

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

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

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

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OFFICERS AND PROFESSIONAL ADVISERS

Chancellor	The Lord Hart of Chilton
Pro Chancellor and Chairman	Mr S Etherington (appointed 1 August 2008) Lady A-M S Nelson (resigned 31 July 2008)
Vice-Chancellor	Baroness Blackstone
Secretary & Clerk to the Court	Mrs L. Cording
External Auditors	Grant Thornton UK LLP Chartered Accountants and Registered Auditors Bryanston Court, Selden Hill Hemel Hempstead HP2 4TN
Internal Auditors	RSM Bentley Jennison 30-34 Moorgate London EC2 6DN
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 persons served as Governors during the year ended 31 July 2008. In the case of those who became or ceased to be governors during the year, the appropriate dates are shown.

Article 7(1) – Vice-Chancellor	Baroness Blackstone	
Article 7(2)a – Independent Members	Mr S Atkinson	(resigned 31.12.07)
	Mr R J Baglin	
	Mr J E Brathwaite	
	Mr S Etherington	
	Mr J C Gould	
	Mr P Housden	(appointed 30.6.08)
	Mr J R H Loudon	
	Sir Callum McCarthy	
	Mrs M McKinlay	
	Lady A-M S Nelson	(resigned 31.7.08)
	Dr A S Pugh	
	Dr D Quarmby	(resigned 10.3.08)
	Lady P E Tomlinson	(resigned 31.8.07)
Article 7(2)b – Academic Council Members	Professor P Ainley	(appointed 1.9.07)
	Dr P M B Meers	
	Mr M Sharp	(resigned 31.8.07)
Article 7(2)c – Student Members	Mr V Choudhary	(resigned 31-07-08)
Article 7(2)d – Co-opted Members	Mr S H Davie	(appointed 1-1-08)
	Dr L Garner	
	Mr S W Howlett	(appointed 1.1.08)
	Miss C H Rose	
	Mr R R Spinney	(resigned 30.6.08)

MEMBERSHIP OF COURT COMMITTEES

The following are the Court Committees and their membership during the year ended 31 July 2008. In the case of those who became or ceased to be members during the year, the appropriate dates are shown.

Pro-Chancellor's Advisory Group	Anne-Marie Nelson Richard Baglin John Gould James Loudon Mary McKinlay	(Chairman)
Audit	Richard Baglin Simon Atkinson Mary McKinlay Alaric Pugh Steve Davie	(Chairman) (external member to 31.12.07- appointed to <i>the</i> Court w.e.f. 1.1.08)
Finance	James Loudon Tessa Blackstone Stuart Etherington John Gould Callum McCarthy David Quarmby Ron Spinney	(Chairman) (resigned 10.3.08) (resigned 30.6.08)
Nominations	Anne-Marie Nelson Tessa Blackstone John Gould James Loudon Mary McKinlay Tricia Meers	(Chairman)
Remuneration	James Loudon Richard Baglin Tessa Blackstone Mary McKinlay Anne-Marie Nelson	(Chairman)
Staffing	Mary McKinlay Tessa Blackstone Stephen Howlett Paulette Tomlinson	(Chairman) (w.e.f. 1.1.08) (resigned 31.8.07)
Strategy	John Gould Richard Baglin Tessa Blackstone Jim Braithwaite Anne-Marie Nelson David Quarmby	(Chairman) (resigned 30.6.08)

REPORT OF THE GOVERNORS (AS DIRECTORS)

INTRODUCTION

1. Constitution and activities

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

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

The University's international presence and commitment extends to more than 100 countries.

2. Mission and objectives

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

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

The University's strategic objectives are:-

(a) Enhancing learning and teaching

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

(b) Employability

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

(c) Expanding opportunities

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

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

2. Mission and objectives (continued)

(d) Enterprise and research

- To undertake enterprise and research with the public and private sectors including consultancy and knowledge transfer activities
- To engage with local and regional communities and to provide services that meet their needs and encourage participation in University activities

(e) Effectiveness and efficiency

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

3. Developments

The University has continued to implement its Corporate Plan approved in 2006.

Progress toward achievement of the targets set out in the Corporate Plan has been monitored throughout the year.

A key measure of the University's success is that our graduates are attractive to employers. Most Schools have established employer advisory panels which meet regularly to discuss the relevance of the curriculum to the employment market and the needs of the economy and to encourage employers to take an active interest in the University.

New Foundation Degrees are being developed with the participation of employers and delivered on campus, in partner colleges, and as distant learning options. Widening participation remains a major aspect of the University's activities to ensure that the benefits of Higher Education are made available particularly to pupils in local schools and FE Colleges in our catchment areas.

We have traditionally concentrated on attracting students from London and the South of England and from countries around the world but outside Europe. We have now decided to make greater efforts to attract students from the European Union which will add to the diversity of our student population. New Partnerships in Europe will allow exchange of staff and students to the benefit of all.

The University believes that overseas partnerships are an effective method of raising the profile of the University and new partners have been recruited in 2007-08. At the same time, we have expanded collaboration with existing partners by adding new subject areas.

The University is now the biggest recruiter in England of students from India. The new Centre for Indian business to open in September 2008 will build on relationships which the University has had with India from the time that students from Calcutta came to study engineering in the 1960s. We have appointed a new Chair of the Advisory Board and a Director of the Centre who will take up his post in September.

The Sainsbury Review of Science and Innovation placed strong emphasis on engagement between Universities and business, complimenting the Government's skills agenda. The University is well placed to engage with this agenda through its continuing links with local enterprises. The Sainsbury review will inform the University's Research and Enterprise Strategy for the coming year with emphasis being placed on acquiring new research grants and contracts.

During the year a new Estates Strategy was approved and we are currently working on the purchase of a site adjacent to the Greenwich Campus for a new building for the School of Architecture and

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

3. Developments (continued)

Construction. The opening of this building will allow improvements to be made on the Avery Hill Campus.

We were delighted to win a third Queen's Anniversary Prize for Higher and Further Education. The award was given for an innovative project to reduce poverty in Africa by working with poor communities to support small business and social enterprise projects.

Continuing involvement in global issues is an important theme for the University

- an initiative led by the Natural Resources Institute in partnership with organisations in Ghana, Nigeria, Uganda, Tanzania and Malawi was awarded a \$13.m grant by the Bill and Melinda Gates Foundation. The grant will support cassava producers in Africa, most of whom are women, by linking them to new markets.
- Two of our staff were named as top climate change entrepreneurs through their University spin-out Company which was the national winner of the Annual Shell Springboard Awards.
- The University is a partner in a European funded project to minimise the impact of extreme events, like severe flooding, earth quakes and wind storms.
- An Engineering & Physical Science Research Council project concentrates on the problem of underground water pollution and how to solve it by prising solvents loose and then pumping them out.

We were delighted that the Prime Minister, the Rt. Hon. Gordon Brown MP, chose the University to make his first major speech on Education Policy. He outlined the Government's plan to achieve an education system where young people from every background can prosper. He was accompanied by the Secretary of State for Children, Schools, and Families, the Rt. Hon. Ed Balls MP.

During a visit to our Medway Campus, the Secretary of State for Innovation Universities and Skills, the Rt. Hon. John Denham MP announced his plan for an expansion for Higher Education in the UK by creating new Campuses to be based in areas of high unemployment which are in need of regeneration. The Minister highlighted the Universities at Medway project as one of the inspirations for this initiative.

We are making good progress towards the achievements of our objectives set out in the corporate plan 2006-11, but we continue to face many challenges in the coming year.

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

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

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

4. Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University (including the Natural Resources Institute) and its subsidiary companies Greenwich University Enterprises Limited, Greenwich Property Limited and the Centre for Contaminated Land Remediation (CCLR).

