & hospital authorities	**1,356**	1,008
European Commission	**792**	1,052
Other grants and contracts	**3,861**	2,619
	7,113	5,726

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2009	2008
	£'000	£'000

4. Other income

	2009 £'000	2008 £'000
Residences, catering and conferences	**12,221**	10,689
Other income generating activities	**2,328**	1,797
Other grant income	**3,872**	3,228
Other income	**3,628**	2,271
	22,049	17,985

5. Staff

(i) Staff Costs

	2009 £'000	2008 £'000
Salaries and wages	**63,972**	58,993
Social Security Costs	**5,363**	5,069
Other Pension Costs	**9,710**	8,996
	79,045	73,058

	2009	2008
	No.	No.
Average staff numbers by major category:-		
Academic	**893**	866
Administrative & technical support	**1,155**	1,063
Premises	**79**	87
Residence catering and conferences	**15**	11
Other	**75**	74
	2,217	2,101

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

	2009	2008
£100,001 - £110,000	**4**	-
£110,001 - £120,000	**-**	1
£120,001 - £130,000	**1**	-
£190,001 - £200,000	**1**	1

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

(ii) Voluntary severance

No member of staff earning over £100,000 per annum left the University employment under any voluntary severance arrangement in the course of the financial year (2008: None).

(iii) Directors' emoluments

The aggregate amount of Directors' emoluments was £495,581 (2008: £446,202). All payments were in respect of services as members of staff and relate to the relevant period of office. Where appropriate these emoluments are also included in the bands for higher paid staff (including the Vice-Chancellor). Seven Directors (2008: Six) are accruing benefits under defined pension schemes, as set out in note 32.

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

	2009	2008
	£	£
Salary *	**196,560**	190,688
Taxable car benefit	**2,888**	2,888
	199,448	193,576
University superannuation payments:-		
Teachers Pension Scheme	**27,539**	17,485

***** Salary cost for 2008 includes a compensation payment with respect to non-superannuation earning in excess of the Teachers Pension Scheme earnings cap.

The accrued Teachers Pension Scheme superannuation benefit of the Vice-Chancellor for service to 31 July 2009 was: accrued annual pension £83,726 and lump sum £251,179.

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

(iv) Directors' loans

The University operates an interest-free loan scheme, available to all employees, for the purchase of travel season tickets and computers. No Governor in their capacity as an employee received a loan under this scheme during the course of the financial year (2008: none).

7. Directors

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

NOTES TO THE FINANCIAL STATEMENTS

8. Other operating expenses

		Group	
		2009	2008
		£'000	£'000
Fees to other colleges		**14,655**	12,809
Books and periodicals		**1,609**	1,282
Consumables and laboratory expenditure		**2,553**	2,186
Computers, software and IT maintenance contracts		**3,715**	2,985
Bursaries and scholarships		**2,031**	1,820
Students union subvention grant		**978**	905
Printing, postage and stationery		**2,009**	1,905
Residence, catering and conference		**8,444**	6,776
Rents, service charges, rates and insurance		**8,474**	7,701
Electricity, gas and water		**2,755**	2,130
Building maintenance and repair		**5,603**	4,423
Security		**1,656**	1,562
Cleaning, caretaking and waste management		**1,543**	1,482
Publicity and advertising		**1,592**	1,242
Research and consultancy – reimbursable costs		**1,236**	742
Provision for losses on long term contracts		**119**	55
Telephone and other communication costs		**512**	655
Legal and professional fees		**711**	340
Non contracted and agency staff		**1,346**	1,476
Consultancy fees		**1,024**	805
Staff training / CPD		**896**	610
Travel and subsistence		**1,389**	1,129
Furniture and equipment		**939**	1,234
Pension increase payment		**414**	371
Other expenses		**7,094**	6,239
		73,297	62,864
Other operating expenses are stated after charging:-			
Auditors' remuneration	- fees payable to the University's auditor for the audit of the financial statements	**46**	47
	- fees payable to the University's auditor for other services		
	- audit of financial statements of subsidiaries	**6**	7
	- other services in relation to taxation	**4**	4
	- other services (eg grants etc)	**4**	9
Rentals under operating leases	- equipment and vehicles	**313**	313
	- property: Student residences	**362**	-
	Other	**7,019**	6,433

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

9. Endowment and Investment Income

	Group	
	2009	2008
	£'000	£'000
Income from expendable endowments	**3**	2
Income from permanent endowments	**9**	23
Income from short term investments	**3,418**	4,173
Net return on pension scheme	-	15
	3,430	4,213

10. Interest payable

	Group	
	2009	2008
	£'000	£'000
Bond interest	**1,712**	1,756
Finance lease interest - PFI	**1,373**	1,377
Interest on pension scheme liabilities (net)	**1,806**	-
Other	**3**	-
	4,894	3,133

11. Surplus of parent company

The Income and Expenditure Account of the parent company (University of Greenwich) has not been presented as part of these financial statements. This dispensation is allowed under section 408 of the Companies Act 2006.

