Report and Financial Statements for the Year Ended 31 July 2016

A Company limited by guarantee not having a share capital.

An exempt charity for the purposes of the Charities Act 2011.

Registered in England and Wales: Number 986729.

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

A Company limited by guarantee not having a share capital
An exempt charity for the purposes of the Charities Act 2011

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 2016

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Chancellor	Baroness Scotland
Pro-Chancellor and Chairman	Mr Stephen Howlett
Vice-Chancellor	Professor D Maguire
Secretary & Clerk to *the* Court	Ms Louise Nadal
External Auditors	Grant Thornton UK LLP Chartered Accountants and Registered Auditors Grant Thornton House Melton Street London NW1 2EP
Internal Auditors	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP

ABBREVIATIONS:

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

MEMBERSHIP OF *the* COURT

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

Article 7(1) – Vice-Chancellor	Professor D Maguire	
Article 7(2)a – Independent Members	Mr A J Albert	(resigned 31.8.16)
	Mr J C Barnes	(resigned 31.8.16)
	Mr S H Davie	(resigned 31.8.16)
	Mr N W Eastwell	
	Sir S Gass	(appointed 1.9.16)
	Ms M Hay	
	Mr P F Hazell	
	Ms Bronwyn Hill CBE	(appointed 1.9.16)
	Mr S W Howlett	
	Mr K Jacob MBE	(appointed 1.9.16)
	Mrs D Khanna	
	Ms T King	(appointed 1.9.16)
	Miss D Larnder	(appointed 1.9.16)
	Mr M Orr	(appointed 1.9.16)
	Ms E Passey	(appointed 12.10.15, resigned 31.8.16)
	Mrs H P Wyatt	
Article 7(2)b – Academic Council Members	Dr A Coutroubis	
	Professor P Maras	(resigned 31.8.16)
Article 7(2)c – Student Members	Miss S Dempsey	(appointed 1.7.16)
	Mr H Hodges	(resigned 30.6.16)
Article 7(2)d – Co-opted Members	Mr L Devlin	
	Professor P Griffiths	

UNIVERSITY of GREENWICH

MEMBERSHIP OF COURT COMMITTEES

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

Pro-Chancellor's Advisory Group (Disbanded 31.8.2016)	**Stephen Howlett**	**(Chairman)**
	Stephen Davie	
	Nick Eastwell	(Vice-Chair of Court)
	Peter Hazell	
Audit	**Stephen Davie**	**(Chairman until 31.8.16)**
	Denise Larnder	**(Chairman appointed 1.9.16)**
	Simon Gass	(appointed 1.9.16)
	Kumar Jacob	(appointed 1.9.16)
	Ian Harwood (External)	
	Diane Khanna	
	Elizabeth Passey	(until 31.8.16)
Finance	**Nick Eastwell**	**(Chairman)**
	Alan Albert	(until 31.8.16)
	James Barnes	(until 31.8.16)
	Alec Coutroubis	(appointed 1.9.16)
	Scarlett Dempsey	(appointed 1.9.16)
	Marianne Hay	
	Peter Hazell	
	Tricia King	(appointed 1.9.16)
	David Maguire	
	Murray Orr	(appointed 1.9.16)
Nominations (Disbanded 31.8.2016)	**Stephen Howlett**	**(Chairman)**
	David Maguire	
	Pam Maras	
	Dianne Khanna	(appointed 1.1.16)
Remuneration (Disbanded 31.8.2016)	**Nick Eastwell**	**(Chairman)**
	Stephen Davie	
	Marianne Hay	
	Stephen Howlett	
	David Maguire	
	Helen Wyatt	
Staffing (Disbanded 31.8.2016)	**Peter Hazell**	**(Chairman)**
	David Maguire	
	Helen Wyatt	
Nominations, Staffing and Remuneration (Established 1.9.2016)	**Peter Hazell**	**(Chairman)**
	Lee Devlin	
	Nick Eastwell	(Remuneration only)
	Peter Griffiths	(appointed 1.9.16)
	Marianne Hay	
	Bronwyn Hill	(appointed 1.9.16)
	Stephen Howlett	
	Denise Larnder	(Remuneration only)
	David Maguire	
	Helen Wyatt	

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

1. Constitution

The University of Greenwich is a company limited by guarantee without share capital and was incorporated in 1970. The University's financial statements comply with the Companies Act 2006. The Higher Education Funding Council for England (HEFCE) is the principal regulator both for the areas which it funds directly and on behalf of the Charity Commission for England and Wales.

The University Court is responsible for the setting and monitoring of the University's strategic direction and for ensuring the effective management of the institution. Members of *the* Court act as company directors and as charity trustees.

The objects of the University are set out in its Memorandum and Articles of Association and are to advance learning and knowledge in all its aspects, to enable students to develop their abilities, to contribute to the community and to develop research.

2. Public Benefit

The University is required to report on how it has delivered its charitable purposes for the public benefit. In making this statement, the Trustees (Members of the University Court) have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

(a) Charitable status

The University is an exempt charity and is thus exempt from registration with the Charity Commission. It is monitored by the Higher Education Funding Council for England as its Principal Regulator, in accordance with the Charities Act 2011.

The Memorandum of Association sets out the University's charitable objectives which focus primarily on the advancement of education. The mission statement sets out how the University acts for the benefit of the public: *'To inspire society through the discovery, application and dissemination of knowledge.'*

The University aims to achieve this through high-quality education, research and enterprise activities and measures its success by achieving significant cultural, economic, environmental and social contributions at local, national and international level.

(b) Education, outreach and widening access

The University has a commitment to widening access and maximising student achievement ensuring that all students fulfil their potential. It is an institution of considerable diversity with 45 per cent of students over 21 years of age, 48 per cent from black minority ethnic backgrounds, and 54 per cent female. Additionally more than 50% of its students are from low income households.

Improving access to, and success in, higher education for under-represented groups continues to be a strength of the University with over 65 per cent of students falling into one or more widening participation category. The University has a history in supporting students from under-represented backgrounds to succeed in achieving a degree qualification and moving into graduate employment.

The success of the University's outreach work achieved through working in partnership with schools, colleges, local authorities, regional institutions and other higher education institutions.

The University provides a wide range financial support to its students to support them in completing their studies that includes support for care leavers and students from low-income households. Additionally it annually commits to substantial investments in outreach and student success as part of its Access Agreements with the Office of Fair Access (OFFA). This has yielded substantial success in improving retention, academic outcomes, and the employability of our students.

2. Public Benefit (continued)

The University's outreach programme aims to raise aspirations and enhance achievements of local learners, placing the University higher education brand at the heart of local schools and colleges. Outreach activities include enhancing literacy skills and aspirations of primary school pupils, and working with partner schools and colleges to encourage more students to apply to higher education. Schools with low progression rates to higher education and large proportions of students from under-represented backgrounds are targeted for this purpose. Activities are focused on improving attainment at level 3 with interventions extended beyond making them scalable to a wider audience.

Other outreach activities undertaken in the year were:-

- Supporting progression and achievement of learners at the Royal Greenwich Trust School with over 60 learners engaged with construction and engineering events supporting the development of their academic skills.
- Running taster days for students from schools and colleges in Kent and South East London that attracted 1400 students.
- Delivering projects and short courses over the year as well as four summer schools with 200 attendees.
- Working with 300 primary school learners through the Blooming Minds (philosophy in schools) project, with the aim of engaging younger learners with the basic academic skills needed for success and to build confidence in presenting reasoned arguments.
- Enhancing the UCAS process for target learners that included supporting the development of personal statements.
- Supporting target learners to make informed choices about career aspirations engaging circa 300 learners with the Personal Development Planner and Higher Education Workbook projects.
- Supporting vulnerable students to access higher education and through their studies at the University.
- Working with disabled students, carers and care leavers achieving national recognition for this work.

(c) Research for public benefit

Research and enterprise activities are core to the University's purpose and sit alongside learning and teaching as essential facets which help to deliver public benefit. The University aims to enhance its capability as a research informed institution with a culture of high-quality research embedded in all academic activities and external collaborations. Often undertaken in partnership with industry, charities, governments and other social organisations, the University's research activity is anchored securely in responding to societal need, thus ensuring that its results benefit all.

The dissemination of research is a vital part of the University's academic purpose and the effects of the research undertaken creates benefits beyond an academic impact. The University's researchers continue to make significant research contributions in a range of disciplines, including the Natural Resources Institute, Computer Modelling and Health. The benefits to local, national and international communities are significant – there are University trained medical professionals working in local NHS Trusts, while cutting edge research on an international scale is working to address global issues, such as poverty, sustainable food production and climate change in a way which influences policy making and can achieve social change.

The University's work in this regard has been recognised with a number of awards. In 2016 the University was awarded its fourth Queen's Anniversary Prize for Higher and Further Education for its outstanding work on cassava, a staple tropical root crop. In 2015 a Guardian University Award for research impact was given to the University's Natural Resources Institute which is leading a project to transform the livelihoods of more than 90,000 farmers by helping them out of poverty across five African countries. In 2014 the University won the same top prize for the work of its Fire Safety Engineering Group for the development of a new type of emergency signage system which could revolutionise evacuation procedures.

The University is expanding its enterprise activities and industry contacts. Close links with outside organisations help to achieve graduate employment for the University's students, opportunities for work experience, the development of high-quality research and consultancy work, and the successful exploitation of ideas. The University is committed to undertaking work which is relevant to the needs of society and provides tangible benefits both for the institution and its partners. Enhanced enterprise activity will be stimulated further by an ongoing commitment to develop the entrepreneurial capabilities of the University's staff and students. The direct public benefit of these activities has been reflected in a series of awards and prizes.

2. Public Benefit (continued)

(d) Cultural impact and environmental sustainability

The University acknowledges an important responsibility to develop and enrich the intellectual and cultural lives of its local communities and works actively to develop and sustain them. There is a wish to extend the number of mutually beneficial collaborative initiatives which have been established over many years, particularly to support more projects linked to student and staff volunteering, to provide greater community access to learning and research resources, and to continue to use the University's physical assets for the good of local citizens and community groups. In September 2016 the University showcased engineering at its Medway Campus hosting the Robot Wars show and attracted coders of all ages to its Christmas Raspberry Jam in December 2015. The number of external visitors attending University events has grown considerably in recent years, showing a 150 per cent increase in three years.

The University contributes economically to its local area and provides a graduate workforce which raises productivity and stimulates economic growth. It is fully committed to functioning as a socially responsible and sustainable institution and aims to minimise the impact on the environment of its activities. The University achieved first place in the People and Planet Green league tables in 2012 and has been rated 'a first class institution' since 2011. Financial, academic and environmental sustainability underpins everything the University does.

3. Objectives and Strategy

(a) Strategic Plan

The University's strategic plan for the period 2012-17 was developed in consultation with students, staff and other stakeholders and approved by *the* Court in July 2012. It sets out an ambitious course for the University over the planning period by building on previous achievements. It charts a path to a future based on a clear commitment to excellence in all areas. The plan identifies the core values of the institution and defines its mission and vision.

Mission: to inspire society through the discovery, application and dissemination of knowledge.

Vision: by 2017 we will have an enhanced reputation as a leading London university.

The plan aims to achieve this through high quality education, research and enterprise activities. Success will be demonstrated by significant cultural, economic, environmental and social contributions at local, national and international levels.

The means to realise its vision is encapsulated in four strategic objectives:
- Learning and Teaching: maximising the individual potential of students through high quality learning and teaching, and student satisfaction activities.
- Research and Enterprise: being a research-informed and enterprising institution with a well-developed culture producing research of international quality and knowledge exchange that is valued by our partners.
- Community and Experiences: creating a strong sense of community and ensuring that all associated with the University have great experiences.
- Services and Infrastructure: building effective, efficient and sustainable services and infrastructure that support the University's academic activities.

The academic structure of the University is organised around four faculties to support the achievement of the strategic plan objectives. Faculties are organised by academic departments / research institutes, with strengthened leadership at this level.

3. Objectives and Strategy (continued)

(b) Achievements Against Objectives

The University continues to focus on the achievement of its 2012-17 strategic plan objectives. A number of projects have been initiated, the outcomes of which will consolidate progress towards the achievement of its objectives. Considerable progress has been made, with notable success in the following areas:-

- There have been seven successive years of increases in the average entry tariff of students. Together with continuous improvement in the quality of teaching and student support, it has led to improved student retention, an increased percentage of graduates with higher degree classifications, and better employability prospects for our graduates.
- The quality of the student experience continues to improve as evidenced by the outcome reported in recent National Students Surveys.
- The quality and effectiveness of staff. Over the last few years substantial investment has been made in new academic staff which has continued this year with the funding of 6 new academic posts (2015: 22). There have also been investments in staff development and training, and improvements to the appraisal process. An employee engagement survey was undertaken in 2015 building on the outcome of the previous survey undertaken in 2012, with a University wide Engagement Project being undertaken in 2016.
- Improved facilities and IT infrastructure by virtue of a substantial capital investment programme.

(c) Learning and teaching

The University places the student at the heart of its mission and is committed to providing a high quality learning experience for all students. This central aim is sustained by good teaching and a commitment to support and enable all students to reach their full potential through providing a high quality learning environment and learning facilities, innovative approaches to learning, teaching and assessment and a wide range of opportunities for students to participate in employment-related learning. The Learning, Teaching and Assessment Strategy adopts the student life cycle as its organising framework proposing a series of aims, objectives, and actions that support students from pre-entry through to graduation and employment and further learning.

The University aims to provide a distinctive learning experience for all its students through an intensively supported learning environment making maximum use of new technology. The use of e-learning is based on an awareness of its potential to enhance the flexibility with which students learn and to meet the requirements of a diverse range of students with varying needs.

The Strategy thus builds on the University's strengths in supporting students from a wide range of backgrounds, providing a strong added-value learning experience and enabling student success. It focuses on the development of approaches that build on existing strengths through staff development.

A high quality and distinctive learning experience for students requires resources for the following:-

- Developments to enhance the quality of learning and teaching. The successful Quality Assurance Agency for Higher Education (QAA) Higher Education Review (HER) of 2015 suggests that many of our efforts to enhance quality are paying dividends, and support for this activity is provided by the Academic Quality Unit. Further, the Education Development Unit is working with Faculties in a range of ways to enhance quality; this includes achieving professional accreditation with the Higher Education Academy (HEA); the Greenwich Connect team, and a range of pedagogic projects fostering innovation and excellence. Programme leaders are a current focus of activity since they play a vital role in supporting the learning and wider experience of students. Attention is being paid to student satisfaction, as measured by the National Student Survey (NSS), Postgraduate Taught Experience Survey (PTES), Postgraduate Research Experience Survey (PRES) and University Student Survey (USS), and will enable the targeting of further work to enhance quality.
- Appropriate academic student:staff ratios. The University has in recent years invested in additional academic staffing. It will continue this improvement by reallocating resources from "back office" functions and investing in front line learning and teaching as well as monitoring student/staff ratios across the institution.
- High quality libraries and learning materials. The new Stockwell Street library has enhanced our offer in this area and the Library strategy will further contribute to ongoing improvement.