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

5. Results for the year

The Group results for the year ended 31 July 2008 are summarised as follows:-

	2008 £'000	Restated 2007 £'000
University (including NRI):-		
Operating surplus	7,415	2,895
Greenwich University Enterprises Limited	88	(4)
Greenwich Property Limited	-	-
Centre for Contaminated Land Remediation (CCLR)	(1)	(1)
Group historical cost surplus	<u>7,502</u>	<u>2,890</u>

The group had a historical cost surplus of £7.5m for the 2007/8 financial year (2007: £2.8m) that is the underlying position for the year.

The restated 2006/7 outturn of £2.8m (previously £5.3m) results from a change in accounting policy in relation to the University's £30m bond. On the introduction of FRS 26, an accounting policy was adopted whereby the carrying value of the bond was based on its market price (as quoted on the Luxemburg Stock Exchange). A review of this policy established that it was inappropriate. The explanation for and impact of this change are set out in note 23 of these financial statements.

This University's strong underlying performance reflects its ability to attract students onto its many programmes of study and to meet its teaching contracts with its funders. Other factors contributing to the strong performance were increased tuition income associated with the 2nd year of variable fee income and increased international student numbers, higher than forecast investment income, favourable outturns on a holdback provision held against the previous year's HEFCE contract, and a lower than budgeted outturn on the FRS 17 (Retirement Benefits) I&E charge.

On the expenditure side of the Income and Expenditure account, there was a significant increase in payments to Partner and Link Colleges associated with the continued expansion of the University's provision in these institutions. There have also been other increases in costs, notably for rents and utilities, but generally, all costs have been contained within their budgets.

The tangible fixed assets of the group at the balance sheet date were £89.4m (2007: £89.4m). Additions to fixed assets in the year were £5.4m with related capital grant receipts of £4m. Of these additions, £2.7m was expenditure on equipment and IT infrastructure, while £1.5m was the cost incurred to date on several capital projects in progress at the end of the year.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

5. Results for the year (continued)

A significant aspect of the group financial statements is a £10m increase in the FRS 17 (Retirement Benefits) pension deficit of the LPFA pension scheme of which the University's administrative and support staff are members. This increased deficit arises from negative investment returns for the year (consistent with the under-performing equity markets) while the schemes liabilities increased by 8%. The latter reflects increased life expectancies used in the mortality assumption, and pay awards in excess of that assumed by the schemes' actuaries. The deterioration in the pension deficit contributes to a decrease in net assets (after the pension liability) with net assets at 31 July 2008 of £45.8m (2007:£47.6m).

Other key Balance Sheet ratios continue to be healthy. Short-term investments increased by 11.2% to £77.8m reflecting the strong underlying operating surplus and modest levels of capital expenditure, some of which was financed by capital grants. Creditors due within one year were £49.3 million (2007: £48.1 million). Net current assets remain strong at £34.9m (2007: £28.5m) while Income and Expenditure reserves increased by 24% to £38.9m.

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 2007-08 is summarised below:-

	2007/2008		2006/2007	
	Full-time	Part-time	Full-time	Part-time
HEFCE funded	10,385	7,195	9,936	7,041
TDA funded	677	192	724	238
Health contract	1,018	1,053	1,089	1,033
Overseas (non EU)	3,339	1,215	3,327	1,065
Others	242	307	327	247
	<u>15,661</u>	<u>9,962</u>	<u>15,403</u>	<u>9,624</u>
Total	<u>25,623</u>		<u>25,027</u>	

6. Principal risks and uncertainties

The principal risks and uncertainties of the University are associated with the student markets in which it operates.

The University must recruit and retain Home and EU students in sufficient numbers to meet its agreed targets for its HEFCE, TDA and Health teaching contracts. 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 of programmes and its pricing of these) to mitigate the under-recruitment risk. 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 increasing retentions.

The overseas students market is important for all UK HE institutions. This market has undergone some recent contraction with modest growth only forecast for 2008/9 and beyond. The University manages the risk in relation to this market by making decisions informed by its market analysis about the segments to be targeted, and investing in marketing and recruitment in its chosen market segments.

The current economic crisis manifested by the "credit crunch" present risks to the future prospects of the University with the consequential under-performance of equity markets having an impact of the pension deficit on the LPFA

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

6. Principal risks and uncertainties (cont'd)

Scheme. If this under-performance continues into the medium term it may almost certainly result in increased employer contributions to this scheme. Any such increase would be unfunded and would therefore have adverse implications for the University's business plan.

7. Financial instruments

The Group finances its operations from its retained surplus, direct long-term borrowing and effective long-term borrowing 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 £77.8m including £2.4m in a separate charged account under the terms of the Bond. The University adopts a cautious investment policy for surplus funds, with deposits limited by amount and maturity across financial institutions with a minimum investment rating of AA-. The group does not hold funds with a maturity date in excess of 12 months.

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

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

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

(a) Liquidity Risk

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's total debt at 31 July 2008 was £41.5m, of which £27.1m is in respect of the Bond and £14.4m represents a PFI debt repayable in 2026. At 31 July 2008, the maturity profile of borrowings (all of which were long term) shows an average maturity of 18 years. It is calculated that 3.5% is repayable in each of the periods that fall within one year and in 1 to 2 years, 6.1% in 2 to 5 years and 90.4% in more than 5 years.

(b) Currency Risk

Approximately 2.5% 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 University did not enter into any hedging arrangements during the year.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

7. Financial instruments (continued)

(c) Credit Risk

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

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

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

(d) Interest Rate Risk

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

8. Personnel Policy and Strategy

During the year a new Human Resources Strategy covering the next three years to the end of 2009/10 was approved by Court. The content of the strategy was informed by a series of discussions held with groups of senior managers, academics, support staff and trade union representatives. A self assessment of the University's people management practices was also successfully concluded in line with HEFCE's requirements for the release of funding allocated to the Rewarding & Developing Staff (RDS) initiative.

The implementation of a new integrated grading structure covering both academic and support staff, and underpinned by a common system of job evaluation for assigning roles to grade levels, was completed in May 2008.

9. 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.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

10. Diversity

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

In line with recent legislation new policies have been approved in respect of Disability and Gender Discrimination. An Impact Assessment Group has been established and will undertake impact assessments in relation to anti discrimination legislation in the coming year.

11. 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.

12. Post Balance Sheet Events

There were no post balance sheet events.

13. Directors

The Governors of the University are Directors of the Company.

The Governors who served during the year ended 31 July 2008 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.

14. 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.

15. 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.
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REPORT OF THE GOVERNORS (AS DIRECTORS) *(continued)*

16. Auditors

In accordance with ss 485 – 488 of the Companies Act 2006, Grant Thornton UK LLP term of appointment as auditors continued.

17. Approval

The Report of the Governors (directors) was approved by the Court on 24 November 2008 and signed on its behalf by:

L Cording
Secretary

CORPORATE GOVERNANCE

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

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

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

1. The University was established under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. It is a company limited by guarantee and members of the University Court are legally Directors of the Company. The specific powers and responsibilities of the University Court are set out in the Memorandum and Articles of Association and in the Financial Memorandum with the Higher Education Funding Council for England. The current version of the Articles was approved by the Privy Council in 1996.
2. The Articles require the University to have a governing body, the University Court, and an Academic Council, each with clearly defined functions and responsibilities to oversee and manage its activities.
3. The Court is the governing body of the University. It is specifically required to determine the educational character and mission of the University and to set its strategic direction. Its primary responsibilities are:-
 - To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
 - To delegate authority to the Vice Chancellor as chief executive, for the academic, corporate, financial, estate, and personnel management of the University.
 - To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
 - To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans, delivery and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
 - To establish processes to monitor and evaluate the performance and effectiveness of the Court itself.
 - To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
 - To appoint the Vice Chancellor.
 - To appoint a secretary to the University Court and to ensure that, if the person appointed has managerial responsibilities, there is an appropriate separation in the lines of accountability.
 - To be the employing authority for all staff and to be responsible for establishing a human resources strategy.
 - 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.