The surplus after depreciation of assets at valuation of the parent company (University of Greenwich) was £8.758 million (2008 - surplus of £7.012 million).

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets - Group

	Land and Buildings						
	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construction £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2008	60,136	55,123	112	1,525	20,925	238	138,059
Additions at cost	10,021	983	-	112	1,991	147	13,254
Disposals	-	-	-	-	-	(4)	(4)
Transfers	1,294	230	-	(1,524)	-	-	-
At 31 July 2009	**71,451**	**56,336**	**112**	**113**	**22,916**	**381**	**151,309**
Depreciation							
At 1 August 2008	(16,398)	(15,049)	(112)	-	(16,853)	(181)	(48,593)
Disposals	-	-	-	-	-	4	4
Charge for year:-							
Finance leases	(330)	-	-	-	-	-	(330)
Other	(1,202)	(2,520)	-	-	(1,791)	(54)	(5,567)
	(1,532)	(2,520)	-	-	(1,791)	(54)	(5,897)
At 31 July 2009	**(17,930)**	**(17,569)**	**(112)**	**-**	**(18,644)**	**(231)**	**(54,486)**
Net Book Value:-							
Finances leases	13,026	-	-	-	-	-	13,026
Others	40,495	38,767	-	113	4,272	150	83,797
At 31 July 2009	**53,521**	**38,767**	**-**	**113**	**4,272**	**150**	**96,823**
Finances leases	13,356	-	-	-	-	-	13,356
Others	30,382	40,074	-	1,525	4,072	57	76,110
At 31 July 2008	**43,738**	**40,074**	**-**	**1,525**	**4,072**	**57**	**89,466**
Inherited	7,770	-	-	-	-	-	7,770
Financed by capital grants	17,466	16,495	-	-	1,327	-	35,288
Other	28,285	22,272	-	113	2,945	150	53,765
At 31 July 2009	**53,521**	**38,767**	**-**	**113**	**4,272**	**150**	**96,823**

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets - University

	Land and Buildings						
	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construc-tion £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2008	60,136	55,123	112	1,525	20,599	238	137,733
Additions at cost	10,021	983	-	112	1,991	147	13,254
Disposals	-	-	-	-	-	(4)	(4)
Transfers	1,294	230	-	(1,524)	-	-	-
At 31 July 2009	**71,451**	**56,336**	**112**	**113**	**22,590**	**381**	**150,983**
Depreciation							
At 1 August 2008	(16,398)	(15,049)	(112)	-	(16,589)	(181)	(48,329)
Disposals	-	-	-	-	-	4	4
Charge for year:-							
Finance leases	(330)	-	-	-	-	-	(330)
Other	(1,202)	(2,520)	-	-	(1,775)	(54)	(5,551)
	(1,532)	(2,520)	-	-	(1,775)	(54)	(5,881)
At 31 July 2009	**(17,930)**	**(17,569)**	**(112)**	**-**	**(18,364)**	**(231)**	**(54,206)**
Net Book Value:-							
Finances leases	13,026	-	-	-	-	-	13,026
Others	40,495	38,767	-	113	4,226	150	83,751
At 31 July 2009	**53,521**	**38,767**	**-**	**113**	**4,226**	**150**	**96,777**
Finances leases	13,356	-	-	-	-	-	13,356
Others	30,382	40,074	-	1,525	4,010	57	76,048
At 31 July 2008	**43,738**	**40,074**	**-**	**1,525**	**4,010**	**57**	**89,404**
Inherited	7,770	-	-	-	-	-	7,770
Financed by capital grants	17,466	16,495	-	-	1,327	-	35,288
Other	28,285	22,272	-	113	2,899	150	53,719
Net book value at 31 July 2009	**53,521**	**38,767**	**-**	**113**	**4,226**	**150**	**96,777**

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets (continued)

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

Freehold land with a book value of £16.499m and assets in the course of construction stated at £0.112m are not depreciated.

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

Depreciation of assets held under finance leases was £330,433 (2008: £330,433). The net book value of these assets was £13,026,040 (2008: £13,356,473).

NOTES TO THE FINANCIAL STATEMENTS

13. Investments

(i) Investments :-

	Group		University	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Shares in CVCP Properties Plc	**38**	38	**38**	38
Shares and retained profit in associate company				
- (NR International Limited)	**277**	256	**134**	134
	315	294	**172**	172

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

	University	
	2009	2008
	£	£
Investment in subsidiaries at cost		
Greenwich University Enterprises Ltd	**2**	2
Greenwich Property Ltd	**2**	2
CCLR	**-**	-
	4	4

NOTES TO THE FINANCIAL STATEMENTS

13. Investments (continued)

(ii) Investment in subsidiary companies:-

Greenwich University Enterprises Ltd

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Greenwich University Enterprises Ltd which is incorporated in the UK and whose principal activity is the provision of consultancy, management development programmes, and hotel and conference activities. The results for the year ended 31 July 2009 are consolidated in these financial statements with those of the University. Greenwich University Enterprises Ltd has equity shareholding in the following spin off companies:-

(a) 20 ordinary shares (10.24%) in Toximet Limited.
(b) 200 ordinary shares (20%) in Carbon8 Systems Limited.
(c) 200 Ordinary shares (20%) in Centrion Therapeutics Limited.