3. Objectives and Strategy (continued)

- Supporting students into and through their programmes of study to improve academic outcomes. Transition from school to university can be a difficult time for students. Research has shown that easing this transition can often mean the difference between success and failure. We have continued to give attention to this process. We have continued to develop our Acceptors Portal which gives pre-arrival contact details, news items, preparation for study guides and other helpful information about the transition to the University. The successful Day 1, Week 1 initiative is being extended into smaller but equally important short programmes for students returning in the second and third year to enhance retention and engagement. A system to support personal tutoring was implementated in 2015/16.
- Partnership with students. A closer relationship has been built with the Students' Union University of Greenwich (SUUG) and a student engagement framework has been developed and approved by the Student Experience Committee. This has enabled enhanced dialogue and engagement with students at all levels of the institution.
- Enhancing employability. A wide range of initiatives have been introduced to improve the employability of our students and provide them with the confidence, knowledge and skills to secure graduate level jobs. These include mentoring schemes, the Reed partnership and a focus on placements. Such initiatives received positive affirmation in the QAA HER final report and have enhanced our performance in the annual Destinations of Leavers from Higher Education (DHLE) survey.

(d) Research and enterprise

The University continues to be successful in winning funding from UK research councils, EU, philanthropic and industry funders.

The University has received grant funding from all UK research councils this year. Notable successful bids funded this year include projects to: investigate use of ultra small metal particles for storage and conversion of carbon dioxide and other gases (funded by EPSRC); develop participatory theatre techniques (funded by ESRC); develop new crop protectants (funded by BBSRC); develop a novel virtual formulation laboratory (EPSRC), and undertake research into better management of wetlands (NERC).

The Natural Resources Institute (NRI) has continued to be successful in securing funding from The Bill & Melinda Gates Foundation and the Department for International Development (DfID), and the EU. The NRI's impact over a number of years in Africa, combating virus diseases and other problems affecting the production and marketing of the important staple crop cassava, strengthening local capacity and training key staff in the field, was honoured with the award of a Queen's Anniversary Prize for International Engagement in 2015.

The vote in June to leave the EU has led to uncertainty in the UK higher education sector about the future participation of UK universities in EU research funding schemes. However, EU bids continue to be submitted and awarded, and our international partnerships are being sustained through a host of projects. The University has a very diverse portfolio of research funders, which provides opportunities to develop research and enterprise in other areas.

Our work with business and industry has also continued well, with new projects established with, amongst others, AstraZeneca PLC, GlaxoSmithKline PLC, Forza Industries Ltd, TWI Ltd, and Merck Consumer Healthcare Ltd. Our support for SMEs in the south-east of England has also continued, with the award of a major contract from Innovate UK, to provide coaching and mentoring support for high growth firms in the south-east of England.

4. Review of the Year - Operational

(a) Student recruitment

Recruitment of home and international students and meeting student recruitment targets underpin the major revenue streams of the University and its corporate financial outcomes. Shortfalls against student recruitment targets are therefore an important risk that is managed.

4. Review of the Year – Operational (continued)

The number of recorded students in 2015-16 is summarised as follows:-

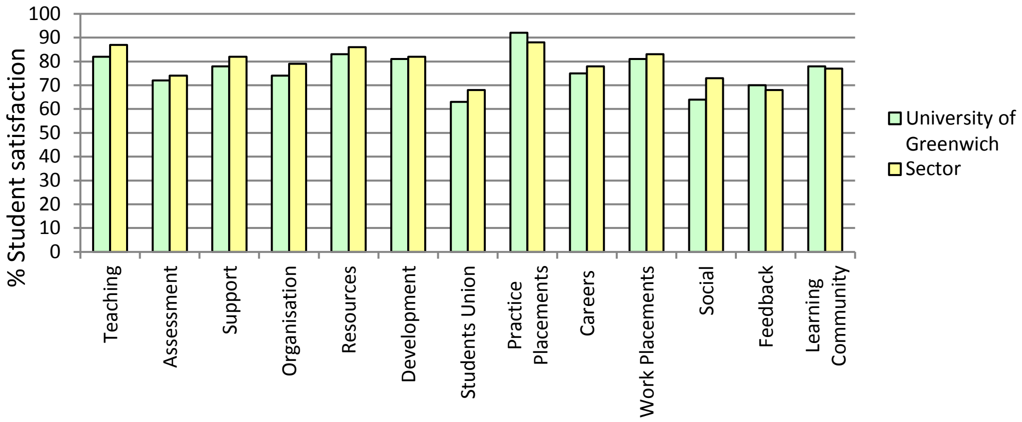
	2015/2016		2014/2015	
	Full-time	**Part-time**	Full-time	Part-time
HEFCE funded - campus based	**9,938**	**3,946**	9,701	3,365
- in partner colleges	**1,039**	**203**	1,012	260
NCTL funded	**507**	**98**	498	145
Health contract	**1,660**	**1,517**	1,576	1,488
Overseas (non EU)	**2,031**	**1,146**	2,532	1,217
Others	**12**	**92**	21	80
Total (excluding International Collaborations)	**15,187**	**7,002**	15,340	6,555
International Collaborations	**11,345**	**6,079**	10,956	5,727
Total	**39,613**		38,578	

Student numbers are 2.6% higher than the previous year with increases in both UK based students (1.3%) and students in international partner institutions (4.4%). There were increases in both full-time and part-time enrolments of 2.7% and 9.4% respectively across its main UK teaching contracts. However, enrolments of UK based international (non EU) students declined by 16% reflecting the impact of UK Visa and Immigration (UKVI) policy changes.

(b) Student satisfaction

The quality of the students' experience is central to the University's objective of attracting high quality and able students who will maximise their potential during the period of their study at the University. A measure of this is the outcome from the annual National Student Survey (NSS) that allows students to give feedback on the quality of their courses and learning experiences. The outcome from the 2016 NSS is summarised in the figure below:-

National Student Survey 2016



Overall satisfaction was 83% (2015: 83%), which was lower than the sector mean of 86%. Our students rate us highly in three assessment areas where the University's scores equal or exceed the sector mean for those areas. The outcome of the National Student Survey is important to the University's strategic objectives and a number of measures have already been put in place to improve outcomes for future years.

4. Review of the Year – Operational (continued)

(c) Student achievement and success

Our students continue to win awards and recognition for outstanding achievement:

- Four first year Business students won the 2015 University Trading Challenge competing against Maters level and third year students. The contest required students to demonstrate their ability to trade successfully in the financial markets, as well as make decisions, analyse data from real-life current market trends and come up with winning strategies.
- An undergraduate student won the British Journal of Midwifery Student Midwife of the Year Award as a result of her awareness-raising poster campaign on birthing postures for women in labour.

(d) Partner Colleges

There continues to be a strong network of partner institutions. About 10% of the University's undergraduate provision is delivered in these institutions where, in the year under review, there were 1,242 students on University of Greenwich accredited programmes of study.

(e) Estates and Facilities

The on-going delivery of the Estate Strategy has meant a continuing capital commitment and a further £6.6m spend on maintenance during the financial year.

Following receipt of planning permission, enabling work has started on the Dreadnought Student Hub. This will comprehensively redevelop a building at the heart of the Greenwich campus creating state-of-the-art learning, teaching and social spaces combined with support facilities and with a planned opening in September 2018.

The proposal will relocate the Students' Union on campus together with psychology, public health, social work and non-teacher training education programmes within the Faculty of Education and Health. This building will also be the new home for Student and Academic Services as well as the central computing facility, based around the main server room and extensive IT teaching labs.

At Medway, the redevelopment of the old swimming pool building into a student hub is almost complete with a planned opening in January 2017 and will provide accommodation for the Student Union that includes offices and activity spaces clustered around a large event space that will serve food and drink and will host dances, bands and other entertainment. The cost of £4.59m is shared 50:50 with the University of Kent.

At Avery Hill work has begun to construct two all-weather football pitches and new changing facilities. *The* Court has approved a budget of £1.7m and this will significantly enhance the University's existing sports facilities.

The Mansion Site is currently in the process of disposal. Acquisition of the Cutty Sark Hall (with 231 rooms) and Devonport Hall (with 125 rooms) will bring management under our control, improving maintenance and services to residents and providing additional income from bed spaces for summer schools.

(f) Sustainable Development

The application of sustainable development continues at the University. We retained our 1st Class Award for People and Planet's University (Green) League and have received best practice awards for our sustainable food provision and we are finalists for a national award for this work. Our first Annual Sustainability Report published during the year illustrates our activities and successes throughout the organisation. The University's Estates & Facilities Directorate was re-accredited to ISO 14001 (Environmental Management) and we are working towards the new ISO 14001 (2015) standard. The Finance Committee agreed a new, more ambitious Ethical Investment Policy and our Sustainability Policy was updated in response to increasing demands from our stakeholders. Progress on meeting our Carbon reduction target has been challenging and was partly affected by the addition of new building stock and changes to operational systems.

4. Review of the Year – Operational (continued)

The Sustainability Management Board continues to develop and provide direction in key areas of responsibility including widening sustainability application within faculties through its integration within teaching and research. The University's Sustainable Development Unit is working across the institution undertaking services aligned to the needs of the organisation and staff and students.

(g) Staff

The University has made staff development and engagement particular priorities under its People Strategy 2015-2020, with projects under the Strategy being led by a number of senior champions – the Vice-Chancellor, Deputy Vice-Chancellor, Chief Operating Officer and Director of Human Resources – demonstrating joint and University wide ownership for this initiative.

Key strategic areas and initiatives under the Strategy, which are currently being progressed include:

Enhancing Performance:	Early conflict resolution – mediation. Coaching network Revision of University's Balanced Academic Workload Model Development of academic career pathways Leadership development programmes
Employee Engagement:	University level and local action planning groups Internal Communications Strategy and appointment of an Internal Communications Manager Senior staff surgeries open to all staff across all campuses
Management Information:	Investment in improved HR system to support business planning, employee engagement and reduce bureaucracy.

Together with supporting the delivery of the People Strategy, the Human Resources Directorate is responsible for recruitment and contract management ; equality, diversity and inclusion; organisational and talent development; employee relations and employee engagement. The Directorate has the responsibility for ensuring that the University has policies and practices in place to meet its legal obligations as an employer and which also reflect our values and strategic aims. Over the last year the University has re-negotiated six core employment policies in partnership with our recognised trade unions.

(h) Equality and Diversity

Equality, Diversity and Inclusion is governed through an Equality, Diversity and Inclusion (EDI) Committee, chaired by the Director of Human Resources. An annual report is presented to the University's Court and is made available publically through the University's website.

The University has in place an Equality, Diversity and Inclusion Strategy and has made good progress against its supporting action plan which includes embedding EDI locally through a network of EDI champions. Progress against the Strategy objectives is made publically available in the annual report.

The University holds the Athena Swan Bronze Award institutionally, and is working on departmental submissions. It also holds the HR Excellence Badge in Research and in the 2016 Stonewall Workplace Equality Index the University placed 80th, entering the Top 100 employers in the country for the first time. The University remains committed to seeking appropriate accreditation as a way of measuring its progress in this area and accessing good practice.

4. Review of the Year – Operational (continued)

(i) Disability

The University is committed to equal opportunities for disabled staff and students and aims to create an environment that enables them to participate fully in University life.

In the last reporting period the University has successfully retained its Two Ticks accreditation. Good practice in how we support employees with disabilities has been embedded in relevant policies that have recently been revised. We have also improved guidance and training for managers to help them work with employees on the provision of reasonable adjustments. Advice is available to managers and employees through the Business Partner model and specialist Equalities Manager.

5. Review of the Year - Financial

(a) Scope of the Financial Statements

The financial statements comprise the consolidated results of the University (including the Natural Resources Institute) and its wholly owned subsidiary companies, Greenwich University Enterprises Limited and Greenwich Property Limited. Greenwich University Enterprises Limited undertakes commercial activities that fall outside of the University's charitable aims of teaching and research. Its profits are covenanted to the University under the Gift Aid scheme. Greenwich Property Limited is a special purpose company established to facilitate the development of a student residents' scheme under a service concession arrangement (previously PFI). Note 14 of the financial statements also provides information of the entities with whom the University is associated.

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

(b) FRS 102

The 2015/16 financial statements are the first under FRS 102, a new accounting standard, and the Higher and Further Education SORP (2015). The Statement of Comprehensive Income replaces the Income and Expenditure Account. Other changes relate to the balance sheet recognition of some service concessions (previously PFI), the revaluation of land, increased FRS102 pension charges (previously FRS17), the recognition of gifts and donations, deferred capital grants, and the inclusion of holiday pay accrual. The 2014/15 financial statements have been restated to reflect these changes. The impact on these financial statements on the transition to FRS102 is set out in note 34 of the financial statements.

The effect of the transition to FRS102 has been to reduce the 2014/15 surplus after taxation to £6.1m (previously £9.1m). The movements were as follows:

	£m
- Student residence now on balance sheet – interest & depreciation charge	0.5
- Provision for the USS deficit (in staff costs)	0.2
- Interest charge re the LPFA pension scheme	2.3
	3.0

The balance sheet has also been impacted as a result of FRS102 as follows:

	£m
Tangible Assets	
One off land revaluation	40.8
Student residence now on balance sheet	9.6
	50.4
Creditors	
Liabilities re student residence now on balance sheet	(16.0)
Holiday pay accrual	(2.7)
Net pension liability (USS)	(0.3)
Deferred capital grants (previously included within equity)	(33.6)
	(52.6)

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

(c) Results for the Year

The Group results for the year ended 31 July 2016 are summarised below:-

	2016	2015
	£'000	£'000
University (including NRI)	**6,921**	6,285
Greenwich University Enterprises Limited	**(30)**	(137)
Greenwich Property Limited	**-**	-
Group surplus	**6,891**	6,148

The Group reported a surplus of £6.9m (2015: £6.1m) representing a margin of 3.4% on total income.

The outturn represents a strong financial performance with consequential improvements to cash reserves, net assets and I&E reserves (before account is taken of the FRS 102 Pension deficit). These improvements are important in meeting the capital investment commitments of the University.

