the UNIVERSITY of GREENWICH

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

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

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Chancellor	The Lord Holme of Cheltenham CBE
Pro Chancellor and Chairman	Lady A-M S Nelson
Vice-Chancellor	Baroness Blackstone
Secretary & Clerk to the Court	Mrs L. Cording
External Auditors	RSM Robson Rhodes LLP Chartered Accountants and Registered Auditors Bryanston Court, Selden Hill Hemel Hempstead HP2 4TN
Internal Auditors	Deloitte & Touche (to 31-07-05) Hill House 1 Little New Street London EC4A 3TR Pritchard Wood (appointed wef 01-08-05) Innovation Centre Hatfield Campus Hatfield Hertfordshire AL10 9AB
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP
Solicitors	Stephenson Harwood One St. Paul's Churchyard London EC4M 8SH

the UNIVERSITY of GREENWICH

MEMBERSHIP OF THE COURT

The following persons served as Governors during the year ended 31 July 2005. In the case of those who became or ceased to be governors during the year, the appropriate dates are shown.

Article 7(1) – Vice-Chancellor	Baroness Blackstone	(appointed 01-09-04)
	Prof Rick Trainor	(resigned 31-08-04)
Article 7(2)a – Independent Members	Mr S Atkinson	
	Mr R J Baglin	
	Mr J E Brathwaite	
	Mrs G D duCharme	(resigned 31-08-04)
	Mr J C Gould	
	Mr J R H Loudon	
	Sir Callum McCarthy	(appointed 18-10-04)
	Mrs M McKinlay	
	Lady A-M S Nelson	
	Dr D Quarmby	
	Lady P Tomlinson	
Article 7(2)b – Academic Council Members	Prof S Golding	(resigned 31-08-04)
	Prof L Johnson	
	Mr M Sharp	(appointed 01-10-04)
Article 7(2)c – Student Members	Miss F Chandia	(appointed 01-08-04)
Article 7(2)d – Co-opted Members	Mr S Etherington	
	Dr L Garner	
	Mr D Heathcote	
	Dr A S Pugh	
	Mr R R Spinney	(appointed 01-04-05)

MEMBERSHIP OF COURT COMMITTEES

The following are the Court Committees and their membership during the year ended 31 July 2005. In the case of those who became or ceased to be members during the year, the appropriate dates are shown.

Pro-Chancellor's Advisory Group	**Anne-Marie Nelson**	**(Chairman)**
	Richard Baglin	
	James Loudon	
	Mary McKinlay	
Audit	**Richard Baglin**	**(Chairman)**
	Simon Atkinson	(appointed 22-11-04)
	Mary McKinlay	(appointed 22-11-04)
	Alaric Pugh	
	Stephen Davie	(not a member of the Court)(appointed 21-02-05)
	Tony Martin	(not a member of the Court)(resigned 22-11-04)
Finance	**James Loudon**	**(Chairman)**
	Simon Atkinson	(resigned 21-11-04)
	Tessa Blackstone	(appointed. 01-09-04)
	Stuart Etherington	
	John Gould	
	Callum McCarthy	(appointed 18-10-04)
	David Quarmby	
	Ron Spinney	(appointed 01-04-05)
	Rick Trainor	(resigned 31-08-04)
Nominations	**Anne-Marie Nelson**	**(Chairman)**
	Tessa Blackstone	(appointed. 01-09-04)
	Les Johnson	
	James Loudon	
	Mary McKinlay	
	Rick Trainor	(resigned 31-08-04)
Remuneration	**James Loudon**	**(Chairman)**
	Richard Baglin	
	Tessa Blackstone	(appointed 01-09-04)
	Mary McKinlay	
	Anne-Marie Nelson	
	Rick Trainor	(resigned 31-08-04)
Staffing	**Mary McKinlay**	**(Chairman)**
	Tessa Blackstone	(appointed. 01-09-04)
	Alaric Pugh	
	Paulette Tomlinson	
	Rick Trainor	(resigned 31-08-2004)
Strategy	**John Gould**	**(Chairman)**
	Richard Baglin	
	Tessa Blackstone	(appointed 01-09-04)
	Jim Braithwaite	
	Anne-Marie Nelson	
	David Quarmby	
	Rick Trainor	(resigned 31-08-04)

REPORT OF THE GOVERNORS (AS DIRECTORS)

INTRODUCTION

1. Constitution and activities

The University of Greenwich is a company limited by guarantee without share capital and was incorporated in 1971. The University's financial statements comply with the Companies Act 1985. On the 1st January 1995 the University became an exempt charity.

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

2. Mission and objectives

The University of Greenwich nurtures excellence in Learning and Teaching, Research, Consultancy and Advanced Professional Practice serving a range of International, National and Regional communities.

The institutional objectives are:

- To continue to enhance the quality of learning and teaching, research, consultancy, and advanced professional practice.
- To nurture excellence by ensuring student support which enhances the capabilities of students and assists them to fulfil their potential.
- To offer programmes of study which explicitly link curriculum development and research activity.
- To attract and retain students and staff from a wide range of backgrounds and to enhance equal opportunities for all.
- To develop effective local, regional, national and international partnerships with other educational institutions, professional bodies, and public and private enterprises.
- To engage with local and regional communities, and to provide services which meet their needs and encourage participation in University activities.
- To redeploy financial resources and to diversify sources of funding to meet these objectives.

3. Developments

Academic year 2004-05 was a year of transition for the University: we had the benefit of a new Vice Chancellor, a number of projects came to fruition, and plans were set in progress for the strategic development of the University into the next decade.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

3. Developments (continued)

The improved financial situation of the University allowed us to make plans for improving facilities for staff and students, particularly at the Avery Hill Campus.