Greenwich Property Ltd

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Greenwich Property Limited, a company registered in England and operating in the UK. 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 2009 are consolidated in these financial statements with those of the University.

Centre for Contaminated Land Remediation Ltd

The Centre for Contaminated Land Remediation Ltd was incorporated in the UK in March 1999. It is a company limited by guarantee with the University as its sole member. The principal business of the company is to procure the remediation of contaminated land, and to undertake research and education on waste management. The company is not able to distribute any profits. The company did not trade in the year ended 31st July 2009.

NOTES TO THE FINANCIAL STATEMENTS

13. Investments (continued)

(iii) Investment in associated companies:-

Natural Resources International Ltd

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

The company, which is incorporated in the UK, commenced trading on 1 August 1996 as part of the acquisition of the Natural Resources Institute from the Overseas Development Administration (ODA). The principal activity of the company is to supply international funding institutions with expertise in the management of natural resources in the international development sector. It delivers this work largely through sub contracts to members of the consortium, and to external organisations. The company reported a profit of £83,319 (2008: £75,913).

The trading account and net assets of the company for the year to 31 July 2009 are summarised below:-

	Turnover £'000	Profit after tax £'000	Net assets £'000
NR International Ltd	8,920	83	1,113
NR International Ltd – trade with the University	-	-	-
NR International Ltd – other than with the University	8,920	-	-

Medway Innovation Ltd

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

Southern Education Leadership Trust

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

(iv) Other arrangements:-

Kent Thameside

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

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

14. Endowment asset investment

	Group and University	
	2009	2008
	£	£
Balance at 01 August 2008	**728,113**	681,368
Net additions	**133,119**	57,488
(Decrease)/Increase in market value of investments	**(8,219)**	(10,743)
Balance at 31 July 2009	**853,013**	728,113
Represented by:		
COIF income shares	**50,195**	58,414
Managed funds	**802,818**	669,699
	853,013	728,113
Market value of COIF income shares	**50,195**	58,414

15. Endowments

	Unrestricted Permanent £'000	**Restricted Permanent £'000**	**Total Permanent £'000**	**Restricted Expendable £'000**	**2009 Total £'000**	2008 Total £'000
Balances at 1 Aug 2008						
Capital	-	385	385	56	**441**	425
Accumulated Income	-	114	114	173	**287**	256
	-	499	499	229	**728**	681
New Endowments	-	10	10	156	**166**	75
Investment Income	-	9	9	3	**12**	25
Expenditure	-	(14)	(14)	(31)	**(45)**	(42)
	-	(5)	(5)	(28)	**(33)**	(17)
(Decrease)/Increase in market value	-	(8)	(8)	-	**(8)**	(11)
At 31 July 2009	-	496	496	357	**853**	728
Represented by:						
Capital	-	395	395	56	**451**	441
Accumulated Income		101	101	301	**402**	287
	-	496	496	357	**853**	728

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

15. Endowments (continued)

The endowment funds held at the end of the year are listed below:-

	Group and University	
	2009	2008
	£	£
Governors' General Reserve	**159,045**	159,045
Bergman Osterberg Trust	**135,341**	143,235
E.de Barry Barnett Memorial Prize Fund	**7,175**	7,061
Garnett Prize Fund	**21,220**	21,121
Humanities Prize Fund	**13,220**	13,011
Coker Prize Fund	**517**	608
Sir William Boreham Bursary Fund	**9,494**	10,325
DP Connect – Business School Prize Fund	**1,512**	1,488
D. Fussey Memorial Choral Exhibition	**252,160**	257,684
John-Hood Williams Prize Fund	**245**	241
Admiral Sir John Chambers White Bursary	**7,866**	8,008
John McWilliam Bursary Fund	**62,431**	51,572
Francis Duke Prize Fund	**9,721**	10,062
Thus PLC Scholarship	**31,494**	20,000
Project Finance & Project Mgt	**34,137**	24,652
Kathleen Jones Scholarship	**101,360**	-
Paul Dyer Leadership Fund	**5,075**	-
Tessa Blackstone Prize Fund	**1,000**	-
	693,968	569,068
Total	**853,013**	728,113

16. Stocks

	Group		University	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**29**	24	**29**	24
	29	24	**29**	24