(d) Revenues

Total revenues were £204m (2015: £201m), a 1.6 % increase on the previous year, categorized across tuition fees and education contracts, funding body grants, research grants and contracts, other income, investment income and donations and endowments.

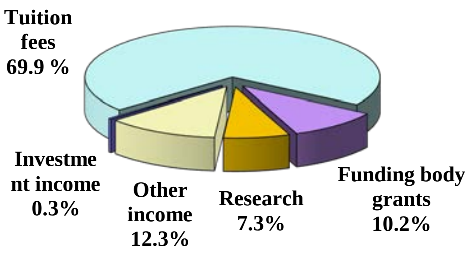
Teaching revenues comprising of tuition fees and education contracts, funding body grants but excluding HEFCE Research Excellence Framework (REF) and Knowledge Exchange (HEIF) funding were £158.1m, a 0.6% increase on the previous year. The modest rise reflects 2.6% increase in total student registrations to 39,613 (2015: 38,578) with increases in both UK based enrolments and student in international partner institutions. However, enrolments of UK based international students declined by 16% reflecting impact of UKVI policy changes.

Research and enterprise revenues were 9% higher at £18.9m (2015: £17.3m), reflecting strong contracting in the previous 24 months. Circa 20% of this was sourced from the EU with medium term BREXIT risk to future sources of this funding.

Other income comprised mainly of student residences and catering revenues and consultancy revenues. The latter is categorised with research and enterprise (previous paragraph) for the purpose of this financial commentary. Overall revenues are flat at £25.1m (£21.1m excluding consultancy revenues).

Investment income of £0.5m was broadly level with that of the previous year despite increased short-term funds available for investment.

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



OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

5. Review of the Year – Financial (continued)

(e) Revenue Expenditure

Total revenue expenditure of £197m (2015: £194m) was 1.2% higher than the previous year with increase solely attributable to a rise in staff costs.

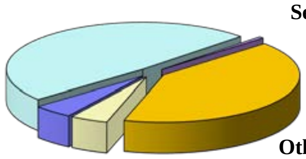
Staff costs increased by 3.4% to £96.9m (2015: £93.7m) reflecting increased employer superannuation contributions on the Teachers' Pension Scheme, a 1% pay award, increments, increased FRS102 pension charge, and a small increase in the staff headcount.

Other operating expenses were flat at £82m reflecting lower spend on student bursaries and on furniture and equipment, offset by higher spend on maintenance of the estate and payments to subcontractors engaged in the delivery of research and consultancy contracts.

Staff severances of £1.1m (2015: £1.1m) reflect ongoing adjustment of the staff base to align with the strategic aims of the University.

Interest and finance costs are £8.6m (2015: £9.7m) comprising of £1.1m in respect of the University's bond, £4.5m payable on finance leases and service concessions and £3.0m of notional interest on the FRS102 pension deficit on the LPFA defined benefit superannuation scheme.

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



(f) Capital investment and fixed assets

The fixed assets of the Group at the balance sheet date were £248.0m (2015: £249.3m). The University and the University of Kent have jointly invested £4.6m in a new student hub at the Medway Campus which is due to be opened in September 2016. In addition, work has started on the development of the Dreadnought student hub at Greenwich, due to open in September 2018. Other additions in the year were £2m and capital grants of £0.4m were received during the year. The Mansion Site (part of the Avery Hill Campus) with a net book value of £3.7m is currently in the process of disposal.

(g) Long-term borrowing

Long-term borrowing at the balance sheet date was £81.4m (2015: £83.3m), of which £16.0m is the outstanding balance on the University's £30m bond (£25.5m in issue), £15.0m the finance lease charge on Cutty Sark student residence, service concession liabilities of £50.2m (2015: 51.0m) and £0.1m advance received under HEFCE's Revolving Green Fund

(h) Pension schemes

The University contributes to the Teachers Pension Scheme (TPS) for its academic staff and the London Pensions Fund Authority (LPFA) for its support staff.

The Teachers' Pension Scheme is an unfunded, contributory, public service occupational pension scheme, governed by statutory regulations. As it has no assets it is accounted for on a pay as you go basis. The employer contribution rate increased from 14.1% of the relevant pensionable payroll to 16.48% with effect from September 2015.

5. Review of the Year – Financial (continued)

The London Pensions Fund Authority (LPFA) is a funded multi-employer Local Government Superannuation Scheme. Its assets and liabilities are identified with individual employers and are therefore accounted for under the provisions of FRS102 section 28 (Defined Benefit Obligations). The University's employer contribution rate in respect of current service cost was revised from April 2014 to 16%, with an additional payment of £2.4m per annum with the aim of repaying the deficit over 17 years. The liabilities of the scheme exceed its assets, with a FRS102 pension deficit of £111.1m (2015: £83.8m). The FRS102 deficit on the scheme reflects lower than expected returns on assets, with increasing liabilities due to reductions in mortality rates and low bond yields used in discounting liabilities.

CPI is used in the actuarial assessment of future pensions, in line with the April 2010 change in government policy on pensions.

(i) Other balance sheet indicators

Other key balance sheet ratios continue to be healthy. Short-term investments and cash equivalents were £93.0m reflecting the strong underlying operating surplus, net of £6.5m of capital spend financed from internal resources.

Creditors due within one year were £58.5m (2015: £61.9m). Net current assets remain strong at £45.2m (2015: £32.9m) while Income and Expenditure reserves increased by 10.8% to £128.5m.

(j) Key financial indicators

The 2015/16 financial outturn continues to build on those of the previous years, with the five year summary of key financial indicators as follows:-

	2016	2015	2014	2013	2012
Total students	22,189	21,895	21,495	23,572	27,045
Total students - % movement	1%	2%	-9%	-13%	-5%
New entrants	9,934	10,068	9,242	9,277	11,722
Tuition and education contracts as % of operating revenues	70%	69%	64%	57%	58%
Funding Council grant as % of operating revenues	10%	12%	18%	25%	26%
Operating margin %	3%	3%	7%	6%	6%
Interest costs as % of operating margin *	55%	62%	34%	41%	41%
Debt as % of operating revenues *	57%	59%	17%	18%	19%
Net cash and investments as % of operating revenues	46%	40%	35%	49%	56%

* Increase in interest costs and debt ratios from 2015 reflect service concession brought on to Balance Sheet and accounted for as a finance lease.

(k) Financial Instruments

The Group finances its operations from cash generated from trading, retained surpluses, current liabilities and long-term borrowing.

The powers of the University to raise funds, and enter into hedging arrangements, are controlled by the University's Memorandum of Association, its Memorandum of Assurance and Accountability with HEFCE, and the Charities Acts. Powers to invest surplus funds are governed by the Trustee Act 2000 and the University's Treasury Management Policy. Year-end cash and investments totalled £93.0m (2015: £81.4m) including £2.4m in a separate charged account under the terms of the Bond. The University adopts a prudent investment policy, with deposits limited by amount and maturity across financial institutions with minimum investment rating requirements. The Group does not hold funds with a maturity date in excess of 12 months.

5. Review of the Year – Financial (continued)

The Group's financial instruments comprise borrowings, cash and liquid resources, trade debtors and trade creditors. Its policy is that no trading in financial instruments shall be undertaken. Its terms of payment are 30 days (net), with an average payment period of 31 days in the 2015-16 financial year. The main risks arising from the Group's financial instruments are liquidity risk, currency risk, credit risk and interest rate risk. *The* Court has oversight over the management of these risks.

(i.) Liquidity Risk

Liquidity risk is managed by the application of measures set out in the University's Treasury Management Policy. These encompass: ensuring that amounts due to the University are remitted on a timely basis; optimising payments to suppliers whilst ensuring that the agreed terms of trade are complied with; and investment of the University's surplus funds.

Under the terms of the University's bond a ratio of current liabilities at not less than 1:1 is required to be maintained. Additionally, a minimum balance of cash and cash equivalents equal to 5% of turnover (£10m) is required to be maintained together with 12 months' bond servicing cost (£2.4m) in a separate charged account. Total debt at 31 July 2016 was £85.0m, of which £17.0m is in respect of the University's bond, £51.9m service concessions, £15.8m finance lease and £0.2m HEFCE Revolving Green Fund. At 31 July 2016, the maturity profile of borrowings (all of which were long term) shows an average maturity of 24 years. It is calculated that 7% is repayable in each of the periods that fall within one year and in 1 to 2 years, 8% in 2 to 5 years and 85% in more than 5 years.

(ii.) Currency Risk

Approximately 60% of the Group's research and enterprise revenues are currency denominated. The Group's policy is to mitigate currency exposures by reviewing contracts for currency risk as part of its risk assessment and where appropriate a contingency is built into the contract price. Additionally, subcontracting is priced in the currency wherever possible. All other turnover is denominated in sterling. The University did not enter into any hedging arrangements during the year.

(iii.) Credit Risk

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

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

The credit risk for trade debtors (student and commercial debt) is assessed as medium\low. This risk is managed by the application of measures set out in the University's credit management policies, and the continuous assessment of the Group's aggregate exposure to non-payment of student and commercial debt. The amounts disclosed in the balance sheet are net of allowances for bad and doubtful debts, the latter informed by the quality of the debtor book.

(iv.) Interest Rate Risk

The Group's borrowings are at fixed lending rates. Of this 18% relates to the University's 30 years bond (2028) with the remainder in respect of the financing of student residences, service concession arrangements and HEFCE Revolving Green Fund.

6. Principal risks and uncertainties

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

(a) BREXIT

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

EU Students from 2018/19 may not have access to student support funding, which represents a substantial risk to the University given that 15% of its campus based student population is from EU countries.

Research funding under Horizon 2020 and other EU programmes accounts for circa. 20% of the University's research revenues. In the absence of alternative funding through UK research agencies this would result in a material curtailment in the University's research activities.

(b) Student Recruitment

Home student recruitment: the market for UK students continues to be competitive on the back of expansion by some institutions, new providers, the removal of the student numbers cap and increased provision by further education institutions. Additionally, prospective students are becoming increasingly savvy in their decisions on choice of university. This presents recruitment challenges. The University manages this risk by investing in its academic provision, facilities and the quality of the student experience. Additionally the introduction of fees for nursing and midwifery programmes from 2017/18 may affect the University's recruitment to these programmes which currently account for circa. 9% of total teaching revenues.

International student recruitment: revenue from international student enrolments accounts for 16.7% of total teaching revenues. The key risk associated with this revenue stream is a shortfall against international student recruitment targets with particular reference to:-

- Increased international competition (from the USA, Canada, Australia) resulting in a reduction in the UK HE international student market and the perception that Britain is less welcoming to international students than its competitors.
- The number of international students who wish to study in the UK and the impact of UKVI policy changes.
- Progressive increases in in-country provision that will over time reduce the size and shape of the international student market.
- Increased competition from UK based HE providers who are seeking to increase international student recruitment.

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

(c) International Partnerships

The University has in excess of 17,000 students in circa 33 partnerships across 21 countries. Political, social and economic changes in the countries\regions in which partnerships are located are a risk to their continued operations. Any adverse impact on provision may also be reputationally damaging. This risk is managed by continuous monitoring of political, social and economic developments in these countries\regions.

(d) Pension scheme deficits

The three main pension schemes to which the University contributes are in deficit, primarily the result of decreasing mortality rates and underperformance on scheme investments. This is exacerbated by low bond yields used in discounting pension liabilities.

The key risk to the University of pension scheme deficits is increased employers' pension contributions required to eliminate the deficit. This risk is managed by keeping under review the funding levels and deficit recovery strategies of the respective schemes.

UNIVERSITY of GREENWICH

OPERATING AND FINANCIAL REVIEW (INCORPORATING THE STRATEGIC REPORT)

7. Directors

The Governors of the University are Directors of the Company.

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

8. Statement of Directors Responsibility for the Financial Statements

The Statement of Responsibilities of *the* Court for the financial statements is set out on pages 22 and 23 of this report.

9. Auditors

Grant Thornton UK LLP are annually reappointed as auditors in accordance with an elective resolution made under section 737 of the Companies Act 2006.

10. Approval

The Operating and Financial Review (incorporating the Strategic Review) was approved by *the* Court on 28 November 2016 and signed on its behalf by:

Stephen Howlett
Chairman

UNIVERSITY of GREENWICH

CORPORATE GOVERNANCE STATEMENT

The University is committed to exhibiting current best practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life. The University's practice takes account of the provisions of the Charities Act 2011 and strives for compliance with the Committee of University Chairs Higher Education Code of Governance. The University Court is committed to maintaining the highest standards of corporate governance and the report of the consultants who undertook the Governance Review, conducted in 2015 and approved by *the* Court in October 2015, states *'We have assessed the University's governance framework against the Committee of University Chairman Higher Education Code of Governance and are satisfied that the institution is in full compliance with the seven core elements of the Code'*. In carrying out its duties, *the* Court also has regard to the best practice contained within the UK Corporate Governance Code, insofar as it is applicable to the University.

This summary describes the University's corporate governance arrangements and the manner in which the University seeks to apply the principles of Codes of practice published by the Higher Education Funding Council for England (HEFCE), Committee of University Chairs (CUC), Charity Commission and the UK Corporate Governance Code 2010 (edited 2012), insofar as they are applicable to Higher Education Institutions.

- The University is a company limited by guarantee and an exempt charity. It is not required to register with the Charity Commission as, under the Charities Act 2011, from June 2010 universities in England have been regulated on behalf of the Charity Commission by HEFCE, the principal regulator. The University is governed by its Memorandum and Articles of Association which set out its objects to advance learning and knowledge in all their aspects. Members of the University Court are legally Directors of the Company and Charity Trustees. *The* Court is specifically required to determine the educational character and mission of the University and to set its strategic direction.

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

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

- The Vice-Chancellor as head of the institution has a general responsibility to *the* Court for the organisation, direction and management of the University. The Vice-Chancellor is the chief accounting officer. He is responsible for the development of institutional strategy and the identification and planning of new developments.

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

- *The* Court meets at least five times a year. However, much of its business is conducted through the following committees: Audit, Finance, Nominations, Remuneration and Staffing. All of these Committees have terms of reference and membership approved by Court. All Committees of *the* Court submit their minutes to *the* Court.

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

- The Nominations, Remuneration and Staffing Committee acts on behalf of and is accountable to *the* Court for determining the annual remuneration of the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellors, Chief Operating Officer, University Secretary, Director of Finance and Director of Human Resources.

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

- Subject to the overall responsibility of the University Court, the Academic Council has oversight of the academic affairs of the University. Its membership is drawn from staff and students of the University.

