



UNIVERSITY
of
GREENWICH

Report and Financial Statements for the Year Ended 31 July 2010

A Company limited by guarantee not having a share capital

An exempt charity for the purposes of the Charities Act 2006. Registered in England and Wales: Number 986729

Registered Office: Old Royal Naval College, Park Row, Greenwich, London SE10 9LS



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REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2010

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OFFICERS AND PROFESSIONAL ADVISERS

Chancellor	The Lord Hart of Chilton
Pro-Chancellor and Chairman	Sir Stuart Etherington
Vice-Chancellor	Baroness Blackstone
Secretary & Clerk to the Court	Mrs L Cording
External Auditors	Grant Thornton UK LLP Chartered Accountants and Registered Auditors Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW
Internal Auditors	RSM Tenon 66 Chiltern Street London W1U 4JT
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP
Solicitors	Stephenson Harwood One St. Paul's Churchyard London EC4M 8SH

MEMBERSHIP OF THE COURT

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

Article 7(1) – Vice-Chancellor	Baroness Blackstone	
Article 7(2)a – Independent Members	Mr A J Albert	(appointed 1.9.10)
	Mr R J Baglin	(resigned 31.8.10)
	Mr J C Barnes	
	Mr J E Brathwaite	
	Mr S H Davie	
	Mr N W Eastwell	
	Sir Stuart Etherington	
	Ms M Hay	
	Mr P F Hazell	(appointed 1.9.10)
	Sir Peter Housden	(resigned 31.8.10)
	Mr S W Howlett	
	Mr J R H Loudon	(resigned 31.8.10)
	Sir Callum McCarthy	(resigned 31.8.10)
	Dr A S Pugh	(resigned 31.8.10)
	Mrs H P Wyatt	(appointed 19.10.09)
Article 7(2)b – Academic Council Members	Professor P Ainley	(resigned 31.8.10)
	Professor S Golding	(resigned 31.8.09)
	Professor P Maras	(appointed 1.9.10)
	Professor M Snowden	(appointed 1.9.09)
Article 7(2)c – Student Members	Mr B Adeeso	(resigned 31.7.10)
	Mr M Sekhon	(appointed 1.8.10)
Article 7(2)d – Co-opted Members	Mrs S L Clarke	
	Mr A L Holmes	(appointed 1.9.10)
	Ms S Patel	(appointed 1.9.10)
	Ms C H Rose	
	Mr J F Stoker	(appointed 1.9.10)

MEMBERSHIP OF COURT COMMITTEES

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

Pro-Chancellor's Advisory Group	Sir Stuart Etherington Richard Baglin James Loudon Steve Davie Nick Eastwell	(Chairman) (until 31.12.09) (until 31.12.09) (w.e.f. 1.1.10) (w.e.f. 1.1.10)
Audit	Steve Davie Richard Baglin Sarika Patel Alaric Pugh John Stoker Helen Wyatt	(Chairman w.e.f 1.1.10) (Chairman until 31.12.09) (w.e.f. 1.9.10) (until 31.8.09) (w.e.f. 1.9.10) (w.e.f. 1.9.10)
Finance	Nick Eastwell James Loudon Alan Albert James Barnes Baroness Blackstone Marianne Hay Peter Hazell Andrew Holmes Stephen Howlett Sir Callum McCarthy	(Chairman w.e.f 1.1.10) (Chairman until 31.12.09 and then until 31.8.10) (w.e.f. 1.9.10) (w.e.f. 1.9.10) (w.e.f. 1.9.10) (until 31.8.09)
Nominations	Sir Stuart Etherington Baroness Blackstone Nick Eastwell Sue Golding James Loudon Martin Snowden	(Chairman) (w.e.f 1.1.10 and then until 31.8.10) (until 31.8.09) (until 31.12.09) (w.e.f. 1.9.09)
Remuneration	Nick Eastwell James Loudon Richard Baglin Baroness Blackstone Steve Davie Sir Stuart Etherington Marianne Hay Helen Wyatt	(Chairman w.e.f 1.1.10) (Chairman until 31.12.09 and then until 31.8.10) (until 31.8.10) (w.e.f. 1.9.10) (w.e.f. 1.9.10)

REPORT OF THE GOVERNORS (AS DIRECTORS)

INTRODUCTION

1. Constitution

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 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.

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

(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

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

2. Mission and objectives (continued)

(e) Effectiveness and efficiency

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

3. Achievements against objectives

We have continued towards meeting our targets in relation to our objectives as set out in our strategic plan.

Programmes of study are regularly reviewed to ensure that they are innovative and vocationally relevant, and that students develop a range of skills which will enable them to reach their potential. We have deleted several programmes which did not attract sufficient students, and reviewed others to ensure their relevance.

Investment has been made in improving laboratories and in equipment to provide specialist equipment, software and books.

Particular emphasis has been placed on supporting the transition into higher education and identifying those students at risk of leaving or failing. An enhanced induction process across all Schools contributed to an easier start for many students.

Support for study skills, for mentoring and for general communication with students has been improved and we will continue to see the benefits of this in the coming year.

In keeping with our focus on ensuring our graduates find fulfilling jobs, we have put in place programmes to help students to understand the broader context of employability in which their academic study takes place.

The Times Higher Award for Outstanding International Strategy in particular for our work in India was won by the University. We were the UK's number one recruiter of students from India.

A poll of UK academics recognised the University's work on controlling the tsetse fly in Africa as one of the 10 most important discoveries to be made in a UK university over the past 60 years.

An efficiency savings group was established to oversee savings of 5-10% through good housekeeping measures and short and long term efficiencies.

4. The 2010 Browne Report and Comprehensive Spending Review

The Browne Review of Higher Education Funding and Student Finance, and the 2010 Comprehensive Spending Review were published at the end of October 2010. The former proposes a radical departure from the current funding arrangements, in which higher tuition fees are charged in lieu of all HEFCE teaching grant funding for bands C & D provision, and some part of the funding for band B provision. Tuition fee loans will be available for the higher fee, together with maintenance grants and loans. These proposals require parliamentary consent.

The 2010 Comprehensive Spending Review proposes 25% funding cuts to the Department of Business Innovation and Skills (BIS) in the period to 2014-15, the details of which are yet to be decided. Further particulars will be contained in the BIS funding letter to HEFCE at the end of the calendar year.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

5. The Future

We will continue to build on progress made within the resources available. The financial uncertainty of the coming year requires us to review our activities to ensure that our targets remain realistic. We will:

- continue to embed employability skills in all of our programmes
- seek to increase the opportunities for students for work placement related activities, mentoring, volunteering
- develop a graduate attributes framework which will provide a focus for curriculum development which prepares graduates for their future work
- continue to raise aspirations of prospective students from a wide range of backgrounds
- review our arrangements for collaborative provision nationally and internationally to ensure that the collaborative programme is meeting its objectives
- ensure that sustainability issues are recognised as a major priority throughout the University
- maintain the momentum in planning to develop the new School of Architecture & Construction and the Learning Resources Centre at our Greenwich campus.
- continue to encourage growth in research and enterprise activity through a more focussed approach
- review our business processes to ensure that the University is an effective and efficient business

6. Public Benefit

Careful consideration has been given to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education and on fee charging.

The public benefit arising from the University's work can be seen in the advancement of learning and knowledge in both teaching and research. Students are helped to reach their full potential to the benefit of society as a whole as well as being the direct beneficiaries.

Widening participation and raising the aspirations of non traditional students has been at the core of the University's mission. We have recruited above national benchmarks for students from low participation neighbourhoods.

We have continued our work to encourage and support students who are care leavers and offer a range of bursaries and hardship funds to help students in financial difficulty.

Our student ambassadors have continued to undertake a range of events with local school pupils. These proved enjoyable and beneficial for both students and pupils.