NOTES TO THE FINANCIAL STATEMENTS

17. Debtors

	Group		University	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Due within one year				
Trade debtors	**3,649**	2,982	**3,186**	2,395
Amounts owed by associated company	**12**	107	**12**	107
Amounts recoverable under long term contracts	**228**	233	**228**	233
Other debtors	**162**	428	**72**	325
Prepayments & accrued income	**2,979**	2,193	**2,979**	2,192
Amounts due from HEFCE / TDA	**51**	181	**51**	181
	7,081	6,124	**6,528**	5,433
Due in more than one year				
Amounts owed by subsidiaries	-	-	**30,459**	29,811
	7,081	6,124	**36,987**	35,244

18. Investments (current assets)

	Group		University	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Debt service reserve	**2,412**	2,412	**2,412**	2,412
Fixed term and notice bank deposits	**82,495**	75,417	**82,495**	75,417
	84,907	77,829	**84,907**	77,829

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

19. Creditors: Amounts falling due within one year

	Group		University	
				Restated
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Bank overdraft	**2,344**	2,510	**2,326**	2,381
Bond	**746**	701	**746**	701
Trade creditors	**9,347**	8,710	**9,316**	8,693
Amounts owed to subsidiaries	**-**	-	**9,223**	7,537
Prepaid long term contract income	**6,735**	7,208	**6,735**	7,208
PAYE and other taxation payable	**1,790**	1,734	**1,790**	1,734
Other creditors	**11,456**	10,428	**9,165**	8,096
Accruals - losses on long term contracts	**747**	841	**747**	841
- others	**9,249**	7,207	**7,487**	5,320
Deferred income	**15,304**	12,821	**15,304**	12,821
	57,718	52,160	**62,839**	55,332

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

	Group		University	
	2009	2008	**2009**	2008
	£'000	**£'000**	**£'000**	**£'000**
Bond	**25,639**	26,384	**25,639**	26,384
Finance lease	**14,409**	14,409	`	-
Loan - Greenwich Property Limited	**-**	-	**38,950**	39,993
	40,048	40,793	**64,589**	66,377
Others – deferred lease capitalisations	**469**	1,346	**469**	1,346
	40,517	42,139	**65,058**	67,723

NOTES TO THE FINANCIAL STATEMENTS

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

Analysis of loan repayments

	Group		University	
				Restated
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Repayable between one and two years				
Bond	**794**	745	**794**	745
	794	745	**794**	745
Repayable between two and five years				
Bond	**2,703**	2,539	**2,703**	2,539
	2,703	2,539	**2,703**	2,539
Repayable after five years				
Bond	**22,142**	23,100	**22,142**	23,100
Finance lease	**14,409**	14,409	**-**	-
Loan - Greenwich Properties Limited	**-**	-	**38,950**	39,993
	36,551	37,509	**61,092**	63,093
	40,048	40,793	**64,589**	66,377

Bond

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

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

In line with the requirements of FRS 26 Financial Instruments: Recognition and Measurerment, the outstanding value of the bond is stated in these financial statements at amortised cost using the effective rate method. At 31 July 2009, the market price of the bond as quoted on the Luxembourg Stock Exchange was £98.864 per £100 unit (2008: £95.813).

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

21. Provisions for liabilities

	Group and University		
	Enhanced pensions £'000	Decontam-ination £'000	Total £'000
At 01 August 2008	2,996	976	3,972
Interest charge	155	-	155
Payments in year	(190)	-	(190)
At 31 July 2009	**2,961**	**976**	**3,937**

There is a provision of £2.9m for enhanced pension entitlements in respect of former employees. The services of these employees were severed under one of several voluntary severance arrangements that were available at the relevant time.

The decontamination provision of £0.9m in is respect of a former pyrotechnic site at North Dartford that was acquired by the University some years ago and is now earmarked for disposal. A number of studies have been commissioned in recent years to establish the degree of contamination of the site and the cost of decontamination. A study commissioned in the previous financial year and carried out by a firm of consultant engineers estimated a decontamination cost (assuming disposal for commercial usage). The £0.9m provision falls within the range of this estimate.

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

22. Deferred capital grants

	Group and University				
	Hefce		Other		Total
	Equipment £'000	Buildings £'000	Equipment £'000	Buildings £'000	£'000
At 01 August 2008	1,731	18,085	-	11,978	31,794
Received in the year	246	5,212	-	160	5,618
Released to Income & Expenditure Account	(650)	(1,095)	-	(379)	(2,124)
At 31 July 2009	**1,327**	**22,202**	**-**	**11,759**	**35,288**