CORPORATE GOVERNANCE (continued)

- To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Council.
 - To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
 - To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.
4. The Court has a majority of lay persons chosen for their expertise in areas relevant to the work of the University. They do not receive any reimbursement for the work that they do. The Court appoints independent and co-opted members following recommendations by the Nominations Committee. Staff and students are co-opted according to the Articles of Association. The role of the Chair of Court is separate from that of the Chief Executive, the Vice-Chancellor. The Chair is elected from the lay members.
 5. Newly appointed members receive briefing and training, as appropriate, on the University, the role of Court and on higher education in general to ensure that they are fully conversant with their responsibilities.
 6. The Court is responsible for the system of internal control and for reviewing its effectiveness. The system 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.
 7. The Court is of the opinion that there is a continuous process for identifying, evaluating and managing the University's significant risks of all types which is linked to the achievement of the University's objectives and has been in place for the year ended July 2008 and up to the date of the approval of the annual report and accounts.
 8. The Court receives an Annual Report on the arrangements for risk management and annually reviews the Institutional Risk Register which indicates the likelihood and impact of risks. The Court discusses an aspect of risk management at each of its meetings. The Court is of the opinion that the University follows the best practice guidelines of HEFCE and BUFDG in its approach to risk management.
 9. 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.
 10. 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.
 11. The Court meets at least four times a year and much of its business is conducted through the following committees: Audit, Finance, Nominations, Strategy, Staffing, Remuneration. All of these Committees are formally constituted with terms of reference and membership approved by Court. All Committees of the Court submit their minutes and recommendations to the Court. The membership of these Committees is drawn from the Lay members of Court in accordance with the Memorandum and Articles of Association. Exceptions to this arrangement are the Audit Committee which can include an independent member with experience in Audit and the Nominations Committee which includes a member of Court nominated by the Academic Council. The Chairs of Committees are selected from the Lay members of Court.

CORPORATE GOVERNANCE (continued)

12. At each Court meeting, Senior Officers are present to expand on reports and answer any other questions. The Court formally approves and monitors the University's corporate plan and implementation plan.
13. The Court maintains a Register of Interests of its members and senior officers which is updated annually, and can be viewed on request to the Secretary and Registrar.
14. The Finance Committee is responsible to Court for reviewing the University's finances, accounts and investments. It makes recommendations to Court on the annual revenue and capital budgets. It monitors performance in relation to approved allocations.
15. The Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Deputy and Pro Vice Chancellors and Secretary and Registrar. The Staffing Committee determines matters in relation to conditions of employment of other University Staff.
16. The Audit Committee meets at least four times annually. It receives reports from HEFCE's Audit Service as they affect the University's business and monitors adherence to the regulatory requirements. The Committee meets at least once a year with the External Auditors for their own independent discussions. The Director of Finance, and the Secretary and Registrar who acts as the Secretary to the Committee, attend meetings of the Audit Committee and have direct and independent access to the members of that Committee as do the external and internal auditors.
17. The Committee considers detailed audit reports together with recommendations for the improvement of the University systems of internal control and risk management. This assists the Audit Committee in assessing the soundness and comprehensiveness of the system of internal control, the action necessary to remedy weakness and to assess whether the existing monitoring systems are appropriate.
18. The Risk Management arrangements for the University cover all risks, governance, management, quality, reputation and financial. 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 for 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 annually which are managed by the Secretary and Registrar.
19. Subject to the overall responsibility of the University Court, the Academic Council has oversight of the academic affairs of the University. Its membership is drawn from staff and students of the University. It is particularly concerned with general issues relating to academic standards, learning and teaching, and research.

Baroness Blackstone
Vice-Chancellor

RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF GREENWICH

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

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

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

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

The Court has also taken reasonable steps to:

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

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

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

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

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

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

We have audited the group and university financial statements (the 'financial statements') of the University of Greenwich for the year ended 31 July 2008 which comprise the group income and expenditure account, the group and university balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and the related notes on pages 27 to 70. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Members of the Court of the University, in accordance with section 235 of the Companies Act. 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 University and the Members of the Court as a body for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Members of the Court and Auditors

The governing body's responsibilities for preparing the report of the governors and group financial statements in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on pages 17-18.

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 2007 Statement of Recommended Practice: Accounting for Further and Higher Education. 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 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, 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.

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.

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

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 2008 and of the University's and 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 1985 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, 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 2008 have been applied for the purposes for which they were received.
- In all material respects, income during the year ended 31 July 2008 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.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Hemel Hempstead

November 2008

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2008

	<i>Note</i>	2008 £'000	Restated 2007 £'000
INCOME			
Funding council grants	2	68,121	63,340
Tuition fees and education contracts	3	54,735	48,065
Research grants and contracts	4	5,726	7,127
Other income	5	19,001	18,022
Total Income		<u>147,583</u>	<u>136,554</u>
EXPENDITURE			
Staff costs	6	73,058	69,024
Depreciation	12	5,363	5,033
Other operating expenses	8	62,864	59,691
Total Expenditure		<u>141,285</u>	<u>133,748</u>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		6,298	2,806
Exceptional items		-	-
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and before interest and tax		6,298	2,806
Share of profits of associated undertaking		19	15
Endowment and Investment income	9	4,213	3,624
Interest payable	10	(3,133)	(3,641)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and interest but before tax		7,397	2,804
Taxation		-	-
Deficit/(Surplus) for the year transferred to accumulated income in endowment funds		17	(2)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets, interest and tax		<u>7,414</u>	<u>2,802</u>

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

STATEMENT OF HISTORICAL COST SURPLUS AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2008

	2008 £'000	Restated 2007 £'000
Surplus after depreciation of assets at valuation on continuing operations and before tax	7,414	2,802
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>7,502</u>	<u>2,890</u>
Taxation	-	-
Historical cost surplus after tax	<u><u>7,502</u></u>	<u><u>2,890</u></u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2008

	2008 £'000	Restated 2007 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, and tax	7,397	2,804
(Decrease)\increase in endowment asset investments	(11)	6
New endowments	75	61
FRS 17 Retirement Benefits - actuarial (loss)/gain	(10,143)	12,114
Total recognised (losses)\gains for the year	<u>(2,682)</u>	<u>14,985</u>
Prior year adjustment (note 23)	1,198	
Total recognised losses since previous financial statements	<u>(3,880)</u>	
Reconciliation:-		
Opening reserves and endowments	16,721	1,736
Total recognised (losses)\gains for the year	(2,682)	14,985
Closing reserves and endowments	<u>14,039</u>	<u>16,721</u>