UNIVERSITY of GREENWICH

CORPORATE GOVERNANCE STATEMENT (continued)

STATEMENT ON INTERNAL CONTROL

1. *The* Court is responsible for ensuring a good system of internal control to support the University's policies and objectives. It is responsible for safeguarding the public and other funds available to it in accordance with the duties assigned to it in the Articles of Government and the Memorandum of Assurance and Accountability with HEFCE.

2. Internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also designed to prevent and detect fraud and other irregularities.

3. The system of internal control is informed by a continuous process which identifies, evaluates and manages the University's significant risk of all types. This process has been in place for the year ended 31 July 2016 and up to the date of the approval of the financial statements. *Th*e Court believes that the University follows the best practice guidelines of HEFCE and British Universities Finance Directors Group in its approach to risk management and can confirm that the processes and procedures in place for risk management have provided a robust framework for ensuring that institutional risk is adequately recognised, evaluated and planned for throughout the financial year 2015-2016 and up to the approval date of the financial statements.

4. *The* Court is responsible for reviewing the effectiveness of the system of internal control and does so in the following ways:

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

5. The Vice Chancellor in his capacity as accounting officer confirms to *the* Court that matters of academic, corporate, financial, estate and human resource management delegated to the executive have been properly discharged.

6. The University has considered its responsibility to notify HEFCE of material irregularity, impropriety and non-compliance with HEFCE terms and conditions of funding, under the Memorandum of Assurance and Accountability in place between the University and HEFCE. As part of its consideration the University has had due regard to the requirements of the Memorandum of Assurance and Accountability.

7. The Accounting Officer confirms, on behalf of the University, that to the best of its knowledge, the University believes it is able to identify any material irregular or improper use of funds by the University, or material non-compliance with HEFCE's terms and conditions of funding under the Memorandum of Assurance and Accountability. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to HEFCE.

Professor David Maguire	Mr Stephen Howlett
Vice-Chancellor	Chairman

STATEMENT OF RESPONSIBILITIES OF *the* COURT

The primary responsibilities of *the* Court are to set the University's strategic aims, monitor the implementation of the activities undertaken to achieve these, and report to stakeholders on their stewardship. To meet its responsibilities *the* Court undertakes to carry out the following activities:-

- To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- To delegate authority to the Vice Chancellor as chief executive, for the management of the academic, corporate, financial, estate, and Human Resources of the University.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
- To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans, delivery and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- To establish processes to monitor and evaluate the performance and effectiveness of *the* Court itself.
- To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To appoint the Vice Chancellor.
- To appoint a secretary to the University Court and to ensure that, if the person appointed has managerial responsibilities, there is an appropriate separation in the lines of accountability.
- To be the employing authority for all staff and to be responsible for establishing a Human Resources strategy.
- To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
- To be the University's legal authority and, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
- To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Council.
- To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- To ensure that the University's constitution is followed at all times and that the appropriate advice is available to enable this to happen.

The Court is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act, the Companies Act, the Statement of Recommended Practice: Accounting for Further and Higher Education and in accordance with Financial Reporting Standards. In accordance with these terms and conditions, *the* Court must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the University for the year.

STATEMENT OF RESPONSIBILITIES OF *the* COURT (continued)

STATEMENT OF FINANCIAL RESPONSIBILITIES OF THE UNIVERSITY COURT

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

The members of *the* Court (who are also the directors of the University for the purposes of company law) are responsible for preparing the Operating and Financial Review (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires *the* Court to prepare financial statements for each financial year. Under that law, *the* Court is required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition, *the* Court is required to prepare the financial statements in accordance with the terms and conditions of its Funding agreement agreed with the National College for Teaching and Leadership and the HEFCE Memorandum of assurance and accountability (July 2016), through its accountable officer. Under company law, *the* Court must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit, gains and losses, changes in reserves and cash flows of the University and the Group for that year.

In preparing the financial statements, *the* Court is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in business.

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

The Court has taken reasonable steps to:

- ensure that funds from the National College for Teaching and Leadership, HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the HEFCE memorandum of assurance and accountability (July 2016) and the Funding Agreement with the National College for Teaching and Leadership (NCTL) and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- ensure that the University has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities; and
- secure the economic, efficient and effective management of the University's and the Group's resources and expenditure.

STATEMENT OF RESPONSIBILITIES OF *the* COURT (continued)

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

The Court confirms that:

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

Approved on behalf of *the* Court by:

Stephen Howlett
Chairman

Date of Approval – 28 November 2016

UNIVERSITY *of* GREENWICH

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF *the* COURT OF THE UNIVERSITY OF GREENWICH

We have audited the financial statements of the University of Greenwich (the 'University') for the year ended 31 July 2016 which comprise the consolidated and University statement of comprehensive income, the consolidated and University statement of changes in reserves, the consolidated and University balance sheet, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the University's Court, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's Court 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 University's Court as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of *the* Court and auditor

As explained more fully in the Statement of Responsibilities of *the* Court set out on pages 22-23, the members of *the* Court (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the University's affairs as at 31 July 2016 and of the group's surplus, and its income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Operating and Financial Review, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF *the* COURT OF THE UNIVERSITY OF GREENWICH (continued)

Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated July 2016 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of assurance and accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation and accounting

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

The financial statements have been prepared on a going concern basis informed by the University's future financial forecasts and in accordance with the historical cost convention, modified by the revaluation of land and the Avery Hill freehold buildings. The functional currency is GBP Sterling.

The University has taken advantage of the exemption under paragraph 1.12 of FRS102 for qualifying entities from preparing its own cash flow statement.

Basis of consolidation

Consolidated financial statements have been prepared for the University and its subsidiaries Greenwich Property Limited and Greenwich University Enterprises Limited.

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

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

Use of estimates and judgements

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

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

- Valuation of land – the University has taken advantage of the exemption to first-time adopters of FRS102 to revalue certain assets at the date of transition to FRS102 to their fair value. The University has revalued its land assets to £54,880,000 which were previously held at cost (£14,080,000).
- Defined benefit pension liability - the University has made key assumptions in conjunction with the scheme's actuaries which have been used in the calculation of the defined benefit liability.
- Bad debt provision – the University has made a judgement on the recoverability of both student and commercial debtors based on historical experience and other external factors.
- Depreciation – as stated in the Fixed Assets accounting policy, depreciation is based on the University's evaluation of the useful economic life of the relevant assets.

Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS102 for the first time and consequently has applied the first time adoption requirements. The date of transition to FRS 102 was 1 August 2014. The last financial statements prepared under old UK GAAP were for the year ending 31 July 2015. The 2014/15 comparatives have been restated in accordance with FRS 102.

Several accounting policies have also changed with the introduction of FRS102. The main changes are set out below:

- Employee Benefits – there is now a requirement to accrue for any unutilised staff holiday entitlements.
- Capital grants – non-government grants are now recognised using the performance model where the grant is recognised directly in income as soon as the conditions attaching to the grant are met.
- Service concession arrangements – student residences meeting certain criteria have been brought onto the balance sheet.
- Donations and endowments are now classified as non-exchange transactions under FRS102 and are accounted for using the performance model.

PRINCIPAL ACCOUNTING POLICIES (continued)

- Accounting for retirement benefits –
  - for the London Pension Funds Authority scheme (a defined benefit scheme) the calculation of the return on plan assets is now calculated using the same discount rate as for liabilities (previously it was calculated using the expected return for the relevant asset class) which has an impact on the interest charge in the Statement of Comprehensive Income.
  - for the Universities Superannuation Scheme the University is required to provide for the deficit recovery plan. The initial liability is a charge to the Statement of Comprehensive Income and then recorded as a liability on the balance sheet and unwound over time as the liability is discharged.

An explanation of how the transition to 2015 SORP has affected the financial position, financial performance and cash flows of the consolidated results of the University is provided in note 34.

Application of first time adoption grants certain exemption from the full requirements of 2015 SORP in the transition period. The following exemptions have been taken into these financial statements:

- One off revaluation of land used as deemed cost as at 1 August 2014.

Income recognition

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

Tuition fee income (net of discounts) is recognised in the Statement of Comprehensive Income to reflect the delivery of teaching to students. This includes short course income. Bursaries and scholarships are accounted for as expenditure.

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

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

Grant Funding

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

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

Projected losses on long-term contracts are recognised immediately in the Statement of Comprehensive Income.

Donations and endowments

Donations and endowments are non-exchange transactions with or without performance related conditions and / or restrictions. (Non-exchange transactions are defined as when an entity receives value from another entity without directly giving approximately equal value in exchange). Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves.

Donations with no restrictions are recorded within income when the University is entitled to the funds.

UNIVERSITY of GREENWICH

PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

Capital Grants

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

Foreign currencies

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

Employment benefits

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

Fixed Assets

Fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Land and certain freehold buildings that have been revalued on or before 1 August 2014 are measured on the basis of deemed costs, being the revalued amount at the date of that revaluation having taken advantage of the transitional relief in section 35 of FRS 102.

Land and buildings

The University has not adopted a policy of annual revaluations. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the University of 50 years. Leasehold land and buildings are amortised over the period of the lease up to a maximum of 50 years. Improvements to buildings are depreciated over 10 years.

Where buildings are acquired with the aid of specific government grants they are capitalised and depreciated as above. The related grants are deferred and released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Where land is acquired with the aid of a government grant or where land and buildings are acquired with the aid of a non-government grant, the related grant is credited to the Statement of Comprehensive Income when the University is entitled to the income, subject to any performance conditions being met.

Finance costs that are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

Equipment and Motor Vehicles

Equipment costing less than £6,000 per individual item is written off to the Statement of Comprehensive Income in the year of acquisition. All other equipment is capitalised at cost.
Capitalised equipment is depreciated on a straight line basis over its useful economic life, as follows:

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

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

Finance leases

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

Leased assets acquired by finance lease and associated lease liability are stated at the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

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

Operating Leases

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

Service Concession Arrangements

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

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

In 1996, through its subsidiary company, Greenwich Property Ltd (GPL), the University entered into a service concession arrangement with a contractor for the construction of a 662-bedroom student’s residence, and the provision of facilities management services for those premises for a period of 30 years. Under the terms of the scheme the contractor 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.

UNIVERSITY of GREENWICH

PRINCIPAL ACCOUNTING POLICIES (continued)

Investments

Non-current asset investments are held on the balance sheet at amortised cost less impairment.

Investments in associates and subsidiaries are carried at cost less impairment in the University's accounts.

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

Provisions, contingent liabilities and contingent assets

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

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.
A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

Cash and cash equivalents

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

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

Taxation

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

PRINCIPAL ACCOUNTING POLICIES (continued)

Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the London Pensions Fund Authority (LPFA) Pension Fund. These are defined benefit schemes and are externally funded and contracted out of the State Second Pension (S2P). The funds are valued every three years for LPFA and not less than every four years for the TPS by professionally qualified independent actuaries.

The LPFA scheme is accounted for as a defined benefit scheme in accordance with FRS102. Under a defined benefit scheme, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. This defined benefit liability is measured as the estimated amount of benefit that employers have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by the scheme actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Actuarial gains and losses are included in the Statement of Comprehensive Income.

The Teachers' Pension Scheme is an unfunded scheme and as it is not possible to identify separately each institution's share of the underlying liabilities, it is treated as a defined contribution scheme in accordance with FRS102. (A defined contribution scheme is a post-employment benefit plan under which the an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees).

The University is also a member of the Universities Superannuation Scheme for a small number of employees. Under FRS102, an institution belonging to a multi-employer pension scheme with a deficit recovery plan must provide for its contractual obligation to fund its share of the deficit.

Financial Instruments

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

The Group's financial instruments comprise equity investments (including investment funds), loans and receivables, cash and cash equivalents, trade payables and borrowings. All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group's financial instruments are measured at amortised cost using the effective interest method, with the exception of equity investments (including investment funds) which are measured at fair value through profit or loss, in accordance with section 11 of FRS 102.

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

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

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as a finance expense in the Statement of Comprehensive Income. Finance charges, including premiums payable on settlement or redemption and transaction costs, are charged to the

PRINCIPAL ACCOUNTING POLICIES (continued)

Statement of Comprehensive Income 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.

Bond

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

Medway School of Pharmacy

The University has an agreement with the University of Kent with respect to the Medway School of Pharmacy, under which revenue and costs are shared equally. In accordance with FRS102 paragraph 15.7 this arrangement has been accounted for as a Jointly Controlled Asset reflecting the University's share of the assets, liabilities and results for the year within the financial statements.

Reserves

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

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

UNIVERSITY of GREENWICH

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 JULY 2016

		Group		University	
		2016	2015	**2016**	2015
	Note	**£'000**	£'000	**£'000**	£'000
INCOME					
Tuition fees and education contracts	*1*	**142,465**	137,325	**142,465**	137,325
Funding body grants	*2*	**20,728**	24,444	**20,728**	24,444
Research grants and contracts	*3*	**14,848**	13,277	**14,644**	12,955
Other income	*4*	**25,055**	25,071	**23,425**	23,408
Investment income	*5*	**525**	476	**525**	476
Donations and endowments	*6*	**195**	88	**195**	88
Total Income		**203,816**	200,681	**201,982**	198,696
EXPENDITURE					
Staff costs	*7*	**96,955**	93,749	**96,085**	92,806
Severance costs	*8*	**1,126**	1,172	**1,126**	1,172
Other operating expenses	*10*	**82,450**	82,834	**80,382**	80,494
Depreciation	*12*	**7,818**	7,961	**7,780**	7,921
Interest and other finance costs	*11*	**8,576**	8,811	**9,688**	10,018
Total Expenditure		**196,925**	194,527	**195,061**	192,411
Surplus before other gains/(losses)		**6,891**	6,154	**6,921**	6,285
Taxation	*28*	**-**	(6)	**-**	-
Surplus for the year after tax before other gains/(losses)		**6,891**	6,148	**6,921**	6,285
Actuarial loss in respect of pension schemes	*27*	**(23,322)**	(4,345)	**(23,322)**	(4,345)
Increase in current asset investments and currency translation gains		**2,523**	920	**2,523**	920
Total comprehensive income for the year		**(13,908)**	2,723	**(13,878)**	2,860
Represented by:					
Endowment comprehensive income for the year		**(4)**	(42)	**(4)**	(42)
Restricted comprehensive income for the year		**988**	3	**988**	3
Unrestricted comprehensive income for the year		**(14,892)**	2,762	**(14,862)**	2,899
		(13,908)	2,723	**(13,878)**	2,860

All items of income and expenditure relate to continuing activities.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2016