23. Reserves

	Revaluation Reserve £'000	Income & Expenditure £'000	Pension Reserve £'000	Total Reserves £'000
(a) Group				
At 01 August 2008 as previously reported	7,846	38,994	(33,529)	13,311
Restatement - tuition fee measurement	-	(2,769)	-	(2,769)
	7,846	36,225	(33,529)	10,542
Profit for year	-	8,811	-	8,811
Frs17 - deficit for year	-	451	(451)	-
Transfer from reserves re depreciation	(89)	89	-	-
Actuarial loss on pension scheme	-	-	(24,146)	(24,146)
At 31 July 2009	**7,757**	**45,576**	**(58,126)**	**(4,793)**
(b) University				
At 01 August 2008 as previously reported	7,846	39,048	(33,529)	13,365
Restatement - tuition fee measurement	-	(2,769)	-	(2,769)
	7,846	36,279	(33,529)	10,596
Profit for year	-	8,756	-	8,756
Frs17 - deficit for year	-	451	(451)	-
Transfer from reserves re depreciation	(89)	89	-	-
Actuarial loss on pension scheme	-	-	(24,146)	(24,146)
At 31 July 2009	**7,757**	**45,575**	**(58,126)**	**(4,794)**

NOTES TO THE FINANCIAL STATEMENTS

23. Reserves (cont'd)

Reserves for the prior year are restated to reflect a change in measurement in accounting for tuition fee income in relation to taught full-time postgraduate students. Tuition fees for this level and mode of study are payable at the start of the programme, but delivery can be across academic (and financial) years, particularly, as increasingly is the case, where the programme of study commences in the second term. Thus a change in measurement has been effected, to match more closely the recognition of income with the delivery of these programmes. The impact on Reserves, the Income and Expenditure Account, and the Statement of Total Recognised Gains and Losses arising from the change in measurement is set out below:-

	£'000
Opening reserves at 1 August 2007	(2,474)
Adjustment to income and expenditure - year ended 31 July 2008: -	
Tuition fees and education contracts	(295)
Staff Costs	-
Other Operating Expenses	-
Interest payable	-
	(295)
Adjusted Reserves at 1 August 2008	**(2,769)**

NOTES TO THE FINANCIAL STATEMENTS

24. Lease obligations

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

	Group		University	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Obligations under finance leases:-				
Due within one year	**-**	-	**-**	-
Due between two and five years	**-**	-	**-**	-
Due over five years	**14,409**	14,409	**-**	-
	14,409	14,409	**-**	-

Operating lease payments falling due in the next year to which the University is committed are as follows:-

	Group		University	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Operating lease commitments:-				
Equipment				
Expiring within one year	**313**	-	**313**	-
Expiring within two and five years inclusive	**2**	628	**2**	628
	315	628	**315**	628
Land and buildings				
Expiring within one year	**476**	-	**476**	-
Expiring within two and five years inclusive	**5,131**	663	**5,131**	663
Expiring in over five years	**1,685**	5,786	**1,685**	5,786
	7,292	6,449	**7,292**	6,449

25. Capital commitments

	Group		University	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Commitments contracted at 31 July	**1,216**	2,787	**1,216**	2,787

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

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

	Group	
	2009	2008
	£'000	£'000
Surplus before tax	**8,778**	7,397
Depreciation *(Note 12)*	**5,897**	5,363
Profit on sale of fixed assets	**-**	-
Deferred capital grants released to income *(Note 22)*	**(2,124)**	(2,215)
Release of lease capitalisation	**(1,007)**	(1,007)
Investment income	**(3,430)**	(4,213)
Interest payable	**3,088**	3,133
Decrease / (Increase) of stocks	**(5)**	3
Decrease / (Increase) in debtors	**(1,044)**	1,250
Increase in creditors	**5,505**	1,492
(Decrease) in provisions	**(35)**	(113)
Share of profit of associated undertaking	**(21)**	(19)
FRS 17 pension adjustment	**451**	25
Net cash inflow from operating activities	**16,053**	11,096

27. Returns on investments and servicing of finance

Income from endowments	**12**	25
Interest received	**3,418**	4,173
Interest paid - finance leases	**(1,373)**	(1,377)
- other	**(1,715)**	(1,756)
	342	1,065

NOTES TO THE FINANCIAL STATEMENTS

28. Capital expenditure and financial investment

	Group	
	2009	2008
	£'000	£'000
Purchase of tangible fixed assets	**(12,950)**	(5,952)
Sale of tangible fixed assets	**-**	1
Deferred capital grants received	**5,618**	3,072
Endowments received	**121**	33
	(7,211)	(2,846)

29. Management of liquid resources

Cash transferred to deposits	**7,078**	8,848
	7,078	8,848

30. Financing

Bond repayment in the year	**701**	658
	701	658

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NOTES TO THE FINANCIAL STATEMENTS

31. Analysis of changes in net debt

	1 August 2008 £'000	Cash Flows £'000	Other Changes £'000	31 July 2009 £'000
Cash in hand, at bank & deposits repayable on demand	399	1,239	-	**1,638**
Overdraft	(2,510)	166	-	**(2,344)**
	(2,111)	1,405	-	**(706)**
Current asset investments	77,829	7,078	-	**84,907**
Debt due within 1 year	(701)	701	(745)	**(745)**
Debt due after 1 year	(26,384)	746	(1)	**(25,639)**
Finance leases	(14,409)	-	-	**(14,409)**
Total	34,224	9,930	(746)	**43,408**

32. Contributions to Pension Funds

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

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

Teachers' Pension Scheme

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

Teachers' Pension Scheme- continued

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

The most recent actuarial review of the scheme relates to the period 1 April 2001 – 31 March 2004 (published November 2006). The report revealed the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at valuation date) was £163,240 millions. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities within 15 years as required by the regulations); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1%.