The University is proud of its commitment to vocational subjects. Degree programmes in subjects such as Health and Social Care, Teacher training, Engineering and Pharmacy in particular provide specific education which benefits directly the wider community as well as students. Many of our graduates from these disciplines remain in the region.

The research and enterprise agenda of the University reflects this emphasis on applied work that is relevant to the needs of commerce and industry. We acknowledge the need to assist our regional communities, to generate new economic activity and address problems arising from poor socio-economic conditions. Examples of this work include new methods of training social workers to operate more effectively more quickly, and social network analysis to understand how networks operate, so as to use them more efficiently for communication within communities.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

7. Scope of the Financial Statements

The financial statements comprise the consolidated results of the University (including the Natural Resources Institute (NRI)) and its subsidiary companies Greenwich University Enterprises Limited and Greenwich Property Limited.

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

8. Results for the year

The Group results for the year ended 31 July 2010 are summarised as follows:-

	2010	Restated 2009
	£'000	£'000
University (including NRI) operating surplus	10,621	8,833
Greenwich University Enterprises Limited	93	33
Greenwich Property Limited	-	-
Group historical cost surplus	<u>10,714</u>	<u>8,866</u>

The group had a historical cost surplus of £10.7m for the 2009/10 financial year (2009: £8.9m). This is broadly in line with the June 2010 forecast but significantly above the original 2009/10 plan of a £1.6m surplus. The improvement against plan is explained by home/EU and international student recruitment above target, additional revenues from international collaborations, and increased research and enterprise revenues.

The outturn confirms the continued success of the University in attracting students to its many programmes of study delivered at its campuses, at its Partner and Link College network and with its international partners. A continued increase in its research and enterprise base despite the impact of the economic downturn, also contributed to the successful outturn.

Revenues

Funding council grants increased by 5.8% to £74.8m, largely the result of a £2.4m (83%) increase in Research Assessment Exercise (RAE) and Higher Education Innovation Fund (HEIF) allocations, a £0.9m inflationary uplift on the teaching grant, a £0.7m revenue spend of Research Capital Investment Funds, and a £0.4m overprovision in relation to an estimated holdback against the final 2008/9 HEFCE teaching allocation. All teaching contracts have been successfully filled.

Tuition fees and education contract increased by 20% to £84.5m. The increase arose from the additional revenues from home/EU students associated with a 380 full time equivalent additional student number (ASN) contract, a step increase in the pricing of the undergraduate provision, and retention rates higher than originally forecast. Increased revenues from international student recruitment also contributed with an estimated 700 additional campus based international students. There was also a 20% increase in revenues from international collaborations.

Research revenues increased by 6% to £7.5m, while income from enterprise activities (e.g. consultancies) increased by 66%, despite the difficult economic climate. Much of the increase is attributable to the Natural Resources Institute (NRI), that has been successful in winning a number of large contracts.

Endowment and investment income was £1.3m, representing a 60% reduction on the previous year. The reduction is consistent with the low level of investment returns on cash balances that prevailed during the course of the financial year.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

8. Results for the year (continued)

Revenue expenditure

Staff costs increased by 7% to £84.6m, reflecting additional staff numbers (primarily recruited to improve student staff ratios), additional staff requirements for increased research and enterprise activity, increments, and a 0.5% pay-award for the year.

Non staff costs increased by 15.1% to £83.9m reflecting increased expenditure across all categories - payments to Partner Institutions £16.1m (2009: £14.6m); rents, utilities, building maintenance and other facilities management costs £21.1m (2009: £20m); books and periodicals, computers and software and laboratory equipment £8.0m (2009: £7.1m); payments to subcontractors on consultancy contracts £4.5m (2009: £1.9m).

Fixed assets

The tangible fixed assets of the group at the balance sheet date were £93.5m (2009: £96.8m), with additions during the year of £2.8m. Of these additions, £2.1m was expended on equipment and IT infrastructure, with the remainder being some initial capital spend on the Stockwell Street development. Capital grants totalling £4.5m were received during the year.

Long-term borrowing

Long-term borrowing was reduced by £5m to £35.5m (2009: £40.5m). The reduction largely reflects the repurchase and cancellation in January 2010 of £4.5m of the University's £30m bond issue.

Pension schemes

A significant aspect of the group financial statements is a £56.2m (2009: £58.1m) FRS 17 Retirement Benefits pension deficit on the LPFA pension scheme, of which the University's administrative and support staff are members.

The University's share of the scheme's assets increased by 15.1% over the financial year to £90.9m (2009: £79.0m), reflecting increases in equity markets in this period. However the University's liabilities in respect of its employees also increased over the period to £147.2m (2009: £137.2m), in spite of a change to CPI (from RPI) in the actuarial assessment of future pensions. This change reflects an announced change in government policy on future pensions and has a £6.9m beneficial impact on the University's liabilities. The increase in the liabilities in the year reflects a reduction in rate used in discounting liabilities, with reducing mortality rates and pay increase in excess of the actuarial assumption continuing to impact the level of liabilities.

Other Balance sheet items

Other key Balance Sheet ratios continue to be healthy. Short-term investments increased by 12.3% to £95.4m reflecting the strong underlying operating surplus and modest levels of in-year capital expenditure (net of capital grants received). Creditors due within one year were £56.4m (2009: £57.7 m). Net current assets remain strong at £49.5m (2009: £35.9m) while Income and Expenditure reserves increased by 28% to £58.5m.

9. Student recruitment

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 2009-10 is summarised as follows:-

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

9. Student recruitment (continued)

	2009/2010		2008/2009	
	Full-time	Part-time	Full-time	Part-time
HEFCE funded	12,166	7,118	10,600	7,061
TDA funded	711	186	675	159
Health contract	1,140	1,068	1,078	908
Overseas (non EU)	5,268	1,476	4,220	1,800
Others	523	309	294	233
Total (excluding International Collaborations)	<u>19,808</u>	<u>10,157</u>	<u>16,867</u>	<u>10,161</u>
Students with International Collaborative Institutions	<u>5,985</u>	<u>3,139</u>	<u>3,638</u>	<u>2,585</u>

10. 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, Training and Development Agency for Schools (TDA) and National Health Service (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.

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 its business plan targets. These markets are 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 expected 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 Browne Review of Higher Education Funding and Student Finance, and the 2010 Comprehensive Spending Review published at the end of October 2010, contain proposals that bring this risk to the fore. The Browne Report proposes a 80% reduction on the HEFCE teaching grant with institutions allowed to charge a higher fee (graduate contribution) in its place. The graduate contribution threshold will be £6,000 per year. In exceptional circumstances universities will be able to charge a higher contribution up to £9,000, subject to meeting widening participation and fair access conditions. The risks emanating from these proposals are reduction in student demand (as a result of the higher cost of an undergraduate degree), and a fee level that would not fully compensate for the loss of the HEFCE teaching grant.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

10. Principal risks and uncertainties (continued)

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 will 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.

11. Key performance Indicators

The University has made good progress in meeting the Key Performance Indicators approved by Court.

We were very pleased that applications and acceptances both home and overseas continued to rise. The number of students studying in international collaborative partnerships around the world has increased beyond target while our international students on campus have now reached our target of 4,000 (full-time equivalents).

We have improved our staff : student ratio by continuing to appoint early career academics although improvements still need to be made.

We were delighted to exceed our targets in the National Student Survey, and to be above the sector average for overall satisfied students. The University's overall response rate rose to 66% in 2010, exceeding the sector mean of 64%. Satisfaction scores in 2010 were higher than those in 2009 for all sections of the survey. The level of satisfaction of our students was higher than the sector average in all questions, with the exception of communication which we shall address in the coming year. It is very gratifying that the efforts of all staff to implement improvements have been appreciated by our students.