	Income and expenditure reserve			Revaluat-ion reserve	Total
	Endow-ment	*Restrict-ed*	*Unrest-ricted*		
Consolidated	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2015	**1,102**	**385**	**26,004**	**48,028**	**75,519**
Surplus for the year after tax	(4)	988	5,907	-	6,891
Actuarial loss in respect of pension schemes		-	(23,322)	-	(23,322)
Increase in current asset investments and currency translation gains	-	-	2,523	-	2,523
Transfers between revaluation and income and expenditure reserve	-	-	88	(88)	-
Total comprehensive income for the year	**(4)**	**988**	**(14,804)**	**(88)**	**(13,908)**
Balance at 31 July 2016	**1,098**	**1,373**	**11,200**	**47,940**	**61,611**
Balance at 1 August 2014	1,144	382	23,154	48,116	72,796
Surplus for the year after tax	(42)	3	6,187	-	6,148
Actuarial loss in respect of pension schemes	-	-	(4,345)	-	(4,345)
Increase in current asset investments and currency translation gains	-	-	920	-	920
Transfers between revaluation and income and expenditure reserve	-	-	88	(88)	-
Total comprehensive income for the year	(42)	3	2,850	(88)	2,723
Balance at 31 July 2015	1,102	385	26,004	48,028	75,519
University					
Balance at 1 August 2015	**1,102**	**385**	**26,124**	**48,028**	**75,639**
Surplus for the year after tax	(4)	988	5,937	-	6,921
Actuarial loss in respect of pension schemes	-	-	(23,322)	-	(23,322)
Increase in current asset investments and currency translation gains	-	-	2,523	-	2,523
Transfers between revaluation and income and expenditure reserve	-	-	88	(88)	-
Total comprehensive income for the year	**(4)**	**988**	**(14,774)**	**(88)**	**(13,878)**
Balance at 31 July 2016	**1,098**	**1,373**	**11,350**	**47,940**	**61,761**
Balance at 1 August 2014	1,144	382	23,137	48,116	72,779
Surplus for the year after tax	(42)	3	6,324	-	6,285
Actuarial loss in respect of pension schemes	-	-	(4,345)	-	(4,345)
Increase in current asset investments and currency translation gains	-	-	920	-	920
Transfers between revaluation and income and expenditure reserve	-	-	88	(88)	-
Total comprehensive income for the year	(42)	3	2,987	(88)	2,860
Balance at 31 July 2015	1,102	385	26,124	48,028	75,639

UNIVERSITY of GREENWICH

(Company Registration No. 986729)

CONSOLIDATED AND UNIVERSITY BALANCE SHEET

AS AT 31 JULY 2016

	Note	Group		University	
		2016	2015	**2016**	2015
		£'000	£'000	**£'000**	£'000
Non-current assets					
Fixed assets	*12*	**247,994**	249,282	**247,983**	249,232
Investments	*14*	**38**	38	**38**	38
		248,032	249,320	**248,021**	249,270
Current Assets					
Stock	*15*	**59**	59	**59**	59
Trade and other receivables:					
- amounts falling due within one year	*16*	**10,699**	13,319	**10,186**	12,822
- amounts falling due after more than one year	*16*	**-**	-	**31,274**	31,574
Investments	*17*	**64,589**	47,961	**64,589**	47,961
Cash and cash equivalents	*24*	**28,420**	33,452	**28,344**	33,411
		103,767	94,791	**134,452**	125,827
Less: Creditors: amounts falling due within one year	*18*	**(58,526)**	(61,874)	**(73,524)**	(76,122)
Net Current Assets		**45,241**	32,917	**60,928**	49,705
Total Assets less Current Liabilities		**293,273**	282,237	**308,949**	298,975
Creditors: amounts falling due after more than one year	*19*	**(113,146)**	(115,858)	**(128,672)**	(132,476)
Provisions					
Pension obligation	*20*	**(117,540)**	(89,884)	**(117,540)**	(89,884)
Other provisions	*21*	**(976)**	(976)	**(976)**	(976)
Total Net Assets		**61,611**	75,519	**61,761**	75,639

UNIVERSITY of GREENWICH

(Company Registration No. 986729)

CONSOLIDATED AND UNIVERSITY BALANCE SHEET (continued)

AS AT 31 JULY 2016

	Note	Group		University	
		2016	2015	**2016**	2015
		£'000	£'000	**£'000**	£'000
Restricted Reserves					
Income and expenditure reserve - endowment funds	*22*	**1,098**	1,102	**1,098**	1,102
Income and expenditure reserve - restricted reserve	*23*	**1,373**	385	**1,373**	385
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		**128,740**	115,888	**128,890**	116,008
Pension reserve	*20*	**(117,540)**	(89,884)	**(117,540)**	(89,884)
Revaluation Reserve		**47,940**	48,028	**47,940**	48,028
Total Reserves		**61,611**	75,519	**61,761**	75,639

The Financial Statements on pages 27 to 70 were approved by *the* Court on 28 November 2016 and signed on its behalf by:

Professor David Maguire, Vice-Chancellor

Mr Stephen Howlett, Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2016

	Note	2016 £'000	2015 £'000
Cash flow from operating activities			
Surplus for the year		**6,891**	6,148
Adjustment of non-cash items :-			
Depreciation	*12*	**7,818**	7,961
Loss on investments		**-**	150
Increase in stock		**-**	(7)
Decrease/(increase) in debtors	*16*	**2,620**	(2,072)
(Decrease)/increase in creditors		**(2,086)**	3,410
Increase in pension provision (excluding actuarial gain)	*20*	**4,334**	4,166
Adjustment for investing or financing activities:-			
Investment income	*5*	**(525)**	(476)
Interest payable	*11*	**8,576**	8,811
Endowment income	*6*	**(195)**	(17)
Net cash inflow from operating activities		**27,433**	28,074
Cash flows from investing activities			
Withdrawal from deposits		**(15,000)**	(13,764)
Investment income		**525**	476
Payments made to acquire fixed assets		**(9,229)**	(5,710)
		(23,704)	(18,998)
Cash flows from financing activities			
Interest paid - Bond	*11*	**(1,127)**	(1,183)
- Pension Scheme		**(2,984)**	(3,066)
Interest element of finance lease and service concession payments		**(4,500)**	(4,573)
Repayments of amounts borrowed		**(1,045)**	(1,015)
		(9,656)	(9,837)
Translation gains on currency bank accounts		**895**	25
Decrease in cash and cash equivalents in the year	*24*	**(5,032)**	(736)
Cash and cash equivalents at the beginning of the year		**33,452**	34,188
Cash and cash equivalents at the end of the year		**28,420**	33,452
		(5,032)	(736)

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000

1. Tuition fees and educational contracts

Full-time home and EU students	**93,020**	86,969	**93,020**	86,969
Part-time home and EU students	**7,142**	7,093	**7,142**	7,093
Overseas students	**27,441**	28,541	**27,441**	28,541
	127,603	122,603	**127,603**	122,603
Health Service contract	**14,862**	14,722	**14,862**	14,722
	142,465	137,325	**142,465**	137,325

2. Funding council grants

HEFCE:-				
Recurrent grant	**15,743**	18,163	**15,743**	18,163
Specific grants	**3,334**	4,573	**3,334**	4,573
Reimbursement of inherited liabilities	**333**	398	**333**	398
Deferred grant income	**1,029**	985	**1,029**	985
National College for Teaching and Leadership:-				
Recurrent grant	**251**	250	**251**	250
Other	**38**	75	**38**	75
	20,728	24,444	**20,728**	24,444

3. Research grants and contracts

Research Council	**876**	1,099	**876**	1,099
UK based charities	**475**	328	**475**	328
UK central govt\health & hospital authorities	**1,387**	1,847	**1,387**	1,847
European Commission	**3,071**	3,704	**3,071**	3,704
Other grants and contracts	**9,039**	6,299	**8,835**	5,977
	14,848	13,277	**14,644**	12,955

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
4. Other income				
Student residences and catering	**18,042**	18,050	**17,640**	17,411
Other revenue grants	**4,043**	4,029	**2,788**	2,679
Other income	**2,970**	2,992	**2,997**	3,318
	25,055	25,071	**23,425**	23,408
5. Investment Income				
Return on endowment funds	**16**	20	**16**	20
Other investment income	**509**	456	**509**	456
	525	476	**525**	476
6. Donations and endowments				
Endowments received	**18**	17	**18**	17
Donations with restrictions	**177**	71	**177**	71
	195	88	**195**	88
7. Staff				
(i) Staff Costs				
Salaries	**75,968**	74,716	**75,288**	74,169
Social Security costs	**7,072**	6,507	**6,997**	6,364
Pension costs	**13,915**	12,526	**13,800**	12,273
	96,955	93,749	**96,085**	92,806
	No.	No.	**No.**	No.
Average staff numbers by major category:-				
Academic and research	1,036	1,040	1,024	1,029
Administrative & technical support	1,186	1,135	1,177	1,127
Premises	43	43	43	43
Student residences	7	10	7	10
	2,272	2,228	**2,251**	2,209

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

7. Staff (continued)

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

	2016 No.	2015 No.
£100,001 - £110,000	**1**	1
£110,001 - £120,000	**6**	5
£120,001 - £130,000	**-**	1
£130,001 - £140,000	**2**	-
£150,001 - £160,000	**-**	1
£230,001 - £240,000	**1**	1

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

	2016 £	2015 £
Salary	**230,648**	229,167
Taxable benefit	**1,125**	1,402
Employers pension contribution	**35,659**	32,312
	267,432	262,881

(ii) Governors

No Governors received remuneration from the University in the year for serving in their capacity as Governors. Total expenses paid on behalf of Governors (one, 2015: two) for travel and subsistence was £355 (2015: £145).

The University operates interest-free loan schemes, available to all employees, for the purchase of travel season tickets and computers. No loans were made to Governors during the course of the year (2015: one).

(iii) Key management personnel

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

Key management personnel of the University are members of the Vice-Chancellors Group comprising the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellors, Chief Operating Officer, Director of Finance, University Secretary and Director of Human Resources. Their remuneration including employer national insurance and superannuation costs are included in Staff Costs (note 7), with overall costs as follows:

	2016 £'000	2015 £'000
Key management personnel remuneration	**1,780**	1,616

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

8. Severance costs

	Group		University	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Severance costs	**1,126**	1,172	**1,126**	1,172
	1,126	1,172	**1,126**	1,172

9. Directors

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

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

	Group		University	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
10. Other operating expenses				
Fees to other colleges	**8,267**	7,913	**8,267**	7,913
Student recruitment	**2,448**	2,384	**2,448**	2,384
Books and periodicals	**2,025**	1,923	**2,025**	1,923
Consumables and laboratory expenditure	**2,556**	2,302	**2,556**	2,302
Computers, software and IT maintenance contracts	**4,118**	5,206	**4,118**	5,206
Bursaries and scholarships	**8,526**	9,500	**8,526**	9,500
Students union subvention grant	**1,415**	1,262	**1,415**	1,262
Residence, catering and conferences	**9,717**	10,038	**8,127**	8,510
Rents, service charges, rates and insurance	**2,834**	2,650	**2,834**	2,650
Electricity, gas and water	**2,585**	2,590	**2,585**	2,590
Energy conservation	**39**	775	**39**	775
Building maintenance and repair	**6,554**	4,626	**6,554**	4,626
Security	**2,250**	2,259	**2,250**	2,259
Cleaning, caretaking and waste management	**2,222**	2,038	**2,222**	2,038
Publicity and advertising	**2,915**	2,597	**2,915**	2,597
Research and consultancy	**903**	1,196	**903**	1,196
Subcontractors' fees and expenses	**5,745**	2,970	**5,745**	2,970
Printed communication	**1,589**	1,832	**1,589**	1,832
Telephone and other communication costs	**429**	410	**429**	410
Legal and professional fees	**1,851**	1,511	**1,851**	1,511
Non-contracted and agency staff	**3,567**	3,628	**3,567**	3,628
Staff recruitment	**258**	166	**258**	166
Consultancy fees	**1,614**	1,902	**1,614**	1,902
Staff development	**928**	879	**928**	879
Subscriptions	**1,003**	927	**1,003**	927
Travel and subsistence	**1,972**	2,104	**1,972**	2,104
Transportation	**1,112**	1,079	**1,112**	1,079
Furniture and equipment	**1,059**	3,435	**1,059**	3,435
Pension increase payment	**349**	375	**349**	375
Other expenses	**1,600**	2,357	**1,122**	1,545
	82,450	82,834	**80,382**	80,494

Group other operating expenses are stated after charging:-

		2016	2015
Auditors' remuneration	- fees payable to the external auditors for the audit of the financial statements	**74**	63
	- fees payable to external auditors for other services:		
	- taxation services	**5**	6
	- other services	**4**	8
	- fees payable to internal auditors	**89**	74
	- fees payable to other audit firms	**16**	30
Rentals under operating leases	- equipment and vehicles	**525**	520
	- property: campuses	**1,557**	1,551
	- property: student residences	**963**	940

NOTES TO THE FINANCIAL STATEMENTS

11. Interest and other finance costs

	Group 2016 £'000	Group 2015 £'000	University 2016 £'000	University 2015 £'000
Loan interest	**1,127**	1,183	**1,127**	1,183
Finance lease interest				
(including service concession finance charge)	**4,500**	4,573	**5,613**	5,780
Currency losses on conversion	**(35)**	(11)	**(35)**	(11)
Net charge on pension schemes	**2,984**	3,066	**2,984**	3,066
	8,576	8,811	**9,689**	10,018

12. Fixed assets

(a) Group

	Freehold £'000	Lease-hold £'000	Service Concess-ions £'000	Equip-ment £'000	Vehicles £'000	Total £'000
Cost or Valuation						
At 1 August 2015	161,250	92,697	54,321	21,973	383	330,624
Additions	(351) *	4,851	-	2,030	-	6,530
At 31 July 2016	**160,899**	**97,548**	**54,321**	**24,003**	**383**	**337,154**
Depreciation						
At 1 August 2015	(21,310)	(35,219)	(7,018)	(17,472)	(323)	(81,342)
Charge for year	(2,196)	(2,325)	(1,070)	(2,208)	(19)	(7,818)
At 31 July 2016	**(23,506)**	**(37,544)**	**(8,088)**	**(19,680)**	**(342)**	**(89,160)**
Net Book Value						
At 31 July 2016	**137,393**	**60,004**	**46,233**	**4,323**	**41**	**247,994**
At 31 July 2015	139,940	57,478	47,303	4,501	60	249,282

* Credit of £351k reflects accrual in excess of Stockwell Street final account.