The 31 March 2006 interim actuarial review (published in June 2007), did not recommend any changes to contribution rates. It assessed the Scheme's total liabilities at this date amounted to £176,600 millions.

The Teachers Pension Scheme is a multi employer defined benefit scheme whose assets and liabilities cannot be identified by employer. It is therefore accounted for as a defined contribution scheme.

London Pension Fund Authority (LPFA)

In accordance with the Local Government Superannuation regulations, an actuarial valuation of the London Pensions Fund was undertaken at 31 March 2007. It determined a 82% funding level of the Active sub-fund (2004 valuation: 74%), and 86% for the Pensioner sub-fund (2004 valuation: 91.5%). The University's contribution rate, which increased on 1 April 2005 to 22.3% (on the back of the results of the 2004 actuarial valuation), remains at that level. At 31 March 2007, the assets of the Active sub-fund were £2,284m, while those of the Pensioner sub-fund were £1,314m.

The main actuarial assumptions used in the 2007 valuation were:

Annual rate of price inflation	3.2%
Discount rate	6.3%
Annual rate of pay increases	4.7%
Annual rate of pension increases	3.2%
Valuation of assets	Average market value in the 12 months ended 31 March 2007.

The next valuation is at 31 March 2010.

Pension contributions are charged to the Income and Expenditure Account in the year to which the salaries on which they are payable relate. Other creditors include £573,503 (2008: £547,880) payable to the London Pensions Fund Authority in respect of the University's pension contributions on July 2009 salaries.

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA)- continued

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

Assumptions as at	**31 July 2009**	31 July 2008	31 July 2007
	Nominal % pa	Nominal % pa	Nominal % pa
Price increases	**3.6%**	3.8%	3.3%
Salary increases	**5.1%**	5.3%	4.8%
Pension increases	**3.6%**	3.8%	3.3%
Discount rate	**6.0%**	6.7%	5.8%

Mortality Assumptions

Life expectancy is based on the PFA92 and PMA92 tables projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, average future life expectancies at age 65 are summarised below.

	Males	Females
Current Pensioners	19.6 years	22.5 years
Future Pensioners	20.7 years	23.6 years

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

Asset Class	**Expected Return at 31 July 2009**	**Fair Value at 31 July 2009**	Expected Return at 31 July 2008	Fair Value at 31 July 2008
		£'000		£'000
Equities	**7.5%**	53,909	7.6%	47,628
Target return portfolio	**6.2%**	8,142	6.3%	15,970
Alternative assets	**6.7%**	11,620	6.8%	18,125
Cash	**3.0%**	5,375	4.8%	(313)
Total		79,046		81,410

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA)- continued

Analysis of the amount shown in the balance sheet	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of scheme liabilities	(137,172)	(114,939)	(106,291)	(106,603)
Fair Value of Employer Assets	79,046	81,410	82,930	71,372
Deficit in scheme- Net Pension Liability	(58,126)	(33,529)	(23,361)	(35,231)

Analysis of the amount charged to staff costs within operating surplus	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Current Service Cost	(3,893)	(3,690)	(4,216)	(3,679)
Past service Cost	-	(1,198)	(40)	-
Employer Contributions	5,199	4,813	4,396	4,121
Contributions re unfunded benefits	55	51	52	56
Losses/(Gains) on Curtailments and Settlements	(6)	(16)	(42)	(542)
Total	1,355	(40)	150	(44)

Analysis of the amount that is credited to Endowment and Investment Income	2009 £'000	2008 £'000)	2007 £'000	2006 £'000
Interest cost	7,754	6,242	5,505	4,836
Expected return on Employer assets	(5,948)	(6,257)	(5,111)	(4,274)
Net cost	1,806	(15)	394	562

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA)- continued

	2009	2008
	£'000	£'000
Movement in deficit during the year		
Deficit at beginning of the year	**(33,529)**	(23,361)
Current service cost	**(3,893)**	(3,690)
Employer contributions	**5,199**	4,813
Contributions in respect of unfunded benefits	**55**	51
Past service costs	**-**	(1,198)
Impact of settlements and curtailments	**(6)**	(16)
Net return on assets	**(1,806)**	15
Actuarial gain / (loss)	**(24,146)**	(10,143)
Deficit at end of year	**(58,126)**	(33,529)

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

	2009	2008
	£'000	£'000
Opening defined benefit obligation	**114,939**	106,291
Current service cost	**3,893**	3,690
Interest cost	**7,754**	6,242
Contributions by members	**1,639**	1,391
Actuarial losses/ (gains)	**12,876**	(282)
Past service costs/ (gains)	**-**	1,198
Losses/ (gains) on curtailments	**6**	16
Estimated unfunded benefits paid	**(55)**	(51)
Estimated benefits paid	**(3,880)**	(3,556)
Closing defined benefit obligation	**137,172**	114,939