12. 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 £95.4m including £2.4m in a separate charged account under the terms of the Bond. 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 does not hold funds with a maturity date in excess of 12 months.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

12. Financial instruments (continued)

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 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 £9.5m.

The Group's total debt at 31 July 2010 was £36.2m, of which £21.8m is in respect of the Bond and £14.4m a PFI debt repayable in 2026. At 31 July 2010, the maturity profile of borrowings (all of which were long term) shows an average maturity of 16 years. It is calculated that 1.9% is repayable within one year, 2.0% in 1 to 2 years, 6.7% in 2 to 5 years and 89.4% in more than 5 years.

(b) Currency Risk

Approximately 4% 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 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.

(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 60% relates to the 30 years bond with the remainder being in respect of the PFI financing of student residences.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

13. Personnel Policy and Strategy

For the third year running the University decided to invest in the creation of a substantial number of new academic staff posts to improve the teaching staff/student ratio and to support the development of the new academic programmes. 27 new teaching posts were created under this continuing 'new blood' initiative with the majority of the new appointments being made by the end of the academic session.

During the year work was undertaken on the development of a new workload allocation model for academic staff. This aims to achieve balanced, transparent and equitable workloads for academic staff both within and between each School, drawing on experience of best practice within the HE Sector. Following initial testing, agreement was reached to pilot the new model from the beginning of the 2010/2011 academic year.

Revised pay and grading arrangements for University Professors were brought into operation during the year. These place Professors within the newly established academic grading structure but additionally make provision for exceptional merit to be rewarded by means of a formal annual review process.

Updated and revised staff restructuring and redeployment policies were approved and brought into operation in the summer of 2010.

Corporate staff development was enhanced through extending the coverage of the University's management development arrangements to include staff at first line supervisory level.

14. 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.

15. Diversity

The University remains committed to promoting diversity in both staff and students. It is committed to ensuring that all are able to work and study in an environment free from discrimination and harassment.

The University has consulted on a Single Equality Scheme, and will publish a new Scheme in the coming year.

16. 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'.

17. Post Balance Sheet Events

There were no post balance sheet events.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

18. Directors

The Governors of the University are Directors of the Company.

The Governors who served during the year and/or in the period to the date of approval of the financial statements, are listed on page 3 of this report. No Director had any interest in any contract made by the University during the financial year, other than a contract of employment as a member of staff.

19. Statement of Directors responsibility for the Financial Statements

The statement of the responsibility of the Court for the financial statements is set out on pages 17 and 18 of this report.

20. 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.

21. 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.

22. Approval

The Report of the Governors (directors) was approved by the Court on 29 November 2010 and signed on its behalf by:

Sir Stuart Etherington
Chairman

CORPORATE GOVERNANCE

The University is committed to exhibiting current best practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life. The University's practice 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 and takes account of the provisions of the Charities Act 2006.

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, Committee of University Chairs (CUC), Charities Commission and the Combined Code on Corporate Governance, insofar as they are applicable to Higher Education Institutions.

- The University is a company limited by guarantee and an exempt charity. The University is governed by its Memorandum and Articles of Association which set out its objects to advance learning and knowledge in all their aspects. Members of the University Court are legally Directors of the Company and Charity Trustees. The Court is specifically required to determine the educational character and mission of the University and to set its strategic direction.
- The Court has a majority of lay persons chosen for their expertise in areas relevant to the work of the University. They do not receive any reimbursement for the work that they do. The Court appoints independent and co-opted members following recommendations by the Nominations Committee. Staff and students are co-opted according to the Articles of Association. The 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.
- Newly appointed members receive briefing and training, as appropriate, on the University, the role of Court and on higher education in general to ensure that they are fully conversant with their responsibilities.
- The Vice-Chancellor as head of the institution has a general responsibility to the Court for the organisation, direction and management of the University. The Vice-Chancellor is the chief accounting officer 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.
- 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.
- The Court meets at least five times a year. The Court conducts much of its business through the following committees: Audit, Finance, Nominations, Remuneration. All of these Committees have terms of reference and membership approved by Court. All Committees of the Court submit their minutes and recommendations to the Court.
- The Finance Committee is responsible to Court for reviewing the University's finances, accounts and investments. It makes recommendations to Court on the annual revenue and capital budgets. It monitors performance in relation to approved allocations.
- The Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Deputy Vice-Chancellors and Secretary and Registrar.
- 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.
- 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.

CORPORATE GOVERNANCE (continued)

STATEMENT ON INTERNAL CONTROL

1. The Court is responsible for ensuring a good system of internal control to support the University's policies and objectives. It is responsible for safeguarding the public and other funds available to it in accordance with the duties assigned to it in the articles of governance and the financial memorandum with HEFCE.
2. Internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also designed to prevent and detect fraud and other irregularities.
3. The system of internal control is informed by a continuous process which identifies, evaluates and manages the University's significant risk of all types. This process has been in place for the year ended July 2010 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.
4. 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.

Baroness Blackstone
Vice-Chancellor

RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF GREENWICH

The primary responsibilities of the Court 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.
- 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.

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

FINANCIAL RESPONSIBILITIES OF THE UNIVERSITY COURT

The Court is responsible for keeping adequate 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 UK Accounting Standards (UK GAAP). 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.

The Court has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and the Training and Development Agency are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and the TDA and any other conditions which they may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud;
- secure the economical, efficiency and effective management of the University resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of 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.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF THE 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 2010 which comprise the consolidated income and expenditure account, the consolidated statement of historical cost surplus and deficits, the consolidated statement of total recognised gains and losses, the group and university balance sheets, the consolidated cash flow statement, 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 section 124B of the Education Reform Act 1988 and Chapter 3 of Part 16 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 for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Members of the Court and Auditors

The Court's responsibilities for preparing the report of the governors and the Group financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on pages 17 and 18.

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 and are properly prepared in accordance with the Accounts Direction and the 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 Funding Council') and the Training and Development Agency for Schools.

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

In addition we also report to you if, in our opinion, the University has not kept proper 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 the Report of the Governors and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them 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..

REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF THE UNIVERSITY OF GREENWICH (continued)

Basis of Audit Opinion

We have 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 preparing the financial statements and whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

We planned and have performed our audit so as to obtain all the information and explanations we considered necessary 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, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the group as at 31 July 2010 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 the Companies Act 2006, the Accounts Direction and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.
- The information given in the Report of the Governors is consistent with the financial statements.
- In all material respects, income from the Funding Council and 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 2010 have been applied for the purposes for which they were received.
- In all material respects, income during the year ended 31 July 2010 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.

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

30 November 2010

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation and accounting

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

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

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

Basis of consolidation

Consolidated financial statements have been prepared for the University and its subsidiaries Greenwich Property Limited, Greenwich University Enterprises Limited 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. This includes short course income. Bursaries and scholarships are accounted for as expenditure.

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

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

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

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

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

Foreign currencies

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

PRINCIPAL ACCOUNTING POLICIES (continued)

FIXED ASSETS

Land and buildings

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

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

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.

Leased assets

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

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

PRINCIPAL ACCOUNTING POLICIES (continued)

Investments

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

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

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.

Provisions

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

Research and development expenditure

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

Cash flows and liquid resources

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

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

PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation

The University is a charity within the meaning of Part 1 of the Charities Act 2006 and as such is a charity within the meaning of Para 1 Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax. The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

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

Pensions

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the LPFA Pension Fund. These are defined benefit schemes and are externally funded and contracted out of the State Earnings related Pension Scheme. The funds are valued every three years 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.

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

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

Accounting for charitable donations

Unrestricted donations

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

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.

PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

Medway School of Pharmacy

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2010

	<i>Note</i>	2010 £'000	Restated 2009 £'000
INCOME			
Funding council grants	<i>1</i>	74,817	70,727
Tuition fees and education contracts	<i>2</i>	84,499	69,701
Research grants and contracts	<i>3</i>	7,539	7,113
Other income	<i>4</i>	22,711	20,559
Endowment and investment income	<i>5</i>	1,310	3,430
Total Income		<u>190,876</u>	<u>171,530</u>
EXPENDITURE			
Staff costs	<i>6</i>	84,580	79,045
Other operating expenses	<i>8</i>	83,939	72,937
Depreciation	<i>12</i>	6,109	5,897
Interest payable	<i>9</i>	5,633	4,894
Total Expenditure		<u>180,261</u>	<u>162,773</u>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and before interest and tax		10,615	8,757
Share of profits of associated undertaking		26	21
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and interest but before tax		<u>10,641</u>	<u>8,778</u>
Taxation	<i>33</i>	(15)	-
Deficit for the year on accumulated income in endowment funds		144	33
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets, interest and tax		<u>10,770</u>	<u>8,811</u>

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 2010

	2010	Restated
	£'000	2009 £'000
Surplus after depreciation of assets at valuation on continuing operations and before tax	10,641	8,778
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	88	88
Historical cost surplus before tax	<u>10,729</u>	<u>8,866</u>
Taxation	(15)	-
Historical cost surplus after tax	<u>10,714</u>	<u>8,866</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2010

	2010	2009
	£'000	£'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, and tax	10,626	8,778
Increase / (decrease) in endowment asset investments	5	(8)
New endowments	137	166
FRS 17 Retirement Benefits - actuarial loss	(3,007)	(24,146)
FRS 17 Retirement Benefits - change to CPI (from RPI) *	<i>10</i> 6,989	-
Total recognised gains / (losses) for the year	<u>14,750</u>	<u>(15,210)</u>
Reconciliation:-		
Opening reserves and endowments	(3,940)	11,270
Total recognised gains / (losses) for the year	14,750	(15,210)
Closing reserves and endowments	<u>10,810</u>	<u>(3,940)</u>

* This relates to a change of government policy on the indexation of pensions. See Note 10 for details.

(Company Registration No. 986729)

BALANCE SHEET

AS AT 31 JULY 2010

		Group		University	
		2010	2009	2010	2009
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	12	93,528	96,823	93,441	96,777
Investments	13	341	315	172	172
		<u>93,869</u>	<u>97,138</u>	<u>93,613</u>	<u>96,949</u>
Endowment Asset Investments	14/15	<u>851</u>	<u>853</u>	<u>851</u>	<u>853</u>
Current Assets					
Stocks	16	26	29	26	29
Debtors	17	7,322	7,081	37,832	36,987
Investments	18	95,423	84,907	95,423	84,907
Cash at bank and in hand		3,144	1,638	2,926	1,582
		<u>105,915</u>	<u>93,655</u>	<u>136,207</u>	<u>123,505</u>
Creditors: amounts falling due within one year	19	<u>(56,457)</u>	<u>(57,718)</u>	<u>(63,201)</u>	<u>(62,839)</u>
Net Current Assets		<u>49,458</u>	<u>35,937</u>	<u>73,006</u>	<u>60,666</u>
Total Assets less Current Liabilities		144,178	133,928	167,470	158,468
Creditors: amounts falling due after more than one year	20	(35,566)	(40,517)	(58,979)	(65,058)
Provision for liabilities	21	(3,871)	(3,937)	(3,871)	(3,937)
Net Assets (excluding Pension Liability)		<u>104,741</u>	<u>89,474</u>	<u>104,620</u>	<u>89,473</u>
Net Pension liability	32	(56,229)	(58,126)	(56,229)	(58,126)
Net Assets		<u><u>48,512</u></u>	<u><u>31,348</u></u>	<u><u>48,391</u></u>	<u><u>31,347</u></u>

(Company Registration No. 986729)

BALANCE SHEET (continued)

AS AT 31 JULY 2010

		Group		University	
		2010	2009	2010	2009
		£'000	£'000	£'000	£'000
Represented by:					
Deferred Capital Grants	22	37,702	35,288	37,702	35,288
Endowments	14/15				
Expendable		351	357	351	357
Permanent		500	496	500	496
		851	853	851	853
Reserves	23				
Revaluation reserve		7,669	7,757	7,669	7,757
Income and expenditure account		58,519	45,576	58,398	45,575
Pension reserve		(56,229)	(58,126)	(56,229)	(58,126)
		9,959	(4,793)	9,838	(4,794)
Total Funds		48,512	31,348	48,391	31,347

The Financial Statements on pages 21 to 64 were authorised and approved by the Court on 29 November 2010 and signed on its behalf by:

Sir Stuart Etherington, Pro-Chancellor

Baroness Blackstone, Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2010

	<i>Note</i>	2010 £'000	2009 £'000
Cash inflow from operating activities	26	16,370	16,053
Return on investments and servicing of finance	27	(1,585)	342
Capital expenditure and financial investment	28	1,563	(7,211)
Net cash inflow before use of liquid resources and financing		<u>16,348</u>	<u>9,184</u>
Management of liquid resources	29	(10,516)	(7,078)
Financing	30	(4,592)	(701)
Increase in net cash		<u>1,240</u>	<u>1,405</u>
 Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		1,240	1,405
Cash outflow re increase in liquid resources		10,516	7,078
Cash outflow re decrease in debt and lease financing		<u>4,592</u>	<u>701</u>
		16,348	9,184
Net funds at 1 August		43,408	34,224
Net funds at 31 July	31	<u>59,756</u>	<u>43,408</u>

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2010	Restated 2009
	£'000	£'000
1. Funding council grants		
HEFCE:-		
Recurrent grant	60,703	55,620
Specific grants	6,709	7,609
Inherited liabilities	388	380
Deferred capital grants released in year	1,723	1,746
Release of HEFCE capitalised rent	876	1,007
Training and Development Agency for schools:-		
Recurrent grant	4,107	4,007
Other	311	358
	<u>74,817</u>	<u>70,727</u>
2. Tuition fees and educational contracts		
Full-time home and EU students	33,022	26,420
Part-time home and EU students	5,856	5,000
Overseas students	33,858	27,209
	<u>72,736</u>	<u>58,629</u>
Health Authority contract	11,763	11,072
	<u>84,499</u>	<u>69,701</u>
3. Research grants and contracts		
Research Council	1,024	946
UK based charities	266	158
UK central govt.\health & hospital authorities	1,666	1,356
European Commission	805	792
Other grants and contracts	3,778	3,861
	<u>7,539</u>	<u>7,113</u>
4. Other income		
Residences, catering and conferences	12,536	12,221
Other income generating activities	696	851
Other grant income	7,280	4,360
Other income	2,199	3,127
	<u>22,711</u>	<u>20,559</u>

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2010 £'000	2009 £'000
5. Endowment and Investment Income		
Income from expendable endowments	1	3
Income from permanent endowments	4	9
Income from short term investments	1,305	3,418
Net return on pension scheme	-	-
	<u>1,310</u>	<u>3,430</u>
6. Staff		
<i>(i) Staff Costs</i>		
Salaries and wages	68,550	63,972
Social Security Costs	5,735	5,363
Other Pension Costs	10,295	9,710
	<u>84,580</u>	<u>79,045</u>
	2010	2009
	No.	No.
Average staff numbers by major category:-		
Academic	960	893
Administrative & technical support	1,227	1,155
Premises	81	79
Residence catering and conferences	10	15
Other	102	75
	<u>2,380</u>	<u>2,217</u>
Remuneration of higher paid staff, excluding employer's pension contributions were:-		
£100,001 - £110,000	3	4
£110,001 - £120,000	3	-
£120,001 - £130,000	1	1
£190,001 - £200,000	-	1
£200,001 - £210,000	1	-

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

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 (2009: None).