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets (continued)

(b) University

	Freehold £'000	Lease-hold £'000	Service Concess-ions £'000	Equip-ment £'000	Vehicles £'000	Total £'000
Cost or Valuation						
At 1 August 2015	161,250	92,697	54,321	21,623	383	330,274
Additions	(351) *	4,851	-	2,031	-	6,531
At 31 July 2016	**160,899**	**97,548**	**54,321**	**23,654**	**383**	**336,805**
Depreciation						
At 1 August 2015	(21,310)	(35,219)	(7,018)	(17,172)	(323)	(81,042)
Charge for year	(2,196)	(2,325)	(1,070)	(2,170)	(19)	(7,780)
At 31 July 2016	**(23,506)**	**(37,544)**	**(8,088)**	**(19,342)**	**(342)**	**(88,822)**
Net Book Value						
At 31 July 2016	**137,393**	**60,004**	**46,233**	**4,312**	**41**	**247,983**
At 31 July 2015	139,940	57,478	47,303	4,451	60	249,232

* Credit of £351k reflects accrual in excess of Stockwell Street final account.

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets (continued)

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

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

Depreciation of assets held under finance leases was £310,000 (2015: £310,000). The net book value of these assets was £9,610,000 (2015: £9,920,000).

13. Service concessions

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

The University has two service concessions reflected on its Balance Sheet: Avery Hill Student Village (through its subsidiary company Greenwich Property Limited) for the construction of 662 en-suite student bedrooms and the provision of facilities management services for 30 years from 1996; and Daniel Defoe Halls, a 358 en-suite student residence opened in 2014 with provision of facilities management services for 35 years.

The assets and liabilities of both schemes are recognised in the Group’s balance sheet.

Movement in service concession assets and liabilities:-

The asset value of the service concessions included in the Balance Sheet as at 31 July 2016 is £46,233,009 (2015: £47,303,442). The movement is due to depreciation of £1,070,433 (2015: £1,070,433).

The total liabilities relating to service concessions included in the Balance Sheet as at 31July 2016 is £51,901,095 (2015: £51,985,105). The movement is due to interest in the year of £3,668,037 (2015: £3,744,087), less repayments of £3,960,711 (2015: £3,689,578).

Future commitments:-

The future commitments on service concessions are as follows:

	Payable in 1 year £'000	Payable in 2-5 years £'000	More than 5 years £'000	Total £'000
Liability repayments	1,624	4,164	46,113	51,901
Finance charge	3,639	14,033	57,987	75,659
	5,263	**18,197**	**104,100**	**127,560**

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

14. Investments

(i) Investments :-

	Group		University	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Shares in CVCP Properties Plc	**38**	38	**38**	38
	38	38	**38**	38

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

	University	
	2016	2015
	£	£
Investment in subsidiaries at cost		
Greenwich University Enterprises Limited	**2**	2
Greenwich Property Limited	**2**	2
	4	4

(ii) Investment in subsidiary companies:-

Greenwich University Enterprises Limited

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Greenwich University Enterprises Limited incorporated in the UK and whose principal activities are the provision of consultancy services, analytical testing, events / short lets and software sales. The results for the year ended 31 July 2016 are consolidated in these financial statements with those of the University. Greenwich University Enterprises Limited has equity shareholding in the following spin off companies:-

a. 7,000 ordinary shares (4.75%) in Toximet Limited. Toximet Limited entered administration on 13 November 2015. The shares were written down to zero in the year to 31 July 2015.
b. 20 ordinary shares (18.1%) in Carbon8 Systems Limited.

Greenwich Property Limited

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Greenwich Property Limited, a company registered in England and operating in the UK. Its principal activity is to facilitate the provision of student accommodation for the benefit of the University's students. The results for the year ended 31 July 2016 are consolidated in these financial statements with those of the University.

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

14. Investments (continued)

(iii) Other arrangements:-

The Laurel Trust (formerly Southern Educational Leadership Trust): The University is one of seven members of The Laurel Trust, a company limited by guarantee. The principal activity of the company is the promotion of leadership training in the education sector. The company was incorporated on 7 April 2006, and is not consolidated in the financial statements.

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

AIRTO Limited: The University became a member of AIRTO Limited 1st July 2012. AIRTO Limited is the Association of Independent Research and Technology Organisations the foremost membership body for organisations operating in the UK's intermediate research and technology sector.

GOETEC Limited: The University is one of five equal partners in GOETEC Limited, a company limited by guarantee. The company's vision is to represent the ICT interest of the higher education, further education and research communities and to develop, promote and provide ICT related shared services. The results are not included in the Group's accounts as they are not material.

15. Stock

	Group		University	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Catering consumables	**59**	59	**59**	59

16. Trade and other receivables

	Group		University	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Due within one year				
Trade receivables	**8,065**	8,845	**7,715**	8,502
Research grants receivables	**161**	296	**161**	296
Other receivables	**234**	650	**72**	500
Prepayments and accrued income	**2,180**	3,025	**2,179**	3,021
Amounts due from HEFCE / NCTL	**59**	503	**59**	503
	10,699	13,319	**10,186**	12,822
Due in more than one year				
Amounts due from subsidiaries	**-**	-	**31,274**	31,574
	10,699	13,319	**41,460**	44,396

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

17. Current asset investments

	Group 2016 £'000	Group 2015 £'000	University 2016 £'000	University 2015 £'000
Equities and investment funds	**14,599**	12,974	**14,599**	12,974
Charities Official Investment Fund (COIF) shares	**78**	75	**78**	75
Debt service reserve (University bond) - note 19	**2,412**	2,412	**2,412**	2,412
Short term deposits	**47,500**	32,500	**47,500**	32,500
	64,589	47,961	**64,589**	47,961

The market value of listed equities and investment funds at 31 July 2016 was £14.599m (2015: £12.974m).

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

At 31 July 2016 the weighted average interest rate of fixed rate deposits was 1.05% (2015: 0.96%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 191 days (2015: 208 days). The fair value of these deposits was not materially different from the book value.

18. Creditors: Amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	University 2016 £'000	University 2015 £'000
Secured loan - Bond	**983**	923	**983**	923
Unsecured loan - HEFCE Revolving Fund	**122**	122	**122**	122
Service concessions (note 13)	**1,624**	985	**901**	576
Obligations under finance leases	**804**	787	**804**	787
Trade payables	**7,125**	7,237	**7,108**	7,223
Amounts owed to subsidiaries	**-**	-	**16,980**	16,435
Social security and other taxation payable	**2,318**	2,216	**2,318**	2,210
Other creditors	**8,519**	10,086	**8,486**	9,805
Accruals and deferred income	**37,031**	39,518	**35,822**	38,041
	58,526	61,874	**73,524**	76,122

Accruals and deferred income of £37.0m (2015: £39.5m) include the following deferred revenues that have specific performance related conditions that will be met in future accounting periods.

	Group 2016 £'000	Group 2015 £'000	University 2016 £'000	University 2015 £'000
Research grants received on account	**7,757**	7,163	**7,598**	6,944
Grant income	**1,606**	1,532	**1,606**	1,532
Donations	**1,000**	-	**1,000**	-
Other income	**3,055**	3,338	**2,081**	2,081
	13,418	12,033	**12,285**	10,557

NOTES TO THE FINANCIAL STATEMENTS

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

	Group		University	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Deferred grants	**31,706**	32,619	**31,706**	32,619
Service concessions (note 13)	**50,277**	51,000	**37,000**	37,000
Obligations under finance lease (note 25)	**14,993**	14,964	**14,993**	14,964
Loans				
Secured loan - Bond	**16,048**	17,031	**16,048**	17,031
Unsecured loan - HEFCE Revolving Fund	**122**	244	**122**	244
Unsecured loan - Greenwich Property Limited	**-**	-	**28,803**	30,618
	113,146	115,858	**128,672**	132,476

Loans - Analysis of repayments:-

	Group 2016	Group 2015	University 2016	University 2015
Repayable between one and two years				
Secured loan - Bond	**1,046**	982	**1,046**	982
Unsecured loan - HEFCE Revolving Green Fund	**122**	122	**122**	122
	1,168	1,104	**1,168**	1,104
Repayable between two and five years				
Secured loan - Bond	**3,562**	3,345	**3,562**	3,345
Unsecured loan - HEFCE Revolving Green Fund	**-**	122	**-**	122
	3,562	3,467	**3,562**	3,467
Repayable after five years				
Secured loan - Bond	**11,440**	12,704	**11,440**	12,704
Unsecured Loan - Greenwich Properties Limited	**-**	-	**28,803**	30,618
	11,440	12,704	**40,243**	43,322
	16,170	17,275	**44,973**	47,893

In September 1996, Greenwich Property Limited made a loan to the University with an interest rate of 8% per annum repayable in variable amounts over a 30 year period. At 31 July 2016 £28.8m was outstanding.

Bond

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

AMBAC Assurance UK Limited guarantees re-payments of interest and principal, for which guarantee the University paid a premium covering the 30-year period. The University is required to maintain a debt service reserve comprising cash, or cash equivalents, sufficient to meet two bond repayment instalments. 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 and service concessions. There is a negative pledge over other assets.

NOTES TO THE FINANCIAL STATEMENTS

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

In line with the requirements of Section 11 of FRS 102 (Basic Financial Instruments), the outstanding value of the bond is stated in these financial statements at amortised cost using the effective rate method. At 31 July 2016, the market price of the bond as quoted on the Luxembourg Stock Exchange was £122.40 per £100 unit (2015: £119.13 per £100 unit).

20. Pension provisions (Group and University)

	Group and University			
	Defined Benefit Scheme (note 27)	USS Pension Deficit	Enhanced Pensions	Total
	£'000	£'000	£'000	£'000
At 1 August 2015	83,793	326	5,765	89,884
Staff Cost	819	-	-	819
Admin Cost	212	-	-	212
Interest cost	2,978	-	55	3,033
Payments in year	-	-	(233)	(233)
Revaluation of enhanced pension liability	-	-	462	462
Actuarial loss	23,322	-	-	23,322
Increase in provision	-	41	-	41
At 31 July 2016	**111,124**	**367**	**6,049**	**117,540**

The enhanced pension provision of £6.0m is in respect of enhanced superannuation entitlements of former employees whose services were severed under a voluntary severance arrangement available at the relevant time. This provision was revalued during the year using actuarial tables from the Government Actuary's Department. The net interest rate used was 0.5% resulting in a £0.5m (2015: 0.6m) increase in the provision.

21. Other provisions (Group and University)

	£'000
At 1 August 2015	976
At 31 July 2016	**976**

Other provisions of £0.976m (2015: 0.976m) are solely in relation to a decontamination provision for the former pyrotechnic site at North Dartford that was acquired by the University some years ago and is currently earmarked for disposal. A number of studies have been commissioned to establish the degree of contamination of the site and the cost of decontamination. A study commissioned in 2007 carried out by a firm of consultant engineers estimated its decontamination cost (assuming disposal for commercial usage). The £1m provision falls within the range of this estimate.

NOTES TO THE FINANCIAL STATEMENTS

22. Endowment Reserves (Group and University)

	Restricted Permanent £'000	Restricted Expendable £'000	2016 Total £'000	2015 Total £'000
Balances at 1 Aug 2015				
Capital	248	55	**303**	371
Accumulated income	213	586	**799**	773
	461	641	**1,102**	1,144
New endowments	-	18	**18**	17
Investment income	9	7	**16**	20
Expenditure	(7)	(35)	**(42)**	(84)
Transfers	-	-	**-**	-
	2	(28)	**(26)**	(64)
Increase in market value	4	-	**4**	5
At 31 July 2016	467	631	**1,098**	1,102
Represented by:				
Capital	300	56	**356**	303
Accumulated income	167	575	**742**	799
	467	631	**1,098**	1,102
Analysis by type of purpose:				
Scholarships and bursaries	437	460	**897**	900
Prize funds	30	22	**52**	53
General	-	149	**149**	149
	467	**631**	**1,098**	1,102

23. Restricted Reserves (Group and University)

	2016 £'000	2015 £'000
Balances at 01 August 2015	**385**	398
New donations	**1,151**	83
Expenditure	**(163)**	(96)
At 31 July 2016	**1,373**	385

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

24. Cash and cash equivalents

	1 August 2015 £'000	Cash Flows £'000	Non-cash changes £'000	31 July 2016 £'000
Cash and cash equivalents	33,452	(5,032)	-	**28,420**
Total	33,452	(5,032)	-	**28,420**

25. Lease obligations

	Group		**University**	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Finance lease obligations:-				
Payable within one year	**804**	787	**804**	787
Payable between two and five years inclusive	**1,043**	1,014	**1,043**	1,014
Payable after five years	**13,950**	13,950	**13,950**	13,950
	15,797	15,751	**15,797**	15,751
Operating lease obligations:-				
Leasehold properties				
Payable within one year	**2,520**	2,418	**2,520**	2,418
Payable between two and five years inclusive	**10,080**	9,672	**10,080**	9,672
Payable after five years	**201,121**	203,539	**201,121**	203,539
	213,721	215,629	**213,721**	215,629
Equipment				
Payable within one year	**435**	434	**435**	434
Payable between two and five years inclusive	**269**	293	**269**	293
	704	727	**704**	727

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

26. Capital commitments

Provision has not been made for the following capital commitments at 31 July 2016:

Commitments contracted at 31 July 2016	**843**	125	**843**	125
Authorised but not contracted at 31 July 2016	**30,521**	-	**30,521**	-
	31,364	125	**31,364**	125

The total commitments are comprised of the Dreadnought Student Hub, £26.456m, and development of Cutty Sark and Devonport halls of residence, £4.908m.

NOTES TO THE FINANCIAL STATEMENTS

27. Contributions to Pension Funds

The University participates in four active pensions schemes: the Teachers' Pension Scheme (TPS), the London Pensions Funds Authority (LPFA), Universities Superannuation Scheme (USS) and the National Employee Savings Trust (NEST). The TPS and LPFA are defined benefit schemes, whose financial position, income and expenditure are disclosed in their annual audited financial statements. The employers' contribution rates are reviewed periodically based on actuarial valuations.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) provides pensions to teachers who have worked in schools and other establishments in England and Wales. The Scheme is an unfunded statutory public service pension scheme with the benefits underwritten by the Government. It is a multi-employer defined benefits scheme and it is not possible or appropriate to identify the liabilities of the TPS, which are attributable to the University. As required by FRS102, the University accounts for the scheme on a defined contribution basis. The Scheme is financed by payments from the employer and from those current employees who are members of the Scheme, who pay contributions at different rates, which depend on their salaries. The rate of employer contributions is typically set following an actuarial valuation.

The most recent valuation of the Scheme took place at 31 March 2012 (published June 2014). The report revealed total Scheme liabilities for service to the valuation date of £191.5bn and notional assets of £176.6bn, giving a notional past service deficit of £15.0bn. Based on the detailed valuation analysis, the employer contribution rate was increased from 1 September 2015 to 16.4% of pensionable pay.