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

	2009	2008
Opening fair value of employer assets	**81,410**	82,930
Expected return on assets	**5,948**	6,257
Contributions by members	**1,639**	1,391
Contributions by the employer	**5,254**	4,813
Contributions in respect of unfunded benefits	**55**	51
Actuarial gains/ (losses)	**(11,270)**	(10,425)
Estimated unfunded benefits paid	**(55)**	(51)
Estimated benefits paid	**(3,935)**	(3,556)
Closing fair value of employer assets	**79,046**	81,410

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA)- continued

History of Experience Gains and Losses	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on assets	**(10,143)**	3,602	2,861	6,370	(33)
Value of assets	**81,410**	82,930	71,372	61,699	54,893
Percentage of assets	**12.5%**	4.3%	4.0%	10.3%	(0.1%)
Experience gains on liabilities	**1,222**	127	44	660	-
Present value of liabilities	**114,939**	106,291	106,603	95,455	84,013
Percentage of the present value of liabilities	**1.1%**	0.1%	0.0%	0.7%	- %
Actuarial gain / (loss) recognised in STRGL	**(10,143)**	12,114	(869)	(3,771)	(71)
Present value of liabilities	**114,939**	106,291	106,603	95,455	84,013
Percentage of the present value of liabilities	**8.8%**	11.4%	(0.8%)	(4.0%)	(0.1%)

Analysis of projected amount to be charged to operating profit for the year to 31 July 2009:-

	Year to 2009 £'000
Estimated current service cost & total operating charge *(A)*	**3,613**
Expected return on employer assets	**5,941**
Interest on pension scheme liabilities	**(7,749)**
Net return *(B)*	**(1,808)**
Expected net I&E account cost *(A – B)*	**5,421**

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA)- continued

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries, we have taken the view that there is insufficiently reliable evidence to assume a level of take-up of the change in the pension scheme. Consequently, the valuation of the retirement benefit liabilities as at 31 July 2009 does not include any allowance for this change to the pension scheme.

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

The pension charge for the year includes an amount in respect of enhanced pension entitlements of staff taking early retirement under voluntary severance arrangements. Provision was made for the cost of early retirement, based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 3.0% in excess of price inflation.

An amount of £2.961m (2008: £2.996m) is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceed actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

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

	2009	2008
	£'000	£'000
Contributions to TPS	**4,519**	4,185
Contributions to USS	**30**	29
Contributions to LPFA	**5,161**	4,782
Total pension costs **(note 6)**	**9,710**	8,996

NOTES TO THE FINANCIAL STATEMENTS

33. Taxation

	2009 £'000	2008 £'000
U.K. corporation tax on the profits of, and by		
Greenwich University Enterprises Ltd	-	-
Greenwich Property Ltd.	-	-
	-	-

34. Contingent liabilities

The University is a member of U.M. Association (Special risks) Ltd, a mutual association of 113 higher education institution for insuring against terrorism risk. The association has a reserve fund of £10m, an internal loan facility of £15m from member institutions, and a £425m aggregate layer of "excess" cover obtained through the Lloyds Market. Institutions pay advance contributions based on the value of their property and geographical location. No claims have been made on UMSR since it was formed in 1993.

At the balance sheet date, the University had an outstanding legal claim against it in respect of a contractual dispute. The University is contesting this claim and considers that the claim will be unsuccessful and therefore no provision exists in these financial statements. The maximum exposure of the University in this matter is £0.2m.

35. Related party transactions

(i) Subsidiary companies

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

(ii) Associated companies

In the course of the financial year the University traded with Natural Resources International Ltd, 25% of whose share capital is owned by the University. The value of work performed by the University for the company was £0.151m (2008: £0.248m). The University sold no services to the company but seconded one member of its staff (2008: one) to it at a cost of £0.062m (2008: £0.059m).

At 31 July 2009, the called-up share capital of Natural Resources International Ltd was £0.136m while its reserves were £0.976m. The total amount owed to the University at that date was £0.166m (2008: £0.083m).

(iii) Other matters

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

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

NOTES TO THE FINANCIAL STATEMENTS

36. HEFCE – Student support funding

	Rec'd In Year £'000	Interest Earned £'000	Disbursed £'000	31 July 2009 £'000	31 July 2008 £'000
Access to learning fund	780	6	(694)	92	68
Fee waiver	-	-	-	-	-
	780	6	(694)	92	68

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

37. Training and development agency for schools

(i) ITT trainee funding

	Rec'd In Year £'000	Disbursed £'000	31 July 2009 £'000	31 July 2008 £'000
Training bursaries	1,843	(1,822)	21	295
Student associate scheme	342	(118)	224	280
	2,185	(1,940)	245	575

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

(ii) Other funding

	Rec'd In Year £'000	Disbursed £'000	31 July 2009 £'000	31 July 2008 £'000
Minority ethnic recruitment	78	(67)	11	67
	78	(67)	11	67

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group

(i) Overview

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

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

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

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

The powers of the University to raise funds, and enter into hedging arrangements, are controlled by the University's Memorandum of Association, its Financial Memorandum with HEFCE, and the Charities Acts. Powers to invest surplus funds are restricted by the Trustee Investments Act 1961, and by regulations of the University's Finance Committee.