We began the process of developing a new corporate plan for 2006-11. In formulating the new plan we will review our activities, change direction where appropriate and build on success. The new plan will be presented to the University Court in the course of 2005-06.

The restructuring of the academic and administrative organisation, which began in 2001 has now settled and staff have been able to focus on ensuring that the structures work to the benefit of our students.

2004-05 saw the introduction of the first nursing programmes at our Medway Campus and the successful recruitment to undergraduate and postgraduate programmes in the joint Medway School of Pharmacy. We are currently planning for additional growth at Medway on the basis of further diversification of programmes. A new academic strategy, to exploit the potential of the physical transformation of the campus and to meet the needs of the region, has been developed and will allow us, with our partners to populate the campus with students studying a range of disciplines.

The new Learning Resources Centre at this campus will be open to students at the beginning of session 2005-2006. Design work for the conversion of the former Canteen Building has been commissioned. The redesigned building will house teaching accommodation, students' union facilities, retail and catering space. This, together with the refurbishment of existing buildings will make the campus a lively and attractive environment for staff and students.

Over 100 new students were recruited to Foundation Degree programmes in 2004/5. Foundation degrees are designed to appeal to the broad range of students who are looking for a vocational programme designed to meet the needs of employers. Considerable expansion is planned from 2005/6, both internally by University Schools and externally with our Partner Colleges. We believe that as these degree programmes become more widely known, students will turn to them for their education and employers will support them, not only in their development, but by employing the graduates.

Additional investments in international student recruitment saw numbers of overseas students increase by 15% in 2004/5. We will continue to encourage significant international growth both on our own campuses and through in-country provision. This year saw the first graduates from our collaboration with MSA University, Egypt. We expect this collaboration to become stronger as prospective students in Egypt become familiar with our programmes. A new collaboration strategy has strengthened our links with other institutions overseas.

The University's policy on variable fees was endorsed by The Office of Fair Access in March 2005. From 2006 onwards students will no longer pay their fees in advance. In future, graduates will begin to repay their fees when in employment. It is not yet clear what will be the effect on student numbers of this change in government policy but the University plans to invest the additional income from fees in appointing additional teaching staff and in providing bursaries and scholarships for mature and able students.

Plans are fully developed to construct a new multi purpose Sports Hall, large lecture theatre and additional teaching space at the Avery Hill Campus. The new buildings will permit the demolition of an obsolete design technology block and a lecture theatre both of which are in a poor state of repair. In addition the University will be constructing a new academic building to be the headquarters of the School of Health and Social Care. These new buildings together with consequent refurbishment of other areas will regenerate this campus.

Major upgrades to hardware and software across all campuses have been made and considerable effort has been invested in improving and upgrading the University's systems to ensure improvements in the resilience and access for all users of the University's IT systems.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

4. Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University (including the Natural Resources Institute) and its subsidiary companies UGMT Limited, Greenwich Property Limited and the Centre for Contaminated Land Remediation (CCLR).
The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education.

5. Results for the year

The Group results for the year ended 31 July 2005 are summarised as follows:-

	2005 £'000	2004 £'000
University (including NRI)	**11,284**	3,762
UGMT Ltd	**(35)**	(1)
Greenwich Property Ltd	**3,351**	(322)
Centre for Contaminated Land Remediation (CCLR)	**1**	(1)
Group historical cost surplus	**14,601**	3,438

The University had a successful year. Its attractive range of programmes on which it continued to successfully recruit, a new joint School of Pharmacy, new provisions for foundation degrees, a strengthening of its Partner College accords, and continued success in recruiting overseas students have all contributed to this success. It also implemented during the course of this year its new research and enterprise strategy. All of these factors have contributed to the successful financial outcome for 2004-05.

The reported group surplus of £14.6m (2003-04: £3.4m) is significant both in terms of its size and its beneficial impact on the University's balance sheet and medium term strategic financial objectives. This surplus arises mainly from exceptional gains totalling £11.8m, of which £8.4m are surpluses on property disposals with £3.4m being the write back of provisions made in earlier years for disputed tax liabilities in respect of a discontinued Inland Revenue case against a subsidiary company. Thus, there is a group underlying surplus of £2.8m that is a very satisfactory outcome, attributable to the continued benefits of recent campus rationalisations and staff restructuring, higher than budgeted investment income, and sound financial management.

With regard to members of the group, the University had a reported surplus of £11.2m, which includes property disposal gains of £8.5m. The outturn of the Natural Resources Institute, a research and consultancy institute with expertise in the areas of sustainable development in agriculture and natural resources in developing economies, is included in the results of the University. Greenwich Property Limited had a surplus of £3.3m due entirely to the write back of provisions made in earlier years in relation to a discontinued Inland Revenue case against that company. The results of the other members of the group, UGMT Limited (loss £35k) and the Centre for Contaminated Land Remediation (surplus £1k) are not material to the results of the group.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

5. Results for the year (continued)

The healthy position reported on the group Income and Expenditure account has translated to a strengthening of the group's balance sheet. There were significant increases in short-term investments (up 57% to £50m), net current assets (up 123% to £26m), net assets (up 94% to £50m), and Income and Expenditure reserves (up 227% to £21m). Moreover, the reported group surplus has resulted in the attainment of significant medium term strategic financial objectives

Of vital importance to the University's' financial performance is the attainment of its targeted number of students in respect of its major teaching contracts. The number of recorded students in 2004-05 is summarised below:-

	2004/2005		2003/2004	
	Full-time	**Part-time**	Full-time	Part-time
HEFCE funded	**8,827**	**6,277**	8,573	5,476
TTA funded	**623**	**212**	593	205
Health contract	**992**	**998**	870	887
Overseas (non EU)	**2,892**	**741**	2,494	656
Others	**235**	**265**	229	371
	13,569	**8,493**	12,759	7,595
Total	**22,062**		20,354	

6. Financial instruments

The Group finances its operations from its retained surplus, direct long-term borrowing and effective long-term borrowing under PFI arrangements. It also has some long-term debt inherited from a Local Education Authority under the Education Reform Act 1998, but the cost of this is currently fully reimbursed by the Higher Education Council for England (HEFCE).