(iii) Directors' emoluments and expenses

The aggregate amount of Directors' emoluments was £496,328 (2009: £495,581). All payments were in respect of services as members of staff and relate to the relevant period of office. Where appropriate these emoluments are also included in the bands for higher paid staff (including the Vice-Chancellor). Six Directors (2009: Seven) are accruing benefits under defined pension schemes, as set out in note 32.

The total expenses paid to Directors during the year was £6,828 (2009: £2,726).

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

	2010	2009
	£	£
Salary	206,270	196,560
Taxable car benefit (to 13 October 2009)	586	2,888
Other	35	-
	<u>206,891</u>	<u>199,448</u>
University superannuation payments:-		
Teachers Pension Scheme	28,916	27,539

The accrued Teachers Pension Scheme superannuation benefit of the Vice-Chancellor for service to 31 July 2010 was: accrued annual pension £90,475 and lump sum £271,425.

(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 (2009: 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 £10 million of group cover for its Governors (directors) in any one-year period.

NOTES TO THE FINANCIAL STATEMENTS

	Group		
	2010	2009	
	£'000	£'000	
8. Other operating expenses			
Fees to other colleges	16,185	14,655	
Student recruitment	2,193	1,805	
Books and periodicals	1,938	1,609	
Consumables and laboratory expenditure	2,132	1,804	
Computers, software and IT maintenance contracts	3,964	3,715	
Bursaries and scholarships	2,426	2,031	
Students union subvention grant	1,001	978	
Printing, postage and stationery	2,115	2,009	
Residence, catering and conference	8,410	8,444	
Rents, service charges, rates and insurance	8,236	8,474	
Electricity, gas and water	2,269	2,755	
Building maintenance and repair	7,196	5,603	
Security	1,777	1,656	
Cleaning, caretaking and waste management	1,707	1,543	
Publicity and advertising	1,642	1,592	
Research and consultancy – reimbursable costs	1,675	1,236	
Subcontractors' fees and expenses	4,591	1,886	
Provision for losses on long term contracts	74	119	
Telephone and other communication costs	520	512	
Legal and professional fees	614	711	
Non contracted and agency staff	1,374	1,346	
Consultancy fees	1,061	1,024	
Staff training / CPD	1,023	896	
Travel and subsistence	1,428	1,389	
Furniture and equipment	2,347	939	
Pension increase payment	354	414	
Other expenses	5,687	3,792	
	<u>83,939</u>	<u>72,937</u>	
Other operating expenses are stated after charging:-			
Auditors' remuneration	- fees payable to the University's auditor for the audit of the financial statements	54	52
	- fees payable to external auditors for other services	6	8
	- fees payable to internal auditors	80	73
	- fees payable to other audit firms	6	9
Rentals under operating leases	- equipment and vehicles	74	313
	- property: campuses	6,980	7,019
	- property: student residences	362	362

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2010 £'000	2009 £'000
9. Interest payable		
Bond interest	1,532	1,712
Finance lease interest - PFI	1,363	1,373
Interest on pension scheme liabilities (net)	2,738	1,806
Other	-	3
	<u>5,633</u>	<u>4,894</u>

10. Pension fund change to CPI

A gain of £6.989m arises from a change in the FRS17 (Retirement Benefits) actuarial assessment for the London Pension Fund Authority (LPFA) superannuation scheme. Future pensions are now linked to CPI (as against RPI), in line with announced government policy. The resultant reduction in future pensions (because CPI is historically lower than RPI), is regarded as a change in assumption. Thus the related reduction in the pension liability is a gain to be recognised through the Consolidated Statement of Total Recognised Gains and Losses.

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 £10.506 million (2009 - surplus of £8.724 million).

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets - Group

	Land and Buildings			Assets in Course of Construc- tion £'000	Equipment £'000	Vehicles £'000	Total £'000
	Freehold £'000	Long Leases £'000	Short Leases £'000				
Cost or Valuation							
At 1 August 2009	71,451	56,336	112	113	22,916	381	151,309
Additions at cost	-	93	-	601	2,121	-	2,815
Disposals	-	(208)	-	-	(8,141)	(75)	(8,424)
Transfers	-	112	-	(112)	-	-	-
At 31 July 2010	71,451	56,333	112	602	16,896	306	145,700
Depreciation							
At 1 August 2009	(17,930)	(17,569)	(112)	-	(18,644)	(231)	(54,486)
Disposals	-	210	-	-	8,141	72	8,423
Charge for year:-							
Finance leases	(330)	-	-	-	-	-	(330)
Other	(1,202)	(2,513)	-	-	(2,021)	(43)	(5,779)
	(1,532)	(2,513)	-	-	(2,021)	(43)	(6,109)
At 31 July 2010	(19,462)	(19,872)	(112)	-	(12,524)	(202)	(52,172)
Net Book Value:-							
Finances leases	12,696	-	-	-	-	-	12,696
Others	39,293	36,461	-	602	4,372	104	80,832
At 31 July 2010	51,989	36,461	-	602	4,372	104	93,528
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
Inherited	777	-	-	-	-	-	777
Financed by capital grants	20,961	15,437	-	-	1,307	-	37,705
Other	30,251	21,024	-	602	3,065	104	55,046
At 31 July 2010	51,989	36,461	-	602	4,372	104	93,528

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets - University

	Land and Buildings				Equipment £'000	Vehicles £'000	Total £'000
	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construc- tion £'000			
Cost or Valuation							
At 1 August 2009	71,451	56,336	112	113	22,590	381	150,983
Additions at cost	-	93	-	601	2,051	-	2,745
Disposals	-	(209)	-	-	(8,141)	(75)	(8,425)
Transfers	-	112	-	(112)	-	-	-
At 31 July 2010	71,451	56,332	112	602	16,500	306	145,303
Depreciation							
At 1 August 2009	(17,930)	(17,569)	(112)	-	(18,364)	(231)	(54,206)
Disposals	-	210	-	-	8,141	72	8,423
Charge for year:-							
Finance leases	(330)	-	-	-	-	-	(330)
Other	(1,202)	(2,513)	-	-	(1,991)	(43)	(5,749)
	(1,532)	(2,513)	-	-	(1,991)	(43)	(6,079)
At 31 July 2010	(19,462)	(19,872)	(112)	-	(12,214)	(202)	(51,862)
Net Book Value:-							
Finances leases	12,696	-	-	-	-	-	12,696
Others	39,293	36,460	-	602	4,286	104	80,745
At 31 July 2010	51,989	36,460	-	602	4,286	104	93,441
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
Inherited	777	-	-	-	-	-	777
Financed by capital grants	20,961	15,437	-	-	1,307	-	37,705
Other	30,251	21,023	-	602	2,979	104	54,959
At 31 July 2010	51,989	36,460	-	602	4,286	104	93,441

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 £0.602m are not depreciated.

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

Depreciation of assets held under finance leases was £330,433 (2009: £330,433). The net book value of these assets was £12,695,607 (2009: £13,026,040).

NOTES TO THE FINANCIAL STATEMENTS

13. Investments

(i) *Investments :-*

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Shares in CVCP Properties Plc	38	38	38	38
Shares and retained profit in associate company - (NR International Limited)	303	277	134	134
	341	315	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 the company in proportion to an agreed subscription formula. On this basis the University of Greenwich acquired 37,714 (0.9%) of the shares of the company.

	University	
	2010 £	2009 £
Investment in subsidiaries at cost		
Greenwich University Enterprises Ltd	2	2
Greenwich Property Ltd	2	2
	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 2010 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 (8.4%) 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 2010 are consolidated in these financial statements with those of the University.