BALANCE SHEET

AS AT 31 JULY 2008

		Group		University	
	<i>Note</i>	2008 £'000	Restated 2007 £'000	2008 £'000	Restated 2007 £'000
Fixed Assets					
Tangible assets	12	89,466	89,428	89,404	89,428
Investments	13	294	275	172	172
		89,760	89,703	89,576	89,600
Endowment Asset Investments	14/15	728	681	728	681
Current Assets					
Stocks	16	24	27	24	27
Debtors	17	6,124	6,996	35,244	35,332
Investments	18	77,829	68,981	77,829	68,981
Cash at bank and in hand		399	711	273	605
		84,376	76,715	113,370	104,945
Creditors: amounts falling due within one year	19	(49,391)	(48,150)	(52,563)	(49,568)
Net Current Assets		34,985	28,565	60,807	55,377
Total Assets less Current Liabilities		125,473	118,949	151,111	145,658
Creditors: amounts falling due after more than one year	20	(42,139)	(43,845)	(67,723)	(70,393)
Provision for Liabilities	21	(3,972)	(4,085)	(3,972)	(4,085)
Net Assets (excluding Pension Liability)		79,362	71,019	79,416	71,180
Net Pension Liability	32	(33,529)	(23,361)	(33,529)	(23,361)
Net Assets		45,833	47,658	45,887	47,819

BALANCE SHEET (continued)

AS AT 31 JULY 2008

		Group		University	
		2008	Restated 2007	2008	Restated 2007
		£'000	£'000	£'000	£'000
Represented by:					
Deferred Capital Grants	22	31,794	30,937	31,794	30,937
Endowments					
	14/15				
Expendable		229	186	229	186
Permanent		499	495	499	495
		<u>728</u>	<u>681</u>	<u>728</u>	<u>681</u>
Reserves					
	23				
Revaluation reserve		7,846	7,934	7,846	7,934
Income and expenditure account		38,994	31,467	39,048	31,628
Pension reserve		(33,529)	(23,361)	(33,529)	(23,361)
		<u>13,311</u>	<u>16,040</u>	<u>13,365</u>	<u>16,201</u>
Total Funds		45,833	47,658	45,887	47,819

The Financial Statements on pages 20 to 70 were approved by the Court on 24 November 2008 and signed on its behalf by:-

Mr S Etherington
Pro Chancellor

Baroness Blackstone
Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2008

	<i>Note</i>	2008 £'000	2007 £'000
Cash inflow from operating activities	26	11,096	10,757
Return on investments and servicing of finance	27	1,065	469
Capital expenditure and financial investment	28	(2,846)	(4,842)
Net cash inflow before use of liquid resources and financing		<u>9,315</u>	<u>6,384</u>
Management of liquid resources	29	(8,848)	(6,942)
Financing	30	(658)	(618)
Decrease in net cash		<u>(191)</u>	<u>(1,176)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period		(191)	(1,176)
Cash outflow re increase in liquid resources		8,848	6,942
Cash outflow re decrease in debt and lease financing		<u>658</u>	<u>544</u>
		9,315	6,310
Net funds / (debt) at 1 August		24,909	18,599
Net funds at 31 July	31	<u>34,224</u>	<u>24,909</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

Basis of preparation and accounting

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

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

The prior year in these financial statements have been restated to reflect a change in accounting policy in relation to the University's Guaranteed 30 year £30m bond. The explanation for and impact of this change are set out in note 23 of these financial statements.

Basis of consolidation

Consolidated financial statements have been prepared for the University and its subsidiaries Greenwich Property Limited, Greenwich University Enterprises Limited and the Centre for Contaminated Land Remediation (CCLR), and an associated company, NR 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

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.

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

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

Income recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Foreign currencies

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

FIXED ASSETS

Land and buildings

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

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

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

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

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

Equipment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Leased assets

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

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

Education reform act 1988

Under the Education Reform Act 1988, ILEA's freehold and leasehold interest in properties occupied by the University transferred to the University with effect from 1st April 1989. At the same time, loan debts associated with some transferred assets also transferred to the University, and therefore the total value of assets transferred was brought into the Balance Sheet at the same amount as the loan debt. Within this total valuation, categories of assets were valued as set out below:-

- Leasehold Interest

Brought in at nil cost but revalued by the Court based on a valuation by Grimley, International Property Advisors on 31st July 1991 on the basis of open market value for the existing use.

- Freehold land & buildings

The cost value of freehold land and buildings is assumed to represent the amount of loan debt transferred from ILEA to the University, less the cost attributable to equipment. The land and buildings were valued by Grimley, International Property Advisors on 31st July 1991. The freehold properties were valued on a depreciated replacement cost basis.

The loan debt was repaid in full on 30th November 2005.

Investments

Fixed asset investments that are not listed on a recognised stock exchange 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.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

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.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

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. The impact of this standard is fully reflected in these financial statements. The disclosures have been revised for this year-end following the mandatory adoption of the amendment to FRS 17, for periods beginning after 6th April 2007.

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 measure is recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of the resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

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

Accounting for charitable donations

Unrestricted donations

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

Endowment Funds

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Financial assets (cont'd)

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

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

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

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

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

Financial liabilities

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

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

There are no financial liabilities categorised as at fair value through the income and expenditure account.

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2008	2007
	£'000	£'000
2. Funding council grants		
HEFCE:-		
Recurrent grant	54,007	50,318
Specific grants	6,571	5,000
Inherited liabilities	371	364
Deferred capital grants released in year	1,828	1,963
Release of HEFCE capitalised rent	1,007	1,070
Training and Development Agency for schools:-		
Recurrent grant	3,905	4,171
Other	432	454
	68,121	63,340
3. Tuition fees and educational contracts		
Full-time home and EU students	20,439	16,594
Full-time students charged overseas fees	17,988	15,517
Part-time fees	5,624	5,128
	44,051	37,239
Health Authority contract	10,684	10,826
	54,735	48,065
4. Research grants and contracts		
Research Council	926	1,120
UK based charities	121	213
UK central govt. health & hospital authorities	1,008	2,019
European Commission	1,052	1,360
Other grants and contracts	2,619	2,415
	5,726	7,127

NOTES TO THE FINANCIAL STATEMENTS

Group	
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2008	2007
£'000	£'000

5. Other income

Residences, catering and conferences	10,689	10,230
Other income generating activities	1,621	2,044
Other grant income	4,083	3,273
Other income	2,608	2,475
	<u>19,001</u>	<u>18,022</u>

6. Staff

(i) Staff Costs

Salaries and wages	58,993	56,295
Social Security Costs	5,069	4,644
Other Pension Costs	8,996	8,085
	<u>73,058</u>	<u>69,024</u>

2008	2007
No.	No.

Average staff numbers by major category:-

Academic	866	828
Administrative & technical support	1,063	993
Premises	87	101
Residence catering and conferences	11	12
Other	74	74
	<u>2,101</u>	<u>2,008</u>

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

£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£180,001 - £190,000	-	1
£190,001 - £200,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

(ii) Voluntary severance

No member of staff earning over £100,000 per annum left the University employment under any voluntary severance arrangement in the course of the financial year (2007: None).

(iii) Directors' emoluments

The aggregate amount of Directors' emoluments was £446,202 (2007: £389,690). 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 (2007: Six) are accruing benefits under defined pension schemes, as set out in note 32.

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

	2008 £	2007 £
Salary *	190,688	178,500
Taxable car benefit	2,888	2,888
	<u>193,576</u>	<u>181,388</u>

University superannuation payments:-

Teachers Pension Scheme / Universities Superannuation Scheme	17,485	15,238
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* Salary cost includes a compensation payment with respect to non-superannuation earning in excess of the Teachers Pension Scheme earnings cap.

The accrued Teachers Pension Scheme superannuation benefit of the Vice-Chancellor for service to 31 July 2008 was: accrued annual pension £72,584 and lump sum £217,753.

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

(iv) Directors' loans

The University operates an interest-free loan scheme for the purchase of travel season tickets and computers that is available to all employees. No Governor in their capacity as an employee received a loan under this scheme during the course of the financial year (2007: none).