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

Powers to invest surplus funds are restricted by the Trustee Investments Act 1961, and by regulations of the University's Finance & Estates Committee. Year-end cash and investments totalled £50.6m including £2.4m required to be retained in a separate charged account under the terms of the Bond. The University adopts a cautious investment policy for surplus funds, with deposits limited by amount and maturity across financial institutions with a minimum investment rating of AA-. No funds are held with a maturity date in excess of 12 months.

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

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

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

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

7. Liquidity Risk

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

The Group's total debt at 31 July 2005 was £45.7m, of which £26.9m is in respect of the Bond; £14.4m represents a PFI debt repayable in 2026, and £4.3m is debt inherited from a Local Education Authority, the debt servicing of which is currently reimbursable by HEFCE. At 31 July 2005, the maturity profile of borrowings (all of which were long term) shows an average maturity of 22 years. It is calculated that 4% is repayable in each of the periods that fall within one year and in 1 to 2 years, 7% in 2 to 5 years and 89% in more than 5 years.

8. Foreign Currency Risk

Approximately 2.5% of the Group's business is research and consultancy contracts that are denominated in foreign currencies. The Group's policy is to mitigate currency exposures on contracts by reviewing currency risk as part of its risk assessment on these contracts. Where appropriate a contingency is built into the contract price, and subcontracting is priced in the currency of the contract. All other turnover is denominated in sterling.

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

9. Interest Rate Risk

10% of the Group's borrowings are at variable rates of interest, and relate to a debt inherited from a Local Education Authority, the repayments of which are currently reimbursable by HEFCE. The remaining 90% is at fixed lending rates, of which 65% relates to the 30 year bond with 35% being in respect of the PFI financing of student residences. The interest rate risk on the variable rate debts of the University is mitigated in full under the current arrangement where the repayments are reimbursed by HEFCE.

10. Directors

All the Governors of the University are Directors of the Company. Details of all Directors during 2004/05 are set out on page 3. 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.

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

11. Personnel Policy and Strategy

Work on the local implementation of the National Framework Agreement on pay and grading structures continued during the year. Following consultation with trade unions harmonisation of manual and non-manual staff hours was achieved in January 2005, while progress was also made on the programme of job evaluation necessary to underpin a new grading structure.

In June 2005 a Staff Development Unit was established in the Personnel Office to provide a focus for staff training and development events and projects. These form an important component of the University's HR Strategy, which includes as one of its key aims the fostering of an integrated approach to staff development emphasising leadership, individual self development and support for the University's learning, teaching and research activities.

12. Disability Policy

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

13. Race Equality

The University continues to implement its Race Equality policy and action plan which will be revised in the coming year.

The proportion of black and ethnic minority students within the University continues to rise, although there is variation across departments and schools. The pattern however appears to reflect national trends. Schools are being assisted by the Marketing Department to develop literature to create a clear identity to attract a diverse range of students.

14. Employee Involvement

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

REPORT OF THE GOVERNORS (AS DIRECTORS) (continued)

15. Auditors

In accordance with the elective resolution passed by the Members of the Company on 5 July 1991 under Section 379A of the Companies Act 1985 (as amended) dispensing with the obligations in Section 386 of the Companies Act 1985 (as amended) to appoint auditors annually, RSM Robson Rhodes LLP term of appointment as auditors continued.

On behalf of the Court

L Cording
Secretary

CORPORATE GOVERNANCE

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the University's corporate governance arrangements and the manner in which the University has applied the principles identified by the Committee on Standards in Public Life insofar as they are applicable to Higher Education Institutions.

The University has also adopted the guidance from the Committee of University Chairmen in its Guide for members of HE Governing Bodies in the UK.
The purpose of this statement is to help the reader of the accounts understand how the principles have been applied.

Summary of the University Structure of Corporate Governance.

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

2. The University Court has a majority of lay persons who do not receive any reimbursement for the work that they do. Staff and students are co-opted according to the Articles of Association. The Court appoints independent and Co-opted members following recommendations by the Nominations Committee.

3. 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 role of the Chair of Court is separate from that of the Chief Executive, the Vice Chancellor.

4. The Vice Chancellor has a general responsibility to the Court for the organisation, direction and management of the University. The Vice Chancellor is the chief accounting officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

5. As Chief Executive, the Vice Chancellor is responsible for the development of institutional strategy and the identification and planning of new developments. The Vice Chancellor's Group comprising the most senior management of the University contribute to this work, but the ultimate responsibility rests with the University Court.

6. The Secretary and Registrar is appointed under the Articles of Association to act as Secretary to the Court and its Committees and as Company Secretary. All Court members have access to the advice and services of the Secretary and Registrar on matters of governance.

7. The Court is the executive governing body responsible for approval of the strategic direction of the University, approval of major developments, annual estimates of income and expenditure, ensuring solvency of the institution and the safeguarding of its assets. The Court receives regular reports from Executive Officers on day to day operations of its business and its subsidiary companies.

8. 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.

9. The Court meets at least 4 times a year and conducts some of its business through the following committees: Audit, Finance, Nominations, Strategy, Remuneration. All of these Committees are formally constituted with terms of reference and membership approved by Court. All Committees of the Court submit their minutes and recommendations to the Court.

10. At each Court meeting, Senior Officers are present to expand on their reports and answer any other questions. The Court has an annual meeting in which strategy is reviewed. The Court formally approves the University's corporate plan and implementation plan.