The next valuation of the Scheme will be carried out as at 31 March 2016 (to be published 2017). This will set the employer contribution rate payable from 1 April 2019, determine the opening value of the cost cap fund and provide the cost cap analysis as required by the Directions for future valuations.

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

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

London Pensions Fund Authority (LPFA)

The London Pensions Fund Authority Scheme falls within the Local Government Pension Scheme regulations. It provides superannuation benefits for administration and technical staff.
The most recent actuarial valuation of the Scheme took place as at 31 March 2013. The total value of the Fund as at 31 March 2013 was £4,695m.

The main actuarial assumptions used in the 2013 valuation were:

Consumer Price Inflation (CPI)	2.7%
Discount Rate	5.9%
Annual rate of pay increases	4.5%
Annual rate of pension increases	2.7%

An actuarial valuation of the Scheme at 31 March 2016 is in progress, with the outcome expected in early 2017.

NOTES TO THE FINANCIAL STATEMENTS

27. Contributions to Pension Funds (continued)

London Pensions Fund Authority (LPFA) (continued)

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

The University's contribution rate has been assessed at 16% plus an additional lump sum payment of £2.428m p.a. for past service costs.

Pension costs are charged to the Statement of Comprehensive Income in the year to which the salaries on which they are payable relate. Other creditors include £737,436 (2015: £698,096) payable to the London Pensions Fund Authority in respect of the University's pension contributions on July 2016 salaries.

The following disclosures in relation to LPFA are a requirement of FRS102.

Assumptions as at:-	**31 July 2016**	31 July 2015	31 July 2014
	Nominal % pa	Nominal % pa)	Nominal % pa)
RPI increases	**3.0%**	3.4%	3.4%
CPI increases	**1.9%**	2.5%	2.6%
Salary increases	**2.9%**	3.9%	4.4%
Pension increases	**1.9%**	2.5%	2.6%
Discount rate	**2.5%**	3.7%	4.2%

Mortality Assumptions:-
The post retirement mortality is based on Club Vita analysis. These base tables are then projected using the CMI 2012 model, allowing for a long term rate of improvement of 1.5% per annum.

	2016		2015	
	Males	**Females**	Males	Females
Current Pensioners	**22.0**	**25.1**	21.9 years	25.0 years
Future Pensioners	**24.4**	**27.4**	24.3 years	27.3 years

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

27. Contributions to Pension Funds (continued)

London Pensions Fund Authority (LPFA) (continued)

The asset allocation for the University as at 31 July 2016 was as follows:

Asset Class	**Fair Value at 31 July 2016 £'000**	Fair Value at 31 July 2015 £'000
Equities	**77,811**	62,406
Target return portfolio	**36,775**	27,420
Cash	**6,291**	18,217
Liability Driven Investments	**13,216**	20,406
Commodities	**808**	634
Property	**5,654**	4,431
Infrastructure	**10,685**	7,577
Total	**151,240**	141,091

The return on the fund (on a bid to bid value basis) for the year to 31 July 2016 is estimated to be 5%. Based on the above, the University's share of the assets of the Fund is approximately 3%.

Analysis of the amount shown in the balance sheet	**2016 £'000**	2015 £'000
Present value of defined benefit obligation	**(261,955)**	(224,479)
Fair value of Fund assets (bid value)	**151,240**	141,091
Deficit	**(110,715)**	(83,388)
Present value of unfunded obligations	**(409)**	(405)
Deficit in scheme- net pension liability	**(111,124)**	(83,793)

Analysis of the amount that is debited to finance costs

Interest cost	**8,249**	8,693
Expected return on employer assets	**(5,271)**	(5,631)
Net cost	**2,978**	3,062

Analysis of the amount recognised in the Statement of Comprehensive Income and Expenditure

Actual return less expected return on pension scheme deficits	**2,311**	410
Experience (loss) / gain	**(3)**	30
Changes in assumptions underlying the present value of the scheme liabilities	**(25,630)**	(4,785)
Actuarial loss	**(23,322)**	(4,345)

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

27. Contributions to Pension Funds (continued)

London Pensions Fund Authority (LPFA) (continued)

	2016	2015
	£'000	£'000
Movement in deficit during the year		
Deficit at beginning of the year	**(83,793)**	(75,732)
Current service cost	**(7,499)**	(6,357)
Employer contributions	**6,701**	6,481
Contributions in respect of unfunded benefits	**34**	34
Impact of settlements and curtailments	**(55)**	(613)
Administration expenses	**(212)**	(199)
Net return on assets	**(2,978)**	(3,062)
Actuarial loss	**(23,322)**	(4,345)
Deficit at end of year	**(111,124)**	(83,793)

	2016	2015
Analysis of the movement in the present value of the scheme liabilities		
Opening defined benefit obligation	**224,884**	208,647
Current service cost	**7,499**	6,357
Interest cost	**8,249**	8,693
Contributions by members	**1,992**	1,885
Change in financial assumptions	**25,630**	4,785
Experience loss / (gain) on on defined benefit obligation	**3**	(30)
Losses on curtailments	**55**	613
Unfunded benefits payments	**(34)**	(34)
Estimated benefits paid net of transfers in	**(5,914)**	(6,032)
Closing defined benefit obligation	**262,364**	224,884

	2016	2015
Analysis of the movement in the market value of the scheme assets		
Opening fair value of employer assets	**141,091**	132,915
Interest on assets	**5,271**	5,631
Return on assets less interest	**2,311**	410
Administration expenses	**(212)**	(199)
Contributions by members	**1,992**	1,885
Contributions by the employer including unfunded	**6,735**	6,515
Estimated benefits paid plus unfunded net of interest in	**(5,948)**	(6,066)
Closing fair value of employer assets	**151,240**	141,091

NOTES TO THE FINANCIAL STATEMENTS

27. Contributions to Pension Funds (continued)

London Pensions Fund Authority (LPFA) (continued)

Analysis of projected amount to be charged to operating profit for the year to 31 July 2017:-

	£'000	
Estimated current service cost & total operating charge *(A)*	8,788	
Expected return on employer assets	5,271	
Interest on pension scheme liabilities	(8,191)	
Net return *(B)*	(2,920)	
Expected net I&E account cost *(A – B)*	11,708	*

* Includes employer conributions of £6,858k.

The actuarial calculations are based on the following assumptions:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

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

The pension charge for the year includes an amount in respect of enhanced pension entitlements of staff taking early retirement under voluntary severance arrangements. Provision was made for the cost of early retirement, based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 0.5% in excess of price inflation.

The Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administrated by the trustee, Universities Superannuation Scheme Limited. The scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other Universities' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme.

The latest triennial actuarial valuation of the scheme was at 31 March 2014. At this date there was a funding shortfall of £5.3bn, equivalent to a funding level of 89%. The actuary carries out regular reviews of the funding levels and the updated position as at 31 March 2015 was a shortfall of £8.2bn, equivalent to a funding level (the ratio of assets to liabilities) of 86%. The deterioration in the Scheme's funding level since the 2014 valuation is mainly due to the effect of falling gilt yields, offset to some degree by higher than expected investment returns on the Scheme's assets over the year.

As part of the 2014 valuation, the Trustee determined, after consultation with Universities UK, a recovery plan to pay off the shortfall by 31 March 2031.

NOTES TO THE FINANCIAL STATEMENTS

27. Contributions to Pension Funds (continued)

The Universities Superannuation Scheme (continued)

The employers' contributions to 31st March 2016 is 16% of salaries less the employer future service cost of accrual and the expenses of administering the scheme including PPF (Pension Protection Fund) levies. On the assumptions made, this gives rise to a deficit contribution of 0.7% p.a. of salaries over this period. For the period from 1 April 2016 to 31 March 2031 the employers' deficit contribution was increased to 18% of salaries less the employer future service cost of accrual and the expenses of administering the scheme including PPF levies. This, together with the change from a Final Salary Scheme to a Career Revalued Benefits Scheme (CRB) gives rise to deficit contributions of at least 2.1% p.a. of salaries over the period to 31 March 2031.

From April 2016 the following key changes were implemented:

- For Final Salary section members – accrued entitlement up to 31 March 2016 is now calculated using pensionable salary and pensionable service immediately prior to this date. Going forwards, those accrued benefits will revalue in line with increases in official pensions which for the purposes of this valuation is assumed to be in line with CPI (subject to certain limits when CPI exceeds 5%).
- Future defined benefit accrual after 1 April 2016 will be on a CRB (Career Revalued Benefits) basis for all members with a pension accrual of 1/75th – and a cash lump sum of 3/75ths - of salary for each year of service in respect of salary up to a salary threshold, initially £55,000 per annum.
- Member contributions increased to 8% of salary.
- A new defined contribution benefit for salary in excess of the salary threshold, at a total level of 20% of salary in excess of the salary threshold (including member contributions of 8% of salary in excess of the salary threshold).
- Optional additional contributions payable into defined contribution section of which the first 1% of salary is to be matched by the Employer.

The next actuarial valuation will take place with an effective date no later than 31 March 2017. The Scheme is subject to some potentially material risks that are, to an extent, outside the Trustee’s control, but could affect the funding level. Any material worsening of the funding level will mean more contributions are needed (either at an increased rate or at the same rate over a longer period) to be able to provide the benefits built up in the Scheme – unless experience acts in other ways to improve the funding level. The Trustee has developed parameters for managing the acceptable levels of risk, its “Financial Management Plan”, which sets out in detail the interaction of its assessment of the employer’s covenant, investment strategy and funding and the level of risk that it is prepared to operate within. It has also put in place governance and procedural structures to monitor and maintain the plan.

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

FRS102 requires deficit recovery plans for multi-employer schemes such as USS to be recognised as a provision for a liability. The initial liability and any increases are charged to the Income Statement, recorded as a liability on the balance sheet and unwound over time as the liability is discharged. An amount of £367k is included within the University’s pension provision (note 20) for USS and the increase in the provision for 2015-16 of £41k has been charged to Staff Costs (note 7).

NOTES TO THE FINANCIAL STATEMENTS

27. Contributions to Pension Funds (continued)

Pension Contributions

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

	2016	2015
	£'000	£'000
TPS	**6,163**	5,373
USS	**214**	344
LPFA	**7,523**	6,801
NEST	**15**	8
Total pension costs **(note 7)**	**13,915**	12,526

28. Taxation

UK corporation tax:-		
Greenwich University Enterprises Limited	-	6
Greenwich Property Limited	-	-
	-	6

29. Contingent liabilities

The University is a member of U. M. Association Limited (UMAL) for cover against property and business interruption terrorism risks. UMAL is a discretionary Mutual Association owned by over 150 Higher Education and Further Education Institutions. It was formed to provide an alternative to traditional insurance. By self-managing the pool created by retaining funds in respect of such claims, the Members have gained control of costs, pricing and the cover provided. Traditional insurance is purchased in the general insurance market by the Association for catastrophe claims. No claims from the University of Greenwich, or any other member, have been made during the year ended 31st July 2016 in respect of terrorism risks.

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

30. Post Balance Sheet Events

There were no post balance sheet events.

31. Related party transactions

(i) Subsidiary companies

Related party transactions between the University and its wholly owned subsidiaries are not disclosed in these financial statements under an specific exemption allowed by FRS 102 Section 33 (Related Party Disclosures).

NOTES TO THE FINANCIAL STATEMENTS

31. Related party transactions (continued)

(ii) Other matters

The University is one of five equal partners in GOETEC Limited, a company formed on 1 April 2002, and limited by guarantee, maintaining microwave radio links between HE institutions in Kent. In the year to 31st July 2016 the University received NIL (2015: NIL) from GOETEC and paid GOETEC Limited £23,862 (2015: £25,646) with no balance outstanding at the year end (2015: NIL).

The president of the Students' Union, University of Greenwich is a member of the University's Court. The University paid a subvention grant to the Students' Union of £1,142,600 in the year (2015: £1,020,000).

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.

32. The National College for Teaching and Leadership

	1 Aug 2015 £'000	**Rec'd In Year £'000**	**Disbursed £'000**	**31 July 2016 £'000**	31 July 2015 £'000
ITT Training bursaries	(453)	2,393	(1,951)	**(11)**	(453)
LLN bursaries	(1)	156	(156)	**(1)**	(1)
Early Years bursaries	6	12	(18)	**-**	6
SKE bursaries	41	56	(102)	**(5)**	41
Early Years employers fees	7	49	(49)	**7**	7
	(400)	2,666	(2,276)	**(10)**	(400)

NCTL bursaries are available solely for students with the University acting as the paying agent. These funds and related disbursements are excluded from the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments - Group

(i) Overview

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

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

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

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

The powers of the University to raise funds, and enter into hedging arrangements, are controlled by the University's Memorandum of Association, its Financial Memorandum with HEFCE, and the Charities Acts. Powers to invest surplus funds are restricted by the Trustee Act 2000, and by regulations of the University's Finance Committee.

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

Categories of financial instruments	**Group**		**University**	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Financial assets				
Equities and investment funds	**14,599**	12,974	**14,599**	12,974
Loans and receivables:				
Receivables (excludes prepayments)	**8,519**	10,294	**8,007**	9,801
Amounts owed by subsidiaries	**-**	-	**31,274**	31,574
Cash and cash equivalents	**78,332**	68,364	**78,256**	68,323
	101,450	91,632	**132,136**	122,672
Financial liabilities				
Trade & other payables (excludes deferred income)	**17,962**	19,539	**17,912**	19,238
Loan - HEFCE Revolving Fund	**244**	366	**244**	366
Bond	**17,031**	17,954	**17,031**	17,954
Service concession arrangements	**51,901**	51,985	**37,901**	37,576
Finance lease	**15,797**	15,751	**15,797**	15,751
Loan - Greenwich Property Limited	**-**	-	**28,803**	30,618
	102,935	105,595	**117,688**	121,503

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

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments - Group (continued)

(ii) *Liquidity risk*

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. This risk is managed by ensuring the timely recovery of funds owed to the Group, forecasting cash requirements and matching requirements to maturity dates of deposits.

Under the terms of the University's bond, the Group is required to maintain a ratio of current assets to current liabilities at not less than 1:1. It is also required to retain 12 months of bond servicing cost, (currently £2.4m), in a charged account and to maintain a minimum cash balance (including fixed term and bank deposits) of the higher of £5m or 10% of the group's total expenditure.

The Group has no undrawn borrowing facilities.