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

Categories of financial instruments	**Group**		**University**	
	2009)	2008)	**2009)**	2008)
	£'000)	£'000)	**£'000)**	£'000)
Financial assets				
Available for sale financial assets	**1,169**	1,022	**1,025**	900
Receivables (excludes prepayments)	**4,102**	3,931	**3,549**	3,241
Amounts owed by subsidiaries	**-**	-	**30,459**	29,811
Cash and cash equivalents	**86,545**	78,228	**86,489**	78,102
	91,816	83,181	**121,522**	112,054
Financial liabilities				
Bank overdraft	**2,344**	2,510	**2,326**	2,381
Trade and other payables (excludes deferred income)	**22,593**	20,872	**29,494**	26,060
Bond	**26,385**	27,085	**26,385**	27,085
Loan - Greenwich Properties Ltd	**-**	-	**38,950**	39,993
	51,322	50,467	**97,155**	95,519

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(ii) *Liquidity risk*

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

The maturity profile of the Group's financial liabilities is as follows:-

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

The Group has no undrawn borrowing facilities.

	Bank overdraft	Trade and other payables	Bond	Finance lease
As at 31st July 2009				
In one year or less or on demand	**2,344**	**22,593**	**746**	**-**
In more than one year but not more than two years	**-**	**-**	**794**	**-**
In more than two years but not more than five years	**-**	**-**	**2,703**	**-**
In more than five years	**-**	**-**	**22,142**	**14,409**
	2,344	**22,593**	**26,385**	**14,409**
As at 31st July 2008				
In one year or less or on demand	2,510	20,872	701	-
In more than one year but not more than two years	-	-	745	-
In more than two years but not more than five years	-	-	2,539	-
In more than five years	-	-	23,100	14,409
	2,510	20,872	27,085	14,409

(iii) Credit risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(iii) Credit risk (continued)

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

	Total	**0 to 6 Months**	**7 to 12 Months**	**More than 1 Year**
As at 31st July 2009				
Accommodation	250	250	-	-
Commercial	2,849	1,788	278	783
Tuition	550	550	-	-
Other	-	-	-	-
	3,649	**2,588**	**278**	**783**
As at 31st July 2008				
Accommodation	114	32	-	82
Commercial	1,980	1,770	-	210
Tuition	317	317	-	-
Other	571	571	-	-
	2,982	2,690	-	292

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(iv) Interest rate risk

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

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

	As at 31 July 2009			As at 31 July 2008		
	Total £'000	**Floating /Fixed**	**Weighted average interest rate**	Total £'000	Floating /Fixed	Weighted average interest rate
Financial assets						
Available for sale financial assets						
Endowment asset investments						
COIF income shares	**50**	**-**	**-**	58	-	-
Managed Funds	**803**	**Floating**	**1.61%**	670	Floating	4.89%
Cash and cash equivalents						
Debt service reserve	**2,412**	**Fixed**	**6.25%**	2,412	Fixed	6.30%
Fixed term & notice bank deposits						
Sterling	**82,495**	**Floating**	**-**	71,075	Floating	-
US Dollar	**-**	**-**	**-**	4,342	Floating	Various
Cash at bank and in hand	**1,638**	**-**	**-**	399	-	-
	87,398			78,956		
Financial liabilities						
Bank overdraft	**2,344**	**-**	**-**	2,510	-	-
Bond	**26,385**	**Fixed**	**7.33%**	27,085	Fixed	7.33%
Finance lease	**14,409**	**Fixed**	**7.33%**	14,409	Fixed	7.33%
	43,138			44,004		

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(v) Currency risk

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

Approximately 2.7% of the Group’s business is research and consultancy contracts that are denominated in foreign currencies. The Group’s policy is to mitigate currency exposures on contracts by reviewing currency risk as part of its risk assessment on these contracts. Where appropriate a contingency is built into the contract price, and subcontracting is priced in the currency of the contract. All other turnover is denominated in sterling.

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

	Assets		Liabilities	
	2009	2008	**2009**	2008
Currency	**£'000**	£'000	**£'000**	£'000
Sterling	89,684	78,112	65,731	64,876
EURO	1,383	376	-	-
US $	463	4,563	-	-
Other	286	130	-	-
	91,816	83,181	**65,731**	64,876

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

(vi) Fair values of financial instruments

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

The fair values of the Group's financial instruments are equal to book values.