CORPORATE GOVERNANCE (continued)

11. The Court maintains the Register of Interests of its members, which is updated annually, and can be viewed on request to the Secretary of Court.

12. The Finance Committee is responsible to Court for the University's annual revenue and capital budgets and for monitoring performance in relation to approved allocations.

13. The Staffing Committee determines matters in relation to conditions of employment of all University Staff with the exception of the Vice Chancellor, Pro Vice Chancellors and the Secretary and Registrar. The Remuneration Committee determines the annual remuneration of the Vice Chancellor, Pro Vice Chancellors and Secretary and Registrar.

14. The Audit Committee meets at least three times annually. It receives reports from HEFCE's Audit Service as they affect the University's business and monitors adherence with the regulatory requirements. The Committee meets at least once a year with the External Auditors for their own independent discussions. The Director of Finance, and the Secretary and Registrar who acts as the Secretary to the Committee, attend meetings of the Audit Committee and have direct and independent access to the members of that Committee.

15. The Committee considers detailed audit reports together with recommendation for the improvement of the University systems of internal control and risk management issues. This assists the Audit Committee in assessing the soundness and comprehensiveness of the system of internal control, the action necessary to remedy weakness and to assess whether the existing monitoring systems are appropriate.

16. The University Court is responsible for the system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against misstatement or loss.

17. The Court is satisfied that there is a sound system of internal control based upon a continuous process of review designed to identify the principal risks to the achievement of the University's objectives, to evaluate the nature and extent of risks, and to manage them effectively. It is reviewed regularly and accords with the internal control guidance for Directors as deemed appropriate for higher education.

Baroness Blackstone
Vice-Chancellor

RESPONSIBILITIES OF THE COURT OF THE UNIVERSITY OF GREENWICH

In accordance with the Education Reform Act, the Court of the University of Greenwich is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

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

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

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

The Court has also taken reasonable steps to:

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

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

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

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

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

the UNIVERSITY of GREENWICH

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

We have audited the financial statements of The University of Greenwich for the year ended 31 July 2005, which comprise the income and expenditure account, the balance sheet, the cashflow statement, the statement of total recognised gains and losses and the related notes.

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

Respective Responsibilities of Members of the Court and Auditors

As described in the statement of responsibilities of the Court of the University of Greenwich, the Court is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether, in our opinion monies expended out of funds from whatever source administered by the University for specific purposes were properly applied for those purposes and where relevant managed in accordance with appropriate legislation and whether monies expended out of funds provided by the Higher Education Funding Council were applied in accordance with the financial memorandum and any other terms and conditions attached to them.

We also report to you if, in our opinion, the Report of the Governors (as Directors) is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Governors (as Directors) and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

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

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

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

Opinion

In our opinion:

i. The financial statements give a true and fair view of the state of affairs of the University of Greenwich and the group at 31 July 2005, and of the surplus of income over expenditure, recognised gains and losses and cashflows of the University of Greenwich and the group for the year then ended; and the statements have been properly prepared in accordance with the Companies Act and the Statement of Recommended Practice on Accounting in Higher Education Institutions.

ii. In all material respects, income from the Higher Education Funding Council for England, the Teacher Training Agency grants and income for specific purposes and from other restricted funds administered by the University of Greenwich have been applied only for the purposes for which they were received.

iii. In all material respects, income has been applied in accordance with the University of Greenwich's statutes and where appropriate in accordance with the financial memorandum with the Higher Education Funding Council for England dated 1 October 2003.

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

5 December 2005

the UNIVERSITY of GREENWICH

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2005

	Note	2005 £'000	2004 £'000
INCOME			
Funding council grants	*2*	**54,706**	51,981
Tuition fees and education contracts	*3*	**43,290**	39,201
Research grants and contracts	*4*	**7,714**	7,108
Other income	*5*	**18,081**	17,645
Total Income		**123,791**	115,935
EXPENDITURE			
Staff costs	*6*	**58,673**	54,909
Depreciation	*14*	**4,139**	3,688
Other operating expenses	*8*	**57,055**	51,040
Total Expenditure		**119,867**	109,637
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		**3,924**	6,298
Exceptional items	*9*	**3,351**	(585)
Profit on disposal of assets	*10*	**8,440**	-
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and before interest and tax		**15,715**	5,713
Share of profits of associated undertaking		**18**	12
Interest receivable	*11*	**2,256**	1,155
Interest payable	*12*	**(3,503)**	(3,557)
Surplus on continuing operations *after* depreciation of tangible fixed assets at valuation and disposal of assets and interest but before tax		**14,486**	3,323
Taxation		**-**	-
Surplus on continuing operations *after* depreciation of tangible fixed assets at valuation and disposal of assets, interest and tax		**14,486**	3,323

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

STATEMENT OF HISTORICAL COST SURPLUS AND DEFICITS

FOR THE YEAR ENDED 31 JULY 2005

	2005	2004
	£'000	£'000
Surplus after depreciation of assets at valuation on continuing operations and before tax	**14,486**	3,323
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	**115**	115
Historical cost surplus before tax	**14,601**	3,438
Taxation	**-**	-
Historical cost surplus after tax	**14,601**	3,438

the UNIVERSITY of GREENWICH

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2005

	2005 £'000	2004 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, and tax	**14,486**	3,323
Investments – movements on endowment funds	**35**	4
Capital reserve created in respect of loan repayments reimbursed by HEFCE	**165**	154
Total recognised gains relating to the period	**14,686**	3,481
Reconciliation:-		
Opening reserves and endowments	**15,311**	11,830
Total recognised gains for the year	**14,686**	3,481
Closing reserves and endowments	**29,997**	15,311