7. Directors

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

NOTES TO THE FINANCIAL STATEMENTS

8. Other operating expenses

	Group	
	2008	Restated 2007
	£'000	£'000
Fees to other colleges	12,809	10,399
Books and periodicals	1,282	1,386
Consumables and laboratory expenditure	2,053	2,308
Printing, postage and stationery	1,905	2,028
Residence, catering and conference	6,776	6,626
Rents, rates and insurance	7,159	6,860
Electricity, gas and water	2,130	1,902
Building maintenance and repair	4,423	3,200
Students union subvention grant	905	838
Publicity and advertising	1,078	1,040
Computers, software and IT maintenance contracts	2,985	2,821
Research and consultancy – reimbursable costs	742	792
Provision for losses on long term contracts	55	(18)
Telephone and other communication costs	655	649
Other expenses	17,907	18,860
	62,864	59,691

Other operating expenses are stated after charging:-

Auditors' remuneration	- fees payable to the University's auditor for the audit of the financial statements	47	45
	- fees payable to the University's auditor for other services		
	- audit of financial statements of subsidiaries	7	7
	- other services in relation to taxation	4	3
	- other services (eg grants etc)	9	2
Rentals under operating leases	- equipment and vehicles	313	313
	- other assets	6,433	6,200

NOTES TO THE FINANCIAL STATEMENTS

9. Endowment and Investment Income

	Group	
	2008 £'000	2007 £'000
Income from expendable endowments	2	1
Income from permanent endowments	23	17
Income from short term investments	4,173	3,606
Net return on pension scheme	15	-
	4,213	3,624

10. Interest payable

	2008 £'000	2007 £'000
Bond interest	1,755	1,868
Greenwich Property Ltd. - PFI	1,377	1,379
Interest on pension scheme liabilities (net)	-	394
	3,133	3,641

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 230 of the Companies Act 1985.

The surplus after depreciation of assets at valuation of the parent company (University of Greenwich) was £7.307 million (2007 - surplus of £2.791 million).

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets - Group

	Land and Buildings						
	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construction £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2007	59,917	53,523	112	774	18,114	234	132,674
Additions at cost	83	962	-	1,525	2,811	20	5,401
Disposals	-	-	-	-	-	(16)	(16)
Transfers	136	638	-	(774)	-	-	-
At 31 July 2008	60,136	55,123	112	1,525	20,925	238	138,059
Depreciation							
At 1 August 2007	(15,099)	(12,638)	(112)	-	(15,228)	(169)	(43,246)
Disposals	-	-	-	-	-	16	16
Charge for year:-							
Finance leases	(166)	-	-	-	-	-	(166)
Other	(1,133)	(2,411)	-	-	(1,625)	(28)	(5,197)
	(1,299)	(2,411)	-	-	(1,625)	(28)	(5,363)
At 31 July 2008	(16,398)	(15,049)	(112)	-	(16,853)	(181)	(48,593)
Net Book Value:-							
Finances leases	5,826	-	-	-	-	-	5,826
Others	37,912	40,074	-	1,525	4,072	57	83,640
At 31 July 2008	43,738	40,074	-	1,525	4,072	57	89,466
Finances leases	5,993	-	-	-	-	-	5,993
Others	38,825	40,885	-	774	2,886	65	83,435
At 31 July 2007	44,818	40,885	-	774	2,886	65	89,428
Inherited	7,770	-	-	-	-	-	7,770
Financed by capital grants	12,180	17,393	-	-	1,731	-	31,304
Other	23,788	22,681	-	1,525	2,341	57	50,392
Net book value at 31 July 2008	43,738	40,074	-	1,525	4,072	57	89,466

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets - University

	Land and Buildings						
	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construc- tion £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2007	59,917	53,523	112	774	17,866	234	132,426
Additions at cost	83	962	-	1,525	2,733	20	5,323
Disposals	-	-	-	-	-	(16)	(16)
Transfers	136	638	-	(774)	-	-	-
At 31 July 2008	60,136	55,123	112	1,525	20,599	238	137,733
Depreciation							
At 1 August 2007	(15,099)	(12,638)	(112)	-	(14,980)	(169)	(42,998)
Disposals	-	-	-	-	-	16	16
Charge for year:-							
Finance leases	(166)	-	-	-	-	-	(166)
Other	(1,133)	(2,411)	-	-	(1,609)	(28)	(5,181)
	(1,299)	(2,411)	-	-	(1,609)	(28)	(5,347)
At 31 July 2008	(16,398)	(15,049)	(112)	-	(16,589)	(181)	(48,329)
Net Book Value:-							
Finances leases	5,826	-	-	-	-	-	5,826
Others	37,912	40,074	-	1,525	4,010	57	83,578
At 31 July 2008	43,738	40,074	-	1,525	4,010	57	89,404
Finances leases	5,993	-	-	-	-	-	5,993
Others	38,825	40,885	-	774	2,886	65	83,435
At 31 July 2007	44,818	40,885	-	774	2,886	65	89,428
Inherited	7,770	-	-	-	-	-	7,770
Financed by capital grants	12,180	17,393	-	-	1,731	-	31,304
Other	23,788	22,681	-	1,525	2,279	57	50,330
Net book value at 31 July 2008	43,738	40,074	-	1,525	4,010	57	89,404

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 £7.499m and assets in the course of construction stated at £1.525m are not depreciated.

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

Depreciation of assets held under finance leases was £330,433 (2007: £330,433). The net book value of these assets was £13,356,473 (2007: £13,686,906).

NOTES TO THE FINANCIAL STATEMENTS

13. Investments

(i) *Investments :-*

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Shares in CVCP Properties Plc	38	38	38	38
Shares and retained profit in associate company - (NR International Limited)	256	237	134	134
	<u>294</u>	<u>275</u>	<u>172</u>	<u>172</u>

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

	Group and University	
	2008 £	2007 £
Investment in subsidiaries at cost		
Greenwich University Enterprises Ltd	2	2
Greenwich Property Ltd	2	2
CCLR	-	-
	<u>4</u>	<u>4</u>

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 2008 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 (18.3%) 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 2008 are consolidated in these financial statements with those of the University.

Centre for Contaminated Land Remediation Ltd

The Centre for Contaminated Land Remediation Ltd was incorporated in the UK in March 1999. It is a company limited by guarantee with the University as its sole member. The principal business of the company is to procure the remediation of contaminated land, and to undertake research and education on waste management. The company is not able to distribute any profits. The results for the year ended 31 July 2008 are consolidated in these financial statements with those of the University.

NOTES TO THE FINANCIAL STATEMENTS

13. Investments (continued)

(iii) Investment in associated companies:-

Natural Resources International Ltd

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

The company, which is incorporated in the UK, commenced trading on 1 August 1996 as part of the acquisition of the Natural Resources Institute from the Overseas Development Administration (ODA). The principal activity of the company is to supply International Funding Institutions with expertise in the management of natural resources in the international development sector. It delivers this work largely through sub contracts to members of the consortium, and to external organisations. The company reported a profit of £75,913 (2007: £59,365).