(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 £105,000 (2009: £83,319).

The trading account and net assets of the company for the year to 31 July 2010 are summarised below:-

	Turnover £'000	Profit after tax £'000	Net assets £'000
NR International Ltd	8,809	105	1,221
NR International Ltd – trade with the University	-	-	-
NR International Ltd – other than with the University	8,809	-	-

NOTES TO THE FINANCIAL STATEMENTS

13. Investments (continued)

Medway Innovation Ltd

The University was one of four members of Medway Innovation Ltd, a company limited by guarantee. The principal activity of the company was to contribute to the regeneration of the Medway towns in providing support for job creation by harnessing the technological potential of that region. As a result of changes in the way such matters are currently being addressed in the wider Medway region, midway through the year the member organisations decided to dissolve the company. The results are not included in the Group accounts as they are not material.

Southern Education Leadership Trust

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

(iv) Other arrangements:-

Kent Thameside

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

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2010 £	2009 £
14. Endowment asset investment		
Balance at 1 August 2009	853,013	728,113
Net (distributions)/additions	(7,795)	133,119
Increase/(Decrease) in market value of investments	5,327	(8,219)
Balance at 31 July 2010	<u>850,545</u>	<u>853,013</u>
Represented by:		
COIF income shares	55,522	50,195
Managed funds	795,023	802,818
	<u>850,545</u>	<u>853,013</u>
Market value of COIF income shares	55,522	50,195

15. Endowments

	Restricted Permanent £'000	Restricted Expendable £'000	2010 Total £'000	2009 Total £'000
Balances at 1 Aug 2009				
Capital	395	56	451	441
Accumulated Income	<u>101</u>	<u>301</u>	<u>402</u>	<u>287</u>
	496	357	853	728
New Endowments	-	137	137	166
Investment Income	<u>4</u>	<u>1</u>	<u>5</u>	<u>12</u>
Expenditure	<u>(14)</u>	<u>(135)</u>	<u>(149)</u>	<u>(45)</u>
Transfers	<u>9</u>	<u>(9)</u>	<u>-</u>	<u>-</u>
	(1)	(143)	(144)	(33)
Increase / (decrease) in market value	5	-	5	(8)
At 31 July 2010	<u>500</u>	<u>351</u>	<u>851</u>	<u>853</u>
Represented by:				
Capital	395	56	451	451
Accumulated Income	<u>105</u>	<u>295</u>	<u>400</u>	<u>402</u>
	<u>500</u>	<u>351</u>	<u>851</u>	<u>853</u>

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2010 £	2009 £
15. Endowments (continued)		
Governors' General Reserve	150,426	159,045
Bergman Osterberg Trust	140,720	135,341
E.de Barry Barnett Memorial Prize Fund	7,104	7,175
Garnett Prize Fund	21,185	21,220
Humanities Prize Fund	13,085	13,220
Coker Prize Fund	649	517
Sir William Boreham Bursary Fund	4,625	9,494
DP Connect – Business School Prize Fund	1,763	1,512
D. Fussey Memorial Choral Exhibition	250,000	252,160
John-Hood Williams Prize Fund	246	245
Admiral Sir John Chambers White Bursary	7,598	7,866
John McWilliam Bursary Fund	62,680	62,431
Francis Duke Prize Fund	10,000	9,721
Thus PLC Scholarship	18,582	31,494
Project Finance & Project Mgt	29,905	34,137
Kathleen Jones Scholarship	81,721	101,360
Paul Dyer Leadership Fund	1,896	5,075
Tessa Blackstone Prize Fund	1,304	1,000
Zhonghui Luan Scholarship	35,044	-
Alan Giles Scholarship	12,012	-
	700,119	693,968
Total	850,545	853,013

16. Stocks

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Raw materials and consumables	26	29	26	29
	26	29	26	29

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
17. Debtors				
<i>Due within one year</i>				
Trade debtors	4,498	3,649	4,135	3,186
Amounts owed by subsidiaries	-	-	-	-
Amounts owed by associated company	440	12	440	12
Amounts recoverable under long term contracts	108	228	108	228
Other debtors	711	162	602	72
Prepayments & accrued income	1,223	2,979	1,216	2,979
Amounts due from HEFCE/ TDA	342	51	342	51
	7,322	7,081	6,843	6,528
<i>Due in more than one year</i>				
Amounts owed by subsidiaries	-	-	30,989	30,459
	7,322	7,081	37,832	36,987
18. Investments (current assets)				
Debt service reserve	2,412	2,412	2,412	2,412
Fixed term and notice bank deposits	93,011	82,495	93,011	82,495
	95,423	84,907	95,423	84,907
19. Creditors: Amounts falling due within one year				
Bank overdraft	2,610	2,344	2,511	2,326
Bond	675	746	675	746
Trade creditors	9,153	9,347	9,139	9,316
Amounts owed to subsidiaries	-	-	10,566	9,223
Prepaid long term contract income	6,808	6,735	6,808	6,735
PAYE and other taxation payable	2,031	1,790	2,016	1,790
Other creditors	10,944	11,456	8,858	9,165
Accruals - losses on long term contracts	21	747	21	747
- others	7,793	9,249	6,185	7,487
Deferred income	16,422	15,304	16,422	15,304
	56,457	57,718	63,201	62,839

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
20. Creditors: Amounts falling due after more than one year				
Bond	21,119	25,639	21,119	25,639
Finance lease	14,409	14,409	-	-
Loan - Greenwich Property Limited	-	-	37,822	38,950
	35,528	40,048	58,941	64,589
Others – deferred lease capitalisations	38	469	38	469
	35,566	40,517	58,979	65,058
Analysis of loan repayments				
Repayable between one and two years				
Bond	719	794	719	794
	719	794	719	794
Repayable between two and five years				
Bond	2,446	2,703	2,446	2,703
	2,446	2,703	2,446	2,703
Repayable after five years				
Bond	17,954	22,142	17,954	22,142
Finance lease	14,409	14,409	-	-
Loan - Greenwich Properties Limited	-	-	37,822	38,950
	32,363	36,551	55,776	61,092
	35,528	40,048	58,941	64,589

Bond

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

AMBAC Insurance UK 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.

NOTES TO THE FINANCIAL STATEMENTS

Bond (continued)

In line with the requirements of FRS 26 (Financial Instruments: Recognition and Measurement), the outstanding value of the bond is stated in these financial statements at amortised cost using the effective rate method. At 31 July 2010, the market price of the bond as quoted on the Luxembourg Stock Exchange was £104.075 per £100 unit (2009: £98.864 per £100 unit).

21. Provisions for liabilities

	Group and University		
	Enhanced pensions £'000	Decontam- ination £'000	Total £'000
At 1 August 2009	2,961	976	3,937
Interest charge	138	-	138
Payments in year	(204)	-	(204)
At 31 July 2010	2,895	976	3,871

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 is in respect of a former pyrotechnic site at North Dartford that was acquired by the University some years ago and is now earmarked for disposal. A number of studies have been commissioned in recent years to establish the degree of contamination of the site and the cost of decontamination. A study commissioned in 2007 and carried out by a firm of consultant engineers estimated a decontamination cost (assuming disposal for commercial usage). The £0.9m provision falls within the range of this estimate.