the UNIVERSITY of GREENWICH

BALANCE SHEET

AS AT 31 JULY 2005

	Note	Group		University	
		2005	2004	**2005**	2004
		£'000	£'000	**£'000**	£'000
Fixed Assets					
Tangible assets	*14*	**77,248**	69,379	**77,248**	69,379
Investments	*15*	**249**	228	**172**	172
		77,497	69,607	**77,420**	69,551
Endowment Asset Investments	*16/17*	**610**	575	**610**	575
Current Assets					
Properties in the course of disposal		**-**	1,380	**-**	1,380
Stocks	*18*	**20**	15	**20**	15
Debtors	*19*	**11,280**	7,193	**37,287**	31,966
Investments	*20*	**50,632**	32,124	**50,632**	32,124
Cash at bank and in hand		**1,378**	1,910	**1,194**	1,715
		63,310	42,622	**89,133**	67,200
Creditors: amounts falling due within one year	*21*	**(37,086)**	(30,873)	**(36,037)**	(26,410)
Net Current Assets		**26,224**	11,749	**53,096**	40,790
Total Assets less Current Liabilities		**104,331**	81,931	**131,126**	110,916
Creditors: amounts falling due after more than one year	*22*	**(50,170)**	(51,975)	**(76,755)**	(77,414)
Provision for Liabilities & Charges	*23*	**(4,073)**	(4,120)	**(4,073)**	(4,120)
Net Assets		**50,088**	25,836	**50,298**	29,382

the UNIVERSITY of GREENWICH

BALANCE SHEET (continued)

AS AT 31 JULY 2005

	Note	Group		University	
		2005	2004	**2005**	2004
		£'000	£'000	**£'000**	£'000
Represented by:					
Deferred Capital Grants	*24*	**20,091**	10,525	**20,091**	10,525
Endowments	*16/17*				
General		**159**	159	**159**	159
Specific		**451**	416	**451**	416
		610	575	**610**	575
Reserves	*25*				
Revaluation reserve		**8,137**	8,252	**8,137**	8,252
Income and expenditure account		**21,250**	6,484	**21,461**	10,030
		29,387	14,736	**29,598**	18,282
Total Funds		**50,088**	25,836	**50,298**	29,382

The Financial Statements on pages 18 to 58 were approved by the Court on 5 December 2005 and signed on its behalf by:-

Lady A-M S Nelson
Pro Chancellor

Baroness Blackstone
Vice-Chancellor

the UNIVERSITY of GREENWICH

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2005

	Note	2005 £'000	2004 £'000
Cash inflow from operating activities	*28*	**10,357**	7,969
Returns on investments and servicing of finance	*29*	**(1,160)**	(2,321)
Capital expenditure and financial investment	*30*	**9,979**	2,033
Net cash inflow before use of liquid resources and financing		**19,176**	7,681
Management of liquid resources	*31*	**(18,508)**	(5,759)
Financing	*32*	**(969)**	(907)
(Decrease) / increase in net cash		**(301)**	1,015

Reconciliation of net cash flow to movement in net funds / (debt)

	Note	2005 £'000	2004 £'000
(Decrease) / increase in cash in the period		**(301)**	1,015
Cash outflow re increase in liquid resources		**18,508**	5,759
Cash outflow re decrease in debt and lease financing		**898**	907
		19,105	7,681
Net debt at 01 August		**(15,333)**	(23,014)
Net funds / (debt) at 31 July	*33*	**3,772**	(15,333)

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

Basis of preparation and accounting

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

The financial statements have been prepared under the historical cost convention modified by the inclusion of certain fixed assets at valuation.

Basis of consolidation

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

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

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

Recognition of income

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

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

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

Foreign currencies

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

the UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

FIXED ASSETS

Land and buildings

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

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

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

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

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

Equipment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Leased assets

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

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

Education reform act 1988

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

- Leasehold Interest

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

- Freehold land & buildings

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

Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

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

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

Stocks and work in progress

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

Private finance initiative

Through its subsidiary company, Greenwich Property Ltd (GPL), the University entered into a Private Finance Initiative scheme in 1996, with a contractor for the construction of 662 en-suite bedrooms, and for the facilities management of 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 new buildings as a fixed asset with a consequential, and matching, long-term creditor.

Provisions

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

Research and development expenditure

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

Cash flows and liquid resources

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

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

Taxation

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

Pensions

The two principal pension schemes for the University's staff are the Teachers Superannuation Scheme (TSS) and the LPFA Pension Fund. These are defined benefit schemes and are externally funded and contracted out of the State Earnings related Pension Scheme. The funds are valued every three years by actuaries using the aggregate method, the rates of contribution being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuation of the Schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from its employees' services. Variations from regular cost are spread over the average remaining working lives of members of the Schemes after making allowances for future withdrawals.

NOTES TO THE FINANCIAL STATEMENTS

	Group 2005 £'000	Group 2004 £'000
2. Funding council grants		
HEFCE:-		
Recurrent grant	**42,895**	41,414
Specific grants	**3,805**	3,414
Inherited liabilities	**835**	1,162
Deferred capital grants released in year	**1,633**	1,269
Release of HEFCE capitalised rent	**1,186**	795
Teacher Development Agency:-		
Recurrent grant	**3,898**	3,500
Other	**454**	427
	54,706	51,981

3. Tuition fees and educational contracts

	2005 £'000	2004 £'000
Full-time home and EU students	**11,447**	10,858
Full-time students charged overseas fees	**15,086**	13,334
Part-time fees	**7,157**	6,003
	33,690	30,195
Health Authority contract	**9,600**	9,006
	43,290	39,201

4. Research grants and contracts

	2005 £'000	2004 £'000
Research Council	**691**	559
UK based charities	**201**	220
UK central govt.\health & hospital authorities	**4,172**	2,990
European Commission	**929**	1,246
Other grants and contracts	**1,721**	2,093
	7,714	7,108