The following is a summary of the trading account and net assets of the company for the year to 31 July 2008:-

	Turnover £'000	Profit after tax (loss) £'000	Net assets £'000
NR International Ltd	7,444	76	1,027
NR International Ltd – trade with the University	-	-	-
NR International Ltd – other than with the University	7,444	-	-

Medway Innovation Ltd

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

Southern Education Leadership Trust

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

(iv) Other arrangements:-

Kent Thameside

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

NOTES TO THE FINANCIAL STATEMENTS

14. Endowment asset investment

	Group and University	
	2008	2007
	£	£
Balance at 01 August 2007	681,368	612,240
Net additions	57,488	63,199
(Decrease)/Increase in market value of investments	(10,743)	5,929
Balance at 31 July 2008	<u>728,113</u>	<u>681,368</u>
Represented by:		
COIF income shares	58,414	69,157
Managed funds	669,699	612,211
	<u>728,113</u>	<u>681,368</u>
Market value of COIF income shares	58,414	69,157

NOTES TO THE FINANCIAL STATEMENTS

15. Endowments

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2008 Total £'000	2007 Total £'000
Balances at 1 Aug 2007						
Capital	-	369	369	56	425	382
Accumulated Income	-	126	126	130	256	230
	-	495	495	186	681	612
New Endowments	-	16	16	59	75	61
Investment Income	-	23	23	2	25	21
Expenditure	-	(24)	(24)	(18)	(42)	(19)
	-	(1)	(1)	(16)	(17)	2
(Decrease)/Increase in market value	-	(11)	(11)	-	(11)	6
At 31 July 2008	-	499	499	229	728	681
Represented by:						
Capital	-	385	385	56	441	425
Accumulated Income	-	114	114	173	287	256
	-	499	499	229	728	681

In previous years endowments were analysed as general endowments and specific endowments. The revised headings above reflect the requirements of the SORP and the University's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

15. Endowments (continued)

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

	Group and University	
	2008 £	2007 £
Governors' General Reserve	<u>159,045</u>	<u>159,045</u>
Bergman Osterberg Trust	143,235	160,419
School of Land & Construction Prize Fund	-	43
E.de Barry Barnett Memorial Prize Fund	7,061	6,733
Garnett Prize Fund	21,121	20,448
Humanities Prize Fund	13,011	12,404
Coker Prize Fund	608	675
Sir William Boreham Bursary Fund	10,325	13,474
DP Connect – Business School Prize Fund	1,488	1,418
D. Fussey Memorial Choral Exhibition	257,684	255,328
John-Hood Williams Prize Fund	241	230
Admiral Sir John Chambers White Bursary	8,008	7,634
John McWilliam Bursary Fund	51,572	33,432
Francis Duke Prize Fund	10,062	10,085
Thus PLC Scholarship	20,000	-
Project Finance & Project Mgt	24,652	-
	<u>569,068</u>	<u>522,323</u>
Total	<u><u>728,113</u></u>	<u><u>681,368</u></u>

NOTES TO THE FINANCIAL STATEMENTS

16. Stocks

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Raw materials and consumables	24	27	24	27
	<u>24</u>	<u>27</u>	<u>24</u>	<u>27</u>

17. Debtors

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
<i>Due within one year</i>				
Trade debtors	2,982	4,273	2,395	3,749
Amounts owed by associated company	107	107	107	107
Amounts recoverable under long term contracts	233	126	233	126
Other debtors	428	311	325	212
Prepayments & accrued income	2,193	2,123	2,192	2,071
Amounts due from HEFCE / TDA	181	56	181	56
	<u>6,124</u>	<u>6,996</u>	<u>5,433</u>	<u>6,321</u>
<i>Due in more than one year</i>				
Amounts owed by subsidiaries	-	-	29,811	29,011
	<u>6,124</u>	<u>6,996</u>	<u>35,244</u>	<u>35,332</u>

18. Investments (current assets)

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Debt service reserve	2,412	2,412	2,412	2,412
Fixed term and notice bank deposits	75,417	66,569	75,417	66,569
	<u>77,829</u>	<u>68,981</u>	<u>77,829</u>	<u>68,981</u>

NOTES TO THE FINANCIAL STATEMENTS

19. Creditors: Amounts falling due within one year

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	Restated 2007 £'000
Bank overdraft	2,510	2,631	2,381	2,592
Bond	701	658	701	658
Finance leases	-	-	-	-
Trade creditors	8,710	7,587	8,693	7,571
Amounts owed to subsidiaries	-	-	7,537	5,390
Prepaid long term contract income	7,208	5,636	7,208	5,636
PAYE and other taxation payable	1,734	1,620	1,734	1,620
Other creditors	10,428	8,524	8,096	6,070
Accruals - losses on long term contracts	841	792	841	792
- others	7,207	8,494	5,320	7,030
Deferred income	10,052	12,208	10,052	12,209
	49,391	48,150	52,563	49,568

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

	Group		University	
Bond	26,384	27,085	26,384	27,085
Finance lease	14,409	14,409	-	-
Loan - Greenwich Property Limited	-	-	39,993	40,957
	40,793	41,494	66,377	68,042
Others – deferred lease capitalisations	1,346	2,351	1,346	2,351
	42,139	43,845	67,723	70,393

NOTES TO THE FINANCIAL STATEMENTS

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

Analysis of loan repayments

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	Restated 2007 £'000
Repayable between one and two years				
Bond	745	701	745	701
Finance lease	-	-	-	-
	<u>745</u>	<u>701</u>	<u>745</u>	<u>701</u>
Repayable between two and five years				
Bond	2,539	2,384	2,539	2,384
Finance lease	-	-	-	-
	<u>2,539</u>	<u>2,384</u>	<u>2,539</u>	<u>2,384</u>
Repayable after five years				
Bond	23,100	24,000	23,100	24,000
Finance lease	14,409	14,409	-	-
Loan - Greenwich Properties Limited	-	-	39,993	40,957
	<u>37,509</u>	<u>38,409</u>	<u>63,093</u>	<u>64,957</u>
	<u>40,793</u>	<u>41,494</u>	<u>66,377</u>	<u>68,042</u>

Bond

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

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

In line with the requirements of FRS 26 Financial Instruments, the outstanding value of the bond is stated in these financial statements at amortised cost using the effective rate method. At 31 July 2008, the market price of the bond as quoted on the Luxembourg Stock Exchange was £95.813 per £100 unit (2007: £104.317).

NOTES TO THE FINANCIAL STATEMENTS

21. Provisions for liabilities and charges

	Group and University		
	Enhanced pensions £'000	Decontam- ination £'000	Total £'000
At 01 August 2007	3,109	976	4,085
Interest charge	106	-	106
Payments in year	(219)	-	(219)
At 31 July 2008	<u>2,996</u>	<u>976</u>	<u>3,972</u>

The University carries a provision of £2.9m for enhanced pension entitlements in respect of former employees. The service of these employees was 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 the financial year and carried out by a firm of consultant engineers estimated a decontamination cost (assuming disposal for commercial usage). The £0.9m provision falls within the range of this estimate.

NOTES TO THE FINANCIAL STATEMENTS

22. Deferred capital grants

	Group and University				
	Hefce		Other		Total
	Equipment £'000	Buildings £'000	Equipment £'000	Buildings £'000	£'000
At 01 August 2007	1,296	17,478	12	12,151	30,937
Received in the year	1,167	1,703	-	202	3,072
Released to Income & Expenditure Account	(732)	(1,096)	(12)	(375)	(2,215)
At 31 July 2008	1,731	18,085	-	11,978	31,794

23. Reserves

	Revaluation Reserve £'000	Income & Expenditure £'000	Pension Reserve £'000	Total Reserves £'000
(a) Group				
At 01 August 2007 as previously reported	7,934	30,269	(23,361)	14,842
Prior year adjustments	-	1,198	-	1,198
	<u>7,934</u>	<u>31,467</u>	<u>(23,361)</u>	<u>16,040</u>
Profit for year	-	7,414	-	7,414
Frs17 - deficit for year	-	25	(25)	-
Reimbursement - repayment of inherited loan	-	-	-	-
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial gain on pension scheme	-	-	(10,143)	(10,143)
At 31 July 2008	7,846	38,994	(33,529)	13,311
(b) University				
At 01 August 2007 as previously reported	7,934	30,430	(23,361)	15,003
Prior year adjustments	-	1,198	-	1,198
	<u>7,934</u>	<u>31,628</u>	<u>(23,361)</u>	<u>16,201</u>
Profit for year	-	7,307	-	7,307
Frs17 - deficit for year	-	25	(25)	-
Transfer from reserves re depreciation	(88)	88	-	-
Actuarial gain on pension scheme	-	-	(10,143)	(10,143)
At 31 July 2008	7,846	39,048	(33,529)	13,365