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

	Trade & other payables £'000	HEFCE Green Loan £'000	Bond £'000	Service Concess-ions £'000	Finance lease £'000
As at 31st July 2016					
In one year or less or on demand	17,962	122	2,050	5,262	1,640
In more than one year but not more than two years	-	122	2,050	4,437	1,659
In more than two years but not more than five years	-	-	6,151	13,760	2,731
In more than five years	-	-	14,353	104,101	29,480
	17,962	244	24,604	127,560	35,510
As at 31st July 2015					
In one year or less or on demand	19,539	244	2,050	4,861	1,819
In more than one year but not more than two years	-	122	2,050	4,362	1,874
In more than two years but not more than five years	-	-	6,151	13,535	5,964
In more than five years	-	-	16,405	108,762	13,640
	19,539	366	26,656	131,520	23,297

(iii) Credit risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments - Group (continued)

(iii) *Credit risk (continued)*

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

	Total £'000	0 to 6 Months £'000	7 to 12 Months £'000	More than 1 Year £'000
As at 31st July 2016				
Accommodation	275	275	-	-
Commercial	7,118	6,878	240	-
Tuition	322	322	-	-
	7,715	**7,475**	**240**	**-**
As at 31st July 2015				
Accommodation	250	250	-	-
Commercial	8,220	7,031	1,189	-
Tuition	375	375	-	-
	8,845	**7,656**	**1,189**	**-**

Commercial debtors not due at 31 July 2016, net of bad debt provision, were £3,770k (2015: £3,949k).

(iv) Interest rate risk

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

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

	As at 31 July 2016			As at 31 July 2015		
	Total £'000	**Floating /fixed**	**Weighted interest rate**	Total £'000	Floating /fixed	Weighted interest rate
Financial assets:-						
Equities and investment funds	**14,599**	**-**	**-**	12,974	-	-
Debt service reserve	**2,412**	**Fixed**	0.40%	2,412	Fixed	0.69%
Fixed term & notice bank deposits Sterling	**47,500**	**Floating**	1.05%	32,500	Floating	0.96%
	64,511			47,886		

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments - Group (continued)

(iv) Interest rate risk (continued)

	As at 31 July 2016			As at 31 July 2015		
	Total £'000	**Floating /fixed**	**Weighted interest rate**	Total £'000	Floating /fixed	Weighted interest rate
Financial liabilities:-						
Loan - HEFCE Green Fund	**244**	**-**	-	366	-	-
Bond	**17,031**	**Fixed**	**6.97%**	17,954	Fixed	6.97%
Avery Hill Student Village lease	**14,000**	**Fixed**	**8.00%**	14,000	Fixed	8.00%
	31,275			32,320		

(v) Currency risk

Currency risk is the risk that currency rate fluctuations will adversely impact the Group's income or expenditure or the value of its financial instruments.

Approximately 60% of the Group's research and consultancy contracts are denominated in foreign currencies. The Group's policy is to mitigate currency exposures on contracts by reviewing currency risk as part of its risk assessment on these contracts. Where appropriate a contingency is built into the contract price, and subcontracting is priced in the currency of the contract. All other turnover is denominated in sterling.

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

	Assets		Liabilities	
Currency	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Sterling	**89,586**	82,881	**102,935**	105,595
EURO	**4,387**	2,505	-	-
US $	**6,906**	6,233	-	-
Other	**571**	13	-	-
	101,450	91,632	**102,935**	105,595

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

(vi) Fair values of financial instruments

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

The fair values of the Group's financial instruments are equal to book values except for the bond which is stated at amortised cost (see Note 19).

NOTES TO THE FINANCIAL STATEMENTS

34. Transition to FRS 102 and the 2015 SORP

These are the first financial statements prepared under FRS 102 and the 2015 SORP. The accounting policies on pages 27 to 33 were applied in their preparation that includes the restatement of the 2014 opening position and the 2015 comparatives. The main changes arising on the introduction of FRS102 and the 2015 SORP pertain to following, with impact of these changes on Reserves, the Balance Sheet, Statement of Comprehensive Income and Cash flows summarised in the tables below:-

- Employee benefits - establishing accrual for unutilised staff holiday pay.
- Non-government capital grants - recognised in income when conditions attaching to the grants are met (performance model).
- Service concession arrangements used in financing student residence developments with those meeting defined criteria brought onto the balance sheet. The open book value of the Cutty Sark student residence development was not available. Its fair value brought onto the balance sheet is therefore the subject of managerial judgement and is assessed as the present value of lease payments across the period of the finance agreement.
- Donations and endowments - now classified as non-exchange transactions and accounted for under the performance model.
- Defined benefit pension scheme- the calculation of the return on plan assets is now calculated using the same discount rate as for liabilities.

Notes on effect of FRS 102 on the Consolidated and University Reserves for the year ended ***2014***

			Restricted Reserves		Unrestricted Reserves		
	Deferred capital grants	Endowments	Endowm-ent fund	Restricted	Unrestric-ted	Revaluat-ion	Pension reserve
	£'000	£'000	£'000	£'000	£'000	£'000	
<u>Group</u>							
2007 SORP	34,881	1,330	-	-	107,434	7,316	(75,732)
<u>Effect of transition to FRS 102:</u>							
Deferred capital grants	(34,835)						
Deferred capital grants to I&E	(46)				46		
Pension reserve					-		-
Endowments		(1,330)	1,330				
Restricted reserve			(186)	382	(382)		
Land revaluation						40,800	
Finance lease:							
- fixed assets					10,230		
- liabilities					(15,661)		
Holiday pay accrual					(2,675)		
USS pension provision					(106)		
2015 SORP	-	-	1,144	382	98,886	48,116	(75,732)
<u>University</u>							
2007 SORP	34,881	1,330	-	-	107,417	7,316	(75,732)
<u>Effect of transition to FRS 102:</u>							
Deferred capital grants	(34,835)						
Deferred capital grants to I&E	(46)				46		
Pension reserve					-		-
Endowments		(1,330)	1,330				
Restricted reserve			(186)	382	(382)		
Land revaluation						40,800	
Finance lease:							
- fixed assets					10,230		
- liabilities					(15,661)		
Holiday pay accrual					(2,675)		
USS pension provision					(106)		
2015 SORP	-	-	1,144	382	98,869	48,116	(75,732)

NOTES TO THE FINANCIAL STATEMENTS

34. Transition to FRS 102 and the 2015 SORP (continued)

*Notes on effect of FRS 102 on the Consolidated and University Reserves for the year ended **2015***

			Restricted Reserves		Unrestricted Reserves		
	Deferred capital grants	Endowments	Endowment fund	Restricted	Unrestricted	Revaluation	Pension reserve
	£'000	£'000	£'000	£'000	£'000	£'000	
Group							
2007 SORP	33,719	1,288	-	-	119,018	7,228	(83,793)
Effect of transition to FRS 102:							
Deferred capital grants	(33,697)						
Deferred capital grants to I&E	(22)				22		
Pension reserve (reclassified)					6,091		(6,091)
Endowments		(1,288)	1,288				
Restricted reserve			(186)	385	(385)		
Land revaluation						40,800	
Finance lease:							
- fixed assets					9,920		
- liabilities					(15,751)		
- interest payable					(873)		
- operating cost					873		
Holiday pay accrual					(2,701)		
USS pension provision					(326)		
2015 SORP	-	-	1,102	385	115,888	48,028	(89,884)
University							
2007 SORP	33,719	1,288	-	-	119,138	7,228	(83,793)
Effect of transition to FRS 102:							
Deferred capital grants	(33,697)						
Deferred capital grants to I&E	(22)				22		
Pension reserve (reclassified)					6,091		(6,091)
Endowments		(1,288)	1,288				
Restricted reserve			(186)	385	(385)		
Land revaluation						40,800	
Finance lease:							
- fixed assets					9,920		
- liabilities					(15,751)		
- interest payable					(873)		
- operating cost					873		
Holiday pay accrual					(2,701)		
USS pension provision					(326)		
2015 SORP	-	-	1,102	385	116,008	48,028	(89,884)

UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

34. Transition to FRS 102 and the 2015 SORP (continued)

*Notes on effect of FRS 102 on the Consolidated and University **Balance Sheet** for the year ended 31 July **2014***

	Group			University		
	2007 SORP £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000	2007 SORP £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000
Non-current assets						
Tangible assets	162,206	51,030	213,236	162,116	51,030	213,146
Investments	188	-	188	38	-	38
	162,394	51,030	213,424	162,154	51,030	213,184
Endowment assets	1,330	(1,330)	-	1,330	(1,330)	-
Current Assets						
Stock	52	-	52	52	-	52
Trade and other receivables	11,614	-	11,614	42,603	-	42,603
Investments	58,656	(25,307)	33,349	58,656	(26,637)	32,019
Cash and cash equivalents	7,551	26,637	34,188	7,431	26,637	34,068
	77,873	1,330	79,203	108,742	-	108,742
Less: Creditors: amounts falling due within one year	(51,596)	(4,309)	(55,905)	(64,355)	(2,979)	(67,334)
Net Current Assets	26,277	(2,979)	23,298	44,387	(2,979)	41,408
Total Assets less Current Liabilities	190,001	46,721	236,722	207,871	46,721	254,592
Creditors: amounts falling due after more than one year	(32,728)	(49,048)	(81,776)	(50,615)	(49,048)	(99,663)
Provisions						
Pension provisions	(75,732)	(5,442)	(81,174)	(75,732)	(5,442)	(81,174)
Other provisions	(6,312)	5,336	(976)	(6,312)	5,336	(976)
Total Net Assets	75,229	(2,433)	72,796	75,212	(2,433)	72,779
Deferred capital grants	34,881	(34,881)	-	34,881	(34,881)	-
Endowments	1,330	(1,330)	-	1,330	(1,330)	-
Restricted Reserves						
I&E reserve - endowment fund	-	1,144	1,144	-	1,144	1,144
I&E reserve - restricted reserve	-	382	382	-	382	382
Unrestricted Reserves						
I&E reserve - unrestricted	107,434	(84,280)	23,154	107,417	(84,280)	23,137
Pension reserve	(75,732)	75,732	-	(75,732)	75,732	-
Revaluation Reserve	7,316	40,800	48,116	7,316	40,800	48,116
Total Reserves	75,229	(2,433)	72,796	75,212	(2,433)	72,779

NOTES TO THE FINANCIAL STATEMENTS

34. Transition to FRS 102 and the 2015 SORP (continued)

Notes on effect of FRS 102 on the Consolidated and University ***Balance Sheet*** *for the year ended 31 July* ***2015***

	Group			University		
	2007 SORP £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000	2007 SORP £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000
Non-current assets						
Tangible assets	198,562	50,720	249,282	198,512	50,720	249,232
Investments	38	-	38	38	-	38
	198,600	50,720	249,320	198,550	50,720	249,270
Endowment assets	1,288	(1,288)	-	1,288	(1,288)	-
Current Assets						
Stock	59	-	59	59	-	59
Trade and other receivables	13,319	-	13,319	44,396	-	44,396
Investments	74,704	(26,743)	47,961	74,704	(26,743)	47,961
Cash and cash equivalents	5,421	28,031	33,452	5,380	28,031	33,411
	93,503	1,288	94,791	124,539	1,288	125,827
Less: Creditors: amounts falling due within one year	(57,122)	(4,752)	(61,874)	(71,370)	(4,752)	(76,122)
Net Current Assets	36,381	(3,464)	32,917	53,169	(3,464)	49,705
Total Assets less Current Liabilities	236,269	45,968	282,237	253,007	45,968	298,975
Creditors: amounts falling due after more than one year	(68,275)	(47,583)	(115,858)	(84,893)	(47,583)	(132,476)
Provisions						
Pension provisions	(83,793)	(6,091)	(89,884)	(83,793)	(6,091)	(89,884)
Other provisions	(6,741)	5,765	(976)	(6,741)	5,765	(976)
Total Net Assets	77,460	(1,941)	75,519	77,580	(1,941)	75,639
Deferred capital grants	33,719	(33,719)	-	33,719	(33,719)	-
Endowments	1,288	(1,288)	-	1,288	(1,288)	-
Restricted Reserves						
I&E reserve - endowment fund	-	1,102	1,102	-	1,102	1,102
I&E reserve - restricted reserve	-	385	385	-	385	385
Unrestricted Reserves						
I&E reserve - unrestricted	119,018	(3,130)	115,888	119,138	(3,130)	116,008
Pension reserve	(83,793)	(6,091)	(89,884)	(83,793)	(6,091)	(89,884)
Revaluation Reserve	7,228	40,800	48,028	7,228	40,800	48,028
Total Reserves	77,460	(1,941)	75,519	77,580	(1,941)	75,639

NOTES TO THE FINANCIAL STATEMENTS

34. Transition to FRS 102 and the 2015 SORP (continued)

*Notes on effect of FRS 102 on the Consolidated Statement of Comprehensive Income for the year ended 31 July **2015***

	Group			
	2007 SORP £'000	STRGL Items £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000
INCOME				
Tuition fees and education contracts	137,325	-	-	137,325
Funding body grants	24,444	-	-	24,444
Research grants and contracts	13,277	-	-	13,277
Other income	25,165	-	(94)	25,071
Investment income	476	-	-	476
Donations and endowments	-	17	71	88
Total Income	200,687	17	(23)	200,681
EXPENDITURE				
Staff costs	93,506	-	243	93,749
Severance costs	1,172	-	-	1,172
Other operating expenses	83,336	-	(502)	82,834
Depreciation	7,652	-	309	7,961
Interest and other finance costs	5,858	-	2,953	8,811
Total Expenditure	191,524	-	3,003	194,527
Surplus/(deficit) before other gains/(losses)	9,163	17	(3,026)	6,154
Taxation	(6)	-	-	(6)
Surplus / (deficit) for the year	9,157	17	(3,026)	6,148
Actuarial (loss)/gain in respect of pension schemes	-	(4,345)	-	(4,345)
Change in fair value of financial instrument	-	890	30	920
Total comprehensive income for the year	9,157	(3,438)	(2,996)	2,723
Represented by:				
Endowment comprehensive income	(42)	-	-	(42)
Restricted comprehensive income	-	-	3	3
Unrestricted comprehensive income	9,199	(3,438)	(2,999)	2,762
	9,157	(3,438)	(2,996)	2,723

Notes on effect of FRS 102 on the Consolidated and University Cash Flows

The only impact of the transition to FRS 102 on the cash flows of the University or the Group is the reclassification of £28.031m of some short term investments to cash and cash equivalents.

University of Greenwich
Old Royal Naval College
Park Row
London SE10 9LS
United Kingdom
Website: greenwich.ac.uk

This document is available in other formats on request

D20551-16 December 16