NOTES TO THE FINANCIAL STATEMENTS

	Group	
	2005	2004
	£'000	£'000
5. Other income		
Residences, catering and conferences	**9,173**	8,129
Other income generating activities	**2,446**	2,071
Other grant income	**4,314**	5,695
Other income	**2,148**	1,750
	18,081	17,645

6. Staff

(i) Staff Costs

	2005	2004
Salaries and wages	**48,641**	45,966
Social Security Costs	**4,156**	3,966
Other Pension Costs	**5,876**	4,977
	58,673	54,909

	2005	2004
	No.	No.
Average staff numbers by major category:-		
Academic	**771**	763
Administrative & technical support	**862**	799
Premises	**128**	138
Residence catering and conferences	**19**	17
Other	**88**	98
	1,868	1,815

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

	2005	2004
£70,001 - £80,000	**6**	4
£80,001 - £90,000	**3**	3
£90,001 - £100,000	**2**	-
£150,001 - £160,000	**1**	1

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

(ii) Voluntary severance

One member of staff earning over £70,000 pa left under the university's voluntary severance scheme and received £85,079. (2004: £nil).

(iii) Directors' emoluments

The aggregate amount of Directors' emoluments was £377,990 (2004: £369,342). All payments were in respect of services as members of staff and relate to the relevant period of office. Where appropriate these emoluments are also included in the bands for higher paid staff (including the Vice-Chancellor). Seven Directors (2004: Seven) are accruing benefits under defined pension schemes, as set out in note 34.

The emoluments of the highest paid director (Vice-Chancellor) who was appointed on 1 September 2004 were:-

	2005	2004
	£	£
Salary	**138,269**	-
Taxable car benefit	**5,450**	-
	143,719	-

The emoluments of the former Vice-Chancelor who resigned on 31 August 2004, were:-

	2005	2004
Salary	**11,695**	139,894
FURBS	**863**	10,803
Taxable car benefit	**397**	4,407
	12,955	155,104

University superannuation payments:-

	2005	2004
Universities Superannuation Scheme	**14,448**	14,000
FURBS (see above) – included in emoluments	**863**	10,803

The Vice-Chancellor's accrued benefits on service to 31 July 2005 were: USS accrued annual pension £41,118 and lump sum £123,354.

The University contributed to a separate retirement benefits scheme (FURBS) in respect of the former Vice-Chancellor, and the amount shown represents the total costs of this arrangement. This is included in total emoluments as well as being shown under superannuation payments. Although the cost evidently relates to superannuation arrangements, it might be considered not to reflect the true position if it was excluded from emoluments.

NOTES TO THE FINANCIAL STATEMENTS

6. Staff (continued)

(iv) Directors' loans

The University operates an interest-free loan scheme for the purchase of travel season tickets and computers, which is available to all employees. One Governor (2004: one), in their capacity as an employee, repaid an outstanding loan under this scheme as follows:-

	2005	2004
	£	£
Dr L Garner		
Balance outstanding at 1 August 2004	**200**	-
Loan advanced during year	**-**	300
Repayment made during year	**(200)**	(100)
Balance outstanding at 31 July 2005	**-**	200

7. Directors

The University is a company limited by guarantee with the liability of its Directors limited to £1. The University's professional indemnity insurance provides cover for directors to a maximum of £7.5 million within any one year period.

NOTES TO THE FINANCIAL STATEMENTS

8. Other operating expenses

	Group	
	2005	2004
	£'000	£'000
Fees to other colleges	**6,557**	6,193
Books and periodicals	**1,096**	886
Consumables and laboratory expenditure	**1,435**	1,369
Printing, postage and stationery	**2,080**	2,062
Residence, catering and conference	**5,995**	4,667
Rents, rates and insurance	**6,807**	7,320
Electricity, gas and water	**1,116**	886
Building maintenance and repair	**4,044**	2,510
Students union subvention grant	**700**	650
Publicity and advertising	**825**	769
Computers, software and IT maintenance contracts	**3,269**	2,831
Research and consultancy – reimbursable costs	**1,294**	1,424
Provision for losses on long term contracts	**(59)**	(77)
Telephone and other communication costs	**593**	780
Other expenses	**21,303**	18,770
	57,055	51,040

Other operating expenses are stated after charging:-

Auditors' remuneration	- external audit	**47**	46
	- other services	**9**	9
Rentals under operating leases	- equipment and vehicles	**1**	2
	- other assets	**6,122**	6,501

9. Exceptional items

The exceptional item in the amount of £3,351,000 in the year ended 31 July 2005 reflects the write back of a provision in the financial statements of Greenwich Property Limited, a subsidiary company. This relates to the resolution of disputed Inland Revenue assessments raised on that company in respect of withholding tax on payments under a PFI scheme.

In the previous financial year the exceptional charge of £0.585m was a provision in the financial statements of Greenwich Property Limited. The provision was in respect of Inland Revenue assessments in relation to the matter referred to above.

the UNIVERSITY of GREENWICH

NOTES TO THE FINANCIAL STATEMENTS

10. Profit on disposal of assets

During the year the University disposed of one freehold and two leasehold properties: Heathend, Oakfield Lane (Dartford), Island Site (Woolwich) and Thomas Spencer Hall (Woolwich). The surplus arising from these disposals was £8.440m.

There were no disposals of freehold or leasehold properties in the year ended 31 July 2004.