NOTES TO THE FINANCIAL STATEMENTS

23. Reserves (cont'd)

Prior year adjustment

The prior year adjustment arises from a change in accounting policy in relation to the University's 30 year £30m Guaranteed Secured Bond issued in 1998. The bond, which is quoted on the Luxemburg Stock Exchange, was on the introduction of FRS 26 (Financial Instruments) recognised and measured in the University's balance Sheet at fair value, with movements in its fair value between balance sheet dates taken as a charge or credit to the Income and Expenditure Account. A review of this accounting treatment has determined that the bond is not "held for trading" and therefore fair value measurement at each balance sheet date was not an appropriate accounting treatment. This accounting policy has thus been changed to the treatment afforded under FRS 26 with initial recognition of this financial liability 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.

The impact of this change in accounting policy on Reserves, the Income and Expenditure Account, and the Statement of Total Recognised Gains and Losses is set out in the table below:-

	£'000
Opening reserves at 01 August 2006	3,689
Adjustment to income and expenditure - year ended 31 July 2007: -	
Other Operating Income	-
Staff Costs	-
Other Operating Expenses	(2,491)
Interest payable	-
	(2,491)
Adjusted Reserves at 1 August 2007	<u>1,198</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Lease obligations

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

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Obligations under finance leases:-				
Due within one year	-	-	-	-
Due between two and five years	-	-	-	-
Due over five years	14,409	14,409	-	-
	<u>14,409</u>	<u>14,409</u>	<u>-</u>	<u>-</u>

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

Operating lease commitments:-

Equipment

Expiring within two and five years inclusive	628	628	628	628
	<u>628</u>	<u>628</u>	<u>628</u>	<u>628</u>

Land and buildings

Expiring within two and five years inclusive	663	416	663	416
Expiring in over five years	5,786	5,601	5,786	5,601
	<u>6,449</u>	<u>6,017</u>	<u>6,449</u>	<u>6,017</u>

25. Capital commitments

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Commitments contracted at 31 July 2008	<u>2,787</u>	<u>3,419</u>	<u>2,787</u>	<u>3,419</u>

NOTES TO THE FINANCIAL STATEMENTS

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

	Group	
	2008	2007
	£'000	£'000
Surplus before tax	7,397	2,804
Depreciation (<i>Note 12</i>)	5,363	5,033
Deferred capital grants released to income (<i>Note 22</i>)	(2,215)	(2,366)
Release of lease capitalisation	(1,007)	(1,070)
Investment income	(4,213)	(3,624)
Interest payable	3,133	3,641
Decrease / (Increase) of stocks	3	(12)
Decrease / (Increase) in debtors	1,250	(2,195)
Increase in creditors	1,492	8,358
(Decrease) in provisions	(113)	(41)
Share of profit of associated undertaking	(19)	(15)
FRS 17 interest cost (net)	(15)	394
FRS 17 service cost adjustment	40	(150)
Net cash inflow from operating activities	<u>11,096</u>	<u>10,757</u>

27. Returns on investments and servicing of finance

Income from endowments	25	18
Interest received	4,173	3,624
Interest paid - finance leases	(1,377)	(1,379)
- other	(1,756)	(1,794)
	<u>1,065</u>	<u>469</u>

NOTES TO THE FINANCIAL STATEMENTS

28. Capital expenditure and financial investment

	Group	
	2008	2007
	£'000	£'000
Purchase of tangible fixed assets	(5,952)	(8,917)
Sale of tangible fixed assets	1	13
Deferred capital grants received	3,072	4,013
Endowments received	33	49
	(2,846)	(4,842)

29. Management of liquid resources

Cash transferred to deposits	8,848	6,942
	8,848	6,942

30. Financing

Bond repayment in the year	658	618
	658	618

NOTES TO THE FINANCIAL STATEMENTS

31. Analysis of changes in net debt

	1 August 2007 £'000	Cash Flows £'000	Other Changes £'000	31 July 2008 £'000
Cash in hand, at bank & deposits repayable on demand	711	(312)	-	399
Overdraft	(2,631)	121	-	(2,510)
	<u>(1,920)</u>	<u>(191)</u>	<u>-</u>	<u>(2,111)</u>
Current asset investments	68,981	8,848	-	77,829
Debt due within 1 year	(658)	658	(701)	(701)
Debt due after 1 year	(27,085)	701	-	(26,384)
Finance leases	(14,409)	-	-	(14,409)
Total	<u>21,847</u>	<u>10,016</u>	<u>(701)</u>	<u>34,224</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. The regulations under which the TPS operates are 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 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. 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. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions, are 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 that 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 standard contribution rate (SCR) of pension contributions 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 investigation, 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 last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 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 as required by the regulations within 15 years); a SCR of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time from the 2008 valuation – a 14% cap on employer contributions payable.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

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 £547,880 (2007: £460,724) payable to the London Pensions Fund Authority in respect of the University's pension contributions on July 2008 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 2008	31 July 2007	31 July 2006
	Nominal % pa	Nominal % pa	Nominal % pa
Price increases	3.8%	3.3%	3.1%
Salary increases	5.3%	4.8%	4.6%
Pension increases	3.8%	3.3%	3.1%
Discount rate	6.7%	5.8%	5.1%

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	Expected Return at 31 July 2008	Fair Value at 31 July 2008	Expected Return at 31 July 2007	Fair Value at 31 July 2007
		£'000		£'000
Equities	7.6%	47,628	7.9%	51,048
Target return portfolio	6.3%	15,970	6.6%	18,144
Alternative assets	6.8%	18,125	7.0%	11,085
Cash	4.8%	(313)	5.1%	2,652
Total		<u>81,410</u>		<u>82,929</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

Analysis of the amount shown in the balance sheet	2008	2007
	£'000	£'000
Present value of scheme liabilities	(114,939)	(106,291)
Fair Value of Employer Assets	<u>81,410</u>	<u>82,930</u>
Deficit in scheme- Net Pension Liability	<u><u>(33,529)</u></u>	<u><u>(23,361)</u></u>
<hr/>		
Analysis of the amount charged to staff costs within operating surplus	2008	2007
	£'000	£'000
Current Service Cost	(3,690)	(4,216)
Past service Cost	(1,198)	(40)
Employer Contributions	4,813	4,396
Contributions re unfunded benefits	51	52
Losses/(Gains) on Curtailments and Settlements	<u>(16)</u>	<u>(42)</u>
Total	<u><u>(40)</u></u>	<u><u>150</u></u>
<hr/>		
Analysis of the amount that is credited to Endowment and Investment Income	2008	2007
	£'000	£'000
Interest cost	6,242	5,505
Expected return on Employer assets	<u>(6,257)</u>	<u>(5,111)</u>
Net cost	<u><u>(15)</u></u>	<u><u>394</u></u>

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

	2008 £'000	2007 £'000
Movement in deficit during the year		
Deficit at beginning of the year	(23,361)	(35,231)
Current service cost	(3,690)	(4,216)
Employer contributions	4,813	4,396
Contributions in respect of unfunded benefits	51	52
Past service costs	(1,198)	(40)
Impact of settlements and curtailments	(16)	(42)
Net return on assets	15	(394)
Actuarial gain / (loss)	(10,143)	12,114
Deficit at end of year	(33,529)	(23,361)

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

	2008 £'000	2007 £'000
Opening defined benefit obligation	106,291	106,603
Current service cost	3,690	4,216
Interest cost	6,242	5,505
Contributions by members	1,391	1,198
Actuarial losses/ (gains)	(282)	(8,446)
Past service costs/ (gains)	1,198	40
Losses/ (gains) on curtailments	16	42
Estimated unfunded benefits paid	(51)	(52)
Estimated benefits paid	(3,556)	(2,815)
Closing defined benefit obligation	114,939	106,291

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

Opening fair value of employer assets	82,930	71,372
Expected return on assets	6,257	5,111
Contributions by members	1,391	1,198
Contributions by the employer	4,813	4,396
Contributions in respect of unfunded benefits	51	52
Actuarial gains/ (losses)	(10,425)	3,668
Estimated unfunded benefits paid	(51)	(52)
Estimated benefits paid	(3,556)	(2,815)
Closing fair value of employer assets	81,410	82,930

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

32. Contributions to Pension Funds (continued)

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 2008 does not include any allowance for this change to the pension scheme.