22. Deferred capital grants

	Group and University				
	Hefce		Other		Total £'000
	Equipment £'000	Buildings £'000	Equipment £'000	Buildings £'000	
At 1 August 2009	1,327	22,202	-	11,759	35,288
Received in the year	606	3,911	-	-	4,517
Released to Income & Expenditure Account	(627)	(1,096)	-	(380)	(2,103)
At 31 July 2010	1,306	25,017	-	11,379	37,702

NOTES TO THE FINANCIAL STATEMENTS

23. Reserves

	Revaluation Reserve £'000	Income & Expenditure £'000	Pension Reserve £'000	Total Reserves £'000
<i>(a) Group</i>				
At 1 August 2009	7,757	45,576	(58,126)	(4,793)
Surplus for year	-	10,770	-	10,770
Frs 17 - deficit for year	-	2,085	(2,085)	-
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial loss on pension scheme	-	-	(3,007)	(3,007)
Actuarial gain on pension scheme - change to CPI (from RPI)	-	-	6,989	6,989
At 31 July 2010	<u>7,669</u>	<u>58,519</u>	<u>(56,229)</u>	<u>9,959</u>
<i>(b) University</i>				
At 1 August 2009	7,757	45,575	(58,126)	(4,794)
Surplus for year	-	10,650	-	10,650
Frs 17 - deficit for year	-	2,085	(2,085)	-
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial loss on pension scheme	-	-	(3,007)	(3,007)
Actuarial gain on pension scheme - change to CPI (from RPI)	-	-	6,989	6,989
At 31 July 2010	<u>7,669</u>	<u>58,398</u>	<u>(56,229)</u>	<u>9,838</u>

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
24. Lease obligations				
The finance lease obligations:-				
Due within one year	-	-	-	-
Due between two and five years inclusive	-	-	-	-
Due after five years	14,409	14,409	-	-
	<u>14,409</u>	<u>14,409</u>	<u>-</u>	<u>-</u>
Operating lease payments falling due in the next year:-				
Equipment				
Expiring within one year	74	313	74	313
Expiring between two and five years inclusive	197	2	197	2
	<u>271</u>	<u>315</u>	<u>271</u>	<u>315</u>
Land and buildings				
Expiring within one year	46	476	46	476
Expiring between two and five years inclusive	4,953	5,131	4,953	5,131
Expiring after five years	1,323	1,685	1,323	1,685
	<u>6,322</u>	<u>7,292</u>	<u>6,322</u>	<u>7,292</u>
25. Capital commitments				
Commitments contracted at 31 July 2010	<u>141</u>	<u>1,216</u>	<u>141</u>	<u>1,216</u>

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2010	2009
	£'000	£'000
26. Reconciliation of consolidated operating surplus to net cash from operating activities		
Surplus before tax	10,641	8,778
Depreciation (<i>Note 12</i>)	6,109	5,897
Deferred capital grants released to income (<i>Note 22</i>)	(2,103)	(2,124)
Release of lease capitalisation	(876)	(1,007)
Investment income	(1,310)	(3,430)
Interest payable	2,895	3,088
Decrease / (Increase) of stocks	3	(5)
Increase in debtors	(234)	(1,044)
(Decrease) / Increase in creditors	(748)	5,505
Decrease in provisions	(66)	(35)
Share of profit of associated undertaking	(26)	(21)
FRS 17 pension adjustment	2,085	451
Net cash inflow from operating activities	<u>16,370</u>	<u>16,053</u>
27. Returns on investments and servicing of finance		
Income from endowments	5	12
Interest received	1,305	3,418
Interest paid - finance leases	(1,363)	(1,373)
- other	(1,532)	(1,715)
	<u>(1,585)</u>	<u>342</u>
28. Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,091)	(12,950)
Deferred capital grants received	4,517	5,618
Endowments received	137	121
	<u>1,563</u>	<u>(7,211)</u>
29. Management of liquid resources		
Cash transferred to deposits	10,516	7,078
	<u>10,516</u>	<u>7,078</u>
30. Financing		
Bond repayment in the year	4,592	701
	<u>4,592</u>	<u>701</u>

NOTES TO THE FINANCIAL STATEMENTS

31. Analysis of changes in net debt

	1 August 2009 £'000	Cash Flows £'000	Other Changes £'000	31 July 2010 £'000
Cash in hand, at bank & deposits repayable on demand	1,638	1,506	-	3,144
Overdraft	(2,344)	(266)	-	(2,610)
	<u>(706)</u>	<u>1,240</u>	<u>-</u>	<u>534</u>
Current asset investments	84,907	10,516	-	95,423
Debt due within 1 year	(745)	745	(675)	(675)
Debt due after 1 year	(25,639)	675	3,847	(21,117)
Finance leases	(14,409)	-	-	(14,409)
Total	<u><u>43,408</u></u>	<u><u>13,176</u></u>	<u><u>3,172</u></u>	<u><u>59,756</u></u>

32. Contributions to Pension Funds

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme 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 £599,823 (2009: £573,503) payable to the London Pensions Fund Authority in respect of the University's pension contributions on July 2010 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 2010	31 July 2009	31 July 2008
	Nominal % pa	Nominal % pa	Nominal % pa
RPI increases	3.2%	3.6%	3.8%
CPI increases	2.7%	n/a	n/a
Salary increases	4.7%	5.1%	5.3%
Pension increases	2.7%	3.6%	3.8%
Discount rate	5.4%	6.0%	6.7%

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.

	<u>Males</u>	<u>Females</u>
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	Return at 31 July 2010	Fair Value at 31 July 2010 £'000	Expected Return at 31 July 2009	Fair Value at 31 July 2009 £'000
Equities	7.3%	62,762	7.5%	53,909
Target return portfolio	4.5%	10,915	6.2%	8,142
Alternative assets	6.3%	13,644	6.7%	11,620
Cash	3.0%	1,819	3.0%	5,375
Other Bonds	5.4%	1,819	-	-
Total		<u>90,959</u>		<u>79,046</u>

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	2010	2009
	£'000	£'000
Present value of scheme liabilities	(147,188)	(137,172)
Fair Value of Employer Assets	<u>90,959</u>	<u>79,046</u>
Deficit in scheme- Net Pension Liability	<u>(56,229)</u>	<u>(58,126)</u>
<hr/>		
Analysis of the amount charged to staff costs within operating surplus	2010	2009
	£'000	£'000
Current Service Cost	(4,799)	(3,893)
Past Service Cost	-	-
Employer Contributions	5,481	5,199
Contributions re unfunded benefits	42	55
Losses/(Gains) on Curtailments and Settlements	<u>(71)</u>	<u>(6)</u>
Total	<u>653</u>	<u>1,355</u>
<hr/>		
Analysis of the amount that is credited to Endowment and Investment Income	2010	2009
	£'000	£'000
Interest cost	8,322	7,754
Expected return on Employer assets	<u>(5,584)</u>	<u>(5,948)</u>
Net cost	<u>2,738</u>	<u>1,806</u>
<hr/>		
Analysis of the amount recognised in the statement of Total Recognised Gains and Losses (STRGL)	2010	2009
	£'000	£'000
Actual return less expected return on pension scheme deficits	2,501	(11,270)
Experience gain / (loss)	374	-
Changes in assumptions underlying the present value of the scheme liabilities	(5,882)	(12,876)
FRS 17 Retirement Benefits - change to CPI (from RPI)	<u>6,989</u>	<u>-</u>
Actuarial gain / (loss) recognised in STRGL	<u>3,982</u>	<u>(24,146)</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA) - continued

	2010 £'000	2009 £'000
Movement in deficit during the year		
Deficit at beginning of the year	(58,126)	(33,529)
Current service cost	(4,799)	(3,893)
Employer contributions	5,481	5,199
Contributions in respect of unfunded benefits	42	55
Impact of settlements and curtailments	(71)	(6)
Net return on assets	(2,738)	(1,806)
Actuarial gain / (loss)	3,982	(24,146)
Deficit at end of year	<u>(56,229)</u>	<u>(58,126)</u>