11. Interest receivable

	Group	
	2005	2004
	£'000	£'000
Bank deposits	**855**	474
Other	**1,387**	670
Transferred from specific endowments	**14**	11
	2,256	1,155

12. Interest payable

Bond interest	**1,939**	1,969
Greenwich Property Ltd. - PFI	**1,156**	1,176
Loan interest - Royal Borough of Kensington & Chelsea - (inherited debt)	**403**	412
Other	**5**	-
	3,503	3,557

13. Surplus of parent company

The Income and expenditure Account of the parent company (University of Greenwich) has not been presented as part of these financial statements. This dispensation is allowed under section 230 of the Companies Act 1985.

The surplus after depreciation of assets at valuation of the parent company (University of Greenwich) was £11.153million (2004 - surplus of £3.634 million).

NOTES TO THE FINANCIAL STATEMENTS

14. Tangible fixed assets

	Land and Buildings						
	Freehold £'000	Long Leases £'000	Short Leases £'000	Assets in Course of Construction £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost or Valuation							
At 1 August 2004	45,239	38,196	114	1,323	13,880	209	98,961
Additions at cost	966	783	-	8,820	1,591	64	12,224
Disposals	-	-	-	-	-	(50)	(50)
Property write down	-	(217)	-	-	-	-	(217)
Transfers	346	247	-	(593)	-	-	-
At 31 July 2005	**46,551**	**39,009**	**114**	**9,550**	**15,471**	**223**	**110,918**
Depreciation							
At 1 August 2004	(11,496)	(6,531)	(114)	-	(11,261)	(179)	(29,581)
Disposals	-	-	-	-	-	50	50
Charge for year:-							
Finance leases	(166)	-	-	-	-	-	(166)
Other	(1,043)	(1,728)	-	-	(1,174)	(28)	(3,973)
	(1,209)	(1,728)	-	-	(1,174)	(28)	(4,139)
At 31 July 2005	**(12,705)**	**(8,259)**	**(114)**	**-**	**(12,435)**	**(157)**	**(33,670)**
Net Book Value:-							
Finances leases	6,326	-	-	-	-	-	6,326
Others	27,520	30,750	-	9,550	3,036	66	70,922
At 31 July 2005	**33,846**	**30,750**	**-**	**9,550**	**3,036**	**66**	**77,248**
Finances leases	6,492	-	-	-	-	-	6,492
Others	27,251	31,664	-	1,323	2,619	30	62,887
At 31 July 2004	**33,743**	**31,664**	**-**	**1,323**	**2,619**	**30**	**69,379**
Inherited	7,770	-	-	-	-	-	7,770
Financed by capital grants	1,672	7,829	-	8,515	2,075	-	20,091
Other	24,404	22,921	-	1,035	961	66	49,387
Net book value at 31 July 2005	**33,846**	**30,750**	**-**	**9,550**	**3,036**	**66**	**77,248**

NOTES TO THE FINANCIAL STATEMENTS

14. Tangible fixed assets (continued)

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

Freehold land with a book value of £7.499m and assets in the course of construction stated at £9.550m are not depreciated.

Under the terms of the £30m Bond, certain assets are subject to a fixed charge, and there is a floating charge over all of the University's undertakings and assets, other than those not capable of being so charged under the conditions of relevant leases. There is a negative pledge over other assets.

Depreciation of assets held under finance leases was £330,433 (2004: £330,433). The net book value of these assets was £14,347,772 (2004: £14,678,205).

The university undertook an impairment review of its assets during the course of the year. It identified an impairment in relation to an asset associated with a short leasehold building (Kings Hill). The result is a write down of £0.217m (2004: £nil)

NOTES TO THE FINANCIAL STATEMENTS

15. Investments

(i) Investments – at cost:-

	Group		University	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Shares in CVCP Properties Plc	**38**	38	**38**	38
Shares and retained profit in associate company				
- (NR International Limited)	**211**	190	**134**	134
	249	228	**172**	172

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

	Group and University	
	2005	2004
	£'000	£'000
Investment in subsidiaries at cost		
UGMT Ltd	**-**	-
Greenwich Property Ltd	**-**	-
London Science Park Ltd	**-**	-
CCLR	**-**	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS

15. Investments (continued)

(ii) Investment in subsidiary companies:-

UGMT Ltd

The University holds 100% of the issued share capital (£1 ordinary shares) of UGMT Ltd which is incorporated in the UK and whose principal activity is the provision of consultancy, management development programmes, and hotel and conference activities. The results for the year ended 31 July 2005 have been consolidated in these financial statements with those of the University. UGMT Ltd. holds 43 shares (3.85%) in Smart Chemical Co. Ltd.

Greenwich Property Ltd

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Greenwich Property Limited, a company registered in England and operating in the UK and whose 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 2005 have been consolidated in these financial statements with those of the University.

London Science Park Ltd

The University holds outright 100% of the issued share capital (£1 Ordinary Shares) in London Science Park Limited, which is incorporated in the UK. The company has not traded since its acquisition by the University in September 1994. The company is dormant and an application has been made to the Registrar of Companies for the company to be struck off.

Centre for Contaminated Land Remediation Ltd

The Centre for Contaminated Land Remediation Ltd was incorporated in the UK in March 1999. It is a company limited by guarantee with the University as its sole member. The principal business of the company is to procure the remediation of contaminated land, and to undertake research and education on waste management. The company is not able to distribute any profits. The results for the year ended 31 July 2005 have been consolidated in these financial statements with those of the University.

NOTES TO THE FINANCIAL STATEMENTS

15. Investments (continued)

(iii) Investment in associated companies:-

Natural Resources International Ltd

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

The company, which is incorporated in the UK, commenced trading on 1 August 1996 as part of the acquisition of the Natural Resources Institute from the Overseas Development Administration (ODA). The principal activity of the company is to supply International Funding Institutions with expertise in the management of natural resources in the international development sector. It delivers this work largely through sub contracts to members of the consortium, and to external organisations. The company reported a profit of £39,102 (2004: £49,414).