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about 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 3.5% in excess of price inflation.

An amount of £2.996m (2007: £3.109m) 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:-

	2008	2007
	£'000	£'000
Contributions to TPS	4,185	3,743
Contributions to USS	29	36
Contributions to LPFA	4,782	4,306
Total pension costs (note 6)	<u>8,996</u>	<u>8,085</u>

NOTES TO THE FINANCIAL STATEMENTS

33. Taxation

U.K. corporation tax on the profits of, and by

Greenwich University Enterprises Ltd	-	-
Greenwich Property Ltd.	-	-
	<u>-</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 institutions for 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. If necessary, a supplementary contribution can be called from each member, calculated pro rata to the advance contributions made in the relevant indemnity year. 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 therefore no provision exists in these financial statements. The maximum exposure of the University in this matter is £0.5m.

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 £0.248m (2007: £1.20m). The University sold no services to N R International but seconded one member of its staff (2007: one) to the company at a cost of £0.059m (2007: £0.069m).

At 31 July 2008, the called-up share capital of N R International Ltd was £0.136m while its reserves were £891m. The total amount owed to the University at that date was £0.083m (2007: £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 2008 £'000	31 July 2007 £'000
Access to learning fund	985	15	(932)	68	144
Fee waiver	-	-	-	-	-
	<u>985</u>	<u>15</u>	<u>(932)</u>	<u>68</u>	<u>144</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

(i) ITT trainee funding

	Rec'd In Year £'000	Disbursed £'000	31 July 2008 £'000	31 July 2007 £'000
Training bursaries	2,160	(1,865)	295	123
SSSS	6	(6)	-	1
Student associate scheme	356	(76)	280	391
	<u>2,522</u>	<u>(1,947)</u>	<u>575</u>	<u>515</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.

(ii) Other funding

	Rec'd In Year £'000	Disbursed £'000	31 July 2008 £'000	31 July 2007 £'000
Minority ethnic recruitment	77	(10)	67	35
	<u>77</u>	<u>(10)</u>	<u>67</u>	<u>35</u>

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group

(i) Disclosure of Financial Assets

(a) Financial assets

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Non-current assets				
Available for resale financial assets	1,022	956	900	853
Current assets				
Available for resale financial assets	-	-	-	-
Receivables	6,124	6,996	5,433	6,321
Cash and cash equivalents	78,228	69,692	78,102	69,586
	85,374	77,644	84,435	76,760

(b) Analysis of financial assets

	Group		University	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Receivables:-				
Less than 3 months	6,697	6,068	5,992	5,537
Between 3 months and 6 months	1,026	1,559	1,031	1,429

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(ii) Interest rate profile of financial liabilities of the Group

	As at 31 July 2008			As at 31 July 2007		
	Total £'000	Floating rate £'000	Fixed rate £'000	Total £'000	Floating rate £'000	Fixed rate £'000
Currency						
Sterling	41,494	-	41,494	43,350	-	43,350

All the Group's creditors falling due within one year (other than borrowings) are excluded from the above table either due to the exclusion of short term items or because they do not meet the definition of financial liabilities. There are no material financial liabilities on which interest is not paid.

	As at 31 July 2008 weighted average		As at 31 July 2007 weighted average	
	Interest rate	Period for which rate is fixed	Interest rate	Period for which rate is fixed
Currency				
Sterling	7.33%	19 Years	7.31%	20 Years

(iii) Interest rate risk of financial assets

The group had the following financial assets as at 31st July:-

	As at 31 July 2008			As at 31 July 2007		
	Total £'000	Floating rate £'000	Fixed rate £'000	Total £'000	Floating rate £'000	Fixed rate £'000
Currency						
Sterling	73,675	189	73,486	67,079	198	66,881
Euro	97	97	-	219	219	-
US Dollar	4,456	114	4,342	2,394	294	2,100
	<u>78,228</u>	<u>400</u>	<u>77,828</u>	<u>69,692</u>	<u>711</u>	<u>68,981</u>

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(iv) Currency exposures

At 31st July, the sterling value of debtors and creditors in foreign currencies was as follows:-

Currency	Debtors		Creditors	
	2008 £'000	2007 £000	2008 £'000	2007 £000
EURO	279	796	-	-
US \$	108	243	-	-
CHF	-	2	-	-
CAD	29			
CNY	29			
SAR	-	9	-	-
DK	43	57	-	-
NAD	-	1	-	-
NOK	29	-	-	-
	<u>517</u>	<u>1,108</u>	<u>-</u>	<u>-</u>

Most of the group's transactions are carried out in sterling. Exposure to currency exchange rates arise from research and enterprise grants and contracts denominated in US Dollars and Euros. US Dollar and Euro bank accounts are held. To mitigate the group's exposure to foreign currency risks all contracts are reviewed for currency risk as part of a general risk assessment. Where appropriate a contingency is built into the contract price, and subcontracting is undertaken in the currency of the contract. All other turnover is denominated in sterling.

NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(v) Maturity of financial liabilities

The maturity of the Group's financial liabilities as at 31 July 2008 was:-

	As at 31 July 2008			As at 31 July 2007		
	Total £'000	Floating rate £'000	Fixed rate £'000	Total £'000	Floating rate £'000	Fixed rate £'000
In one year or less, or on demand	51,102	-	51,102	49,904	-	49,904
In more than one year, but not more than two years	3,288	-	3,288	3,419	-	3,419
In more than two years, but not more than five years	7,705	-	7,705	8,581	-	8,581
In more than five years	50,593	-	50,593	53,005	-	53,005
	<u>112,688</u>	<u>-</u>	<u>112,688</u>	<u>114,909</u>	<u>-</u>	<u>114,909</u>

(vi) Borrowing facilities

The Group has no undrawn borrowing facilities.

(vii) Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of all the Group's financial assets and liabilities as at 31st July:-

Primary financial instruments held or issued to finance the Group's operations

	As at 31 July 2008		As at 31 July 2007	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Current portion of long term borrowings	51,102	51,102	638	638
Long term borrowings	40,794	40,794	39,514	42,057
Cash deposits and current asset investments	78,228	78,228	69,692	69,692
Shares in CVCP Properties Plc	38	38	38	38

The fair value of the long-term borrowings has been determined by reference to prices available in the market in respect of the Bond, and fair value for the PFI element is assumed at book value.

Further details concerning the Bond are set out in note 20.



NOTES TO THE FINANCIAL STATEMENTS

38. Financial instruments - Group (continued)

(viii) Gains and losses on currency hedges

The Group has no forward currency contracts.