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

	2010 £'000	2009 £'000
Opening defined benefit obligation	137,172	114,939
Current service cost	4,799	3,893
Interest cost	8,322	7,754
Contributions by members	1,704	1,639
Actuarial losses	5,508	12,876
Past service (gains) / costs	(6,989)	-
Losses on curtailments	71	6
Estimated unfunded benefits paid	(42)	(55)
Estimated benefits paid	(3,357)	(3,880)
Closing defined benefit obligation	<u>147,188</u>	<u>137,172</u>

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

Opening fair value of employer assets	79,046	81,410
Expected return on assets	5,584	5,948
Contributions by members	1,704	1,639
Contributions by the employer	5,523	5,254
Contributions in respect of unfunded benefits	42	55
Actuarial gains / (losses)	2,501	(11,270)
Estimated unfunded benefits paid	(42)	(55)
Estimated benefits paid	(3,399)	(3,935)
Closing fair value of employer assets	<u>90,959</u>	<u>79,046</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

London Pension Fund Authority (LPFA) - continued

History of Experience Gains and Losses	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Difference between the expected and actual return on assets	3,982	(24,146)	(10,143)	3,602	2,861
Value of assets	90,959	79,046	81,410	82,930	71,372
Percentage of assets	(4.4%)	30.5%	12.5%	(4.3%)	(4.0%)
Experience gains on liabilities	374	-	1,222	127	44
Present value of liabilities	147,188	137,172	114,939	106,291	106,603
Percentage of the present value of liabilities	0.3%	- %	1.1%	0.1%	0.0%
Actuarial gain / (loss) recognised in STRGL	3,982	(24,146)	(10,143)	12,114	(869)
Present value of liabilities	147,188	137,172	114,939	106,291	106,603
Percentage of the present value of liabilities	2.7%	(17.6%)	(8.8%)	11.4%	(0.8%)

Analysis of projected amount to be charged to operating profit for the year to 31 July 2011:-

	Year to 2011 £'000
Estimated current service cost & total operating charge (A)	5,102
Expected return on employer assets	6,211
Interest on pension scheme liabilities	(8,040)
Net return (B)	(1,829)
Expected net I&E account cost (A – B)	6,931

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 2010 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 £2.895m (2009: £2.961m) 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:-

	2010	2009
	£'000	£'000
Contributions to TPS	4,834	4,519
Contributions to USS	67	30
Contributions to LPFA	5,394	5,161
Total pension costs (note 6)	<u>10,295</u>	<u>9,710</u>

NOTES TO THE FINANCIAL STATEMENTS

33. Taxation

	2010 £'000	2009 £'000
UK corporation tax on the profits of		
Greenwich University Enterprises Ltd	15	-
Greenwich Property Ltd.	-	-
	<u>15</u>	<u>-</u>

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 £0.400m (2009: £0.151m). The University sold no services to the company but seconded one member of its staff (2009: one) to it at a cost of £0.065m (2009: £0.062m).

At 31 July 2010, the called-up share capital of Natural Resources International Ltd was £0.136m while its reserves were £1.085m. The total amount owed to the University at that date was £0.440m (2009: £0.166m).

(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 2010 £'000	31 July 2009 £'000
Access to learning fund	775	-	(674)	101	92
PGCE TT Bursaries	743	-	(715)	28	29
	<u>1,518</u>	<u>-</u>	<u>(1,389)</u>	<u>129</u>	<u>121</u>

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

37. Training and development agency for schools

	Rec'd In Year £'000	Disbursed £'000	31 July 2010 £'000	31 July 2009 £'000
<i>ITT trainee funding</i>				
Training bursaries	2,264	(2,220)	44	21
Student associate scheme	282	(78)	204	224
	<u>2,546</u>	<u>(2,298)</u>	<u>248</u>	<u>245</u>

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.

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 financial assets below are assessed as Level 1 of the fair value hierarchy in terms of their measurement at fair value, as they are based on quoted prices in active markets for identical assets.

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

Categories of financial instruments	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Financial assets				
Available for sale financial assets	1,192	1,169	1,023	1,025
Loans and receivables				
Receivables (excludes prepayments)	6,126	4,102	5,654	3,549
Amounts owed by subsidiaries	-	-	30,989	30,459
Cash and cash equivalents	98,567	86,545	98,349	86,489
	105,885	91,816	136,015	121,522
Financial liabilities at amortised cost				
Bank overdraft	2,610	2,344	2,511	2,326
Trade & other payables (excludes deferred income)	22,128	22,593	30,579	29,494
Bond	21,794	26,385	21,794	26,385
Loan - Greenwich Properties Ltd	-	-	37,822	38,950
	46,532	51,322	92,706	97,155

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.

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.

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

	<u>Bank overdraft</u> £'000	<u>Trade & other payables</u> £'000	<u>Bond</u> £'000	<u>Finance lease</u> £'000
<u>As at 31st July 2010</u>				
In one year or less or on demand	2,610	22,128	2,050	-
In more than one year but not more than two years	-	-	2,050	-
In more than two years but not more than five years	-	-	6,151	-
In more than five years	-	-	26,657	31,627
	<u>2,610</u>	<u>22,128</u>	<u>36,908</u>	<u>31,627</u>
<u>As at 31st July 2009</u>				
In one year or less or on demand	2,344	22,593	2,412	-
In more than one year but not more than two years	-	-	2,412	-
In more than two years but not more than five years	-	-	7,237	-
In more than five years	-	-	33,772	33,150
	<u>2,344</u>	<u>22,593</u>	<u>45,833</u>	<u>33,150</u>

(iii) Credit risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(iii) Credit risk (continued)

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

	<u>Total</u> £'000	<u>0 to 6</u> <u>Months</u> £'000	<u>7 to 12</u> <u>Months</u> £'000	<u>More</u> <u>than 1</u> <u>Year</u> £'000
<u>As at 31st July 2010</u>				
Accommodation	300	300	-	-
Commercial	2,879	2,546	333	-
Tuition	1,319	1,319	-	-
Other	-	-	-	-
	<u>4,498</u>	<u>4,165</u>	<u>333</u>	<u>-</u>
<u>As at 31st July 2009</u>				
Accommodation	250	250	-	-
Commercial	2,849	1,788	278	783
Tuition	550	550	-	-
Other	-	-	-	-
	<u>3,649</u>	<u>2,588</u>	<u>278</u>	<u>783</u>

Commercial debtors not past due, net of bad debt provision, are £1,698k (2009: £1,245k).

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 2010			As at 31 July 2009		
	Total £'000	Floating /Fixed	Weigh- ted average interest	Total £'000	Floating /Fixed	Weigh- ted average interest
<u>Financial assets</u>						
Available for sale financial assets						
Endowment asset investments						
COIF income shares	56	-	-	50	-	-
Managed Funds	795	Floating	0.40%	803	Floating	1.61%
Cash and cash equivalents						
Debt service reserve	2,412	Fixed	1.71%	2,412	Fixed	6.25%
Fixed term & notice bank deposits						
Sterling	93,011	Floating	-	82,496	Floating	-
US Dollar	-	-	-	-	-	-
Cash at bank and in hand	3,144	-	-	1,638	-	-
	<u>99,418</u>			<u>87,398</u>		
<u>Financial liabilities</u>						
Bank overdraft	2,610	-	-	2,344	-	-
Bond	21,794	Fixed	6.97%	26,385	Fixed	7.33%
Finance lease	14,409	Fixed	8.00%	14,409	Fixed	7.33%
	<u>38,813</u>			<u>43,138</u>		

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 2.9% 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:

Currency	Assets		Liabilities	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Sterling	101,663	89,684	60,941	65,731
EURO	2,099	1,383	-	-
US \$	2,117	463	-	-
Other	6	286	-	-
	105,885	91,816	60,941	65,731

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

(vi) Fair values of financial instruments

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

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



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