The following is a summary of the trading account and net assets of the company for the year to 31 July 2005:-

	Turnover £'000	Operating profit £'000	Net assets £'000
NR International Ltd	14,264	39	843
NR International Ltd – trade with the University	1	-	-
NR International Ltd – other than with the University	14,263	-	-

Medway Campus Ltd

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

(iv) Other arrangements:-

Kent Thameside

The University is one of 7 parties forming a forum to co-ordinate activity to facilitate the regeneration of the Kent Thameside area in the Boroughs of Dartford and Gravesham. The results are not included in the Group accounts as they are not material.

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NOTES TO THE FINANCIAL STATEMENTS

16. Endowment asset investment

	Group and University	
	2005	2004
	£	£
Balance at 01 August 2004	**574,648**	570,806
Additions	**40,747**	14,042
Disposals	**(14,476)**	(11,315)
Increase in value of investments	**8,865**	1,115
Balance at 31 July 2005	**609,784**	574,648
Represented by:		
COIF income shares	**57,533**	48,668
Managed funds	**552,251**	525,980
	609,784	574,648
Market value of COIF income shares	**57,533**	48,668

NOTES TO THE FINANCIAL STATEMENTS

17. Endowments

	Group and University				
	01 Aug 2004	**Additions**	**Withdrawals**	**Investment income**	**31 July 2005**
	£	**£**	**£**	**£**	**£**
General					
Governors' General Reserve	159,045	-	-	-	**159,045**
Specific					
Bergman Osterberg Trust	128,658	8,865	(750)	5,247	**142,020**
School of Land & Construction Prize Fund	38	-	-	1	**39**
E.de Barry Barnett Memorial Prize Fund	5,934	-	-	252	**6,186**
Garnett Prize Fund	18,882	-	(330)	802	**19,354**
Humanities Prize Fund	10,427	600	-	443	**11,470**
Coker Prize Fund	731	-	(50)	31	**712**
Sir William Boreham Bursary Fund	-	15,000	(4,175)	191	**11,016**
DP Connect – Business School Prize Fund	1,250	-	-	53	**1,303**
D. Fussey Memorial Choral Exhibition	249,480	-	(8,867)	10,328	**250,941**
John-Hood Williams Prize Fund	203	-	-	8	**211**
Admiral Sir John Chambers White Bursary	-	7,635	(304)	156	**7,487**
	415,603	32,100	(14,476)	17,512	**450,739**
Total	574,648	32,100	(14,476)	17,512	**609,784**

18. Stocks

	Group		University	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**20**	15	**20**	15
	20	15	**20**	15

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NOTES TO THE FINANCIAL STATEMENTS

19. Debtors

	Group		University	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Due within one year				
Trade debtors	**2,739**	2,913	**2,410**	2,189
Amounts owed by subsidiaries	**-**	-	**-**	197
Amounts owed by associated company	**1,018**	1,143	**1,018**	1,143
Amounts recoverable under long term contracts	**465**	319	**465**	319
Other debtors	**1,723**	395	**1,628**	300
Prepayments & accrued income	**2,699**	1,074	**2,600**	1,004
Amounts due from HEFCE				
Principal and interest on capital debt	**295**	288	**295**	288
Other	**2,341**	1,061	**2,341**	1,061
	11,280	7,193	**10,757**	6,501
Due in more than one year				
Amounts owed by subsidiaries	**-**	-	**26,530**	25,465
	11,280	7,193	**37,287**	31,966

20. Investments (current assets)

	Group		University	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Debt service reserve	**2,412**	2,412	**2,412**	2,412
Fixed term and notice bank deposits	**48,220**	29,712	**48,220**	29,712
	50,632	32,124	**50,632**	32,124

NOTES TO THE FINANCIAL STATEMENTS

21. Creditors: Amounts falling due within one year

	Group		University	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Bank overdraft	**1,727**	1,958	**1,724**	1,922
Bond	**508**	474	**508**	474
Finance leases	**291**	270	**-**	-
Loan debt payable to Royal Borough of Kensington and Chelsea	**167**	154	**167**	154
Interest on loan debt payable to Royal Borough of Kensington and Chelsea	**131**	135	**131**	135
Trade creditors	**8,709**	4,927	**8,699**	4,821
Amounts owed by subsidiaries	**-**	-	**2,506**	2,248
Prepaid long term contract income	**3,483**	2,910	**3,483**	2,910
PAYE and other taxation payable	**1,644**	1,596	**1,644**	1,596
Other creditors	**7,591**	5,874	**5,215**	3,765
Accruals - losses on long term contracts	**526**	741	**526**	741
- others	**3,916**	6,727	**3,041**	2,536
Deferred income	**8,393**	5,107	**8,393**	5,108
	37,086	30,873	**36,037**	26,410

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

Bond	**26,941**	27,450	**26,941**	27,450
Finance lease	**14,409**	14,700	**-**	-
Loan - Greenwich Property Limited	**-**	-	**40,994**	40,139
Loan - Royal Borough of Kensington and Chelsea	**4,392**	4,558	**4,392**	4,558
	45,742	46,708	**72,327**	72,147
Others – deferred lease capitalisations	**4,428**	5,267	**4,428**	5,267
	50,170	51,975	**76,755**	77,414

NOTES TO THE FINANCIAL STATEMENTS

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

Analysis of loan repayments

	Group		University	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Repayable between one and two years				
Bond	**544**	508	**544**	508
Finance lease	**315**	291	**-**	-
Loan - Greenwich Properties Limited	**-**	-	**-**	-
Loan - Royal Borough of Kensington & Chelsea	**180**	164	**180**	164
	1,039	963	**724**	672
Repayable between two and five years				
Bond	**1,874**	1,749	**1,874**	1,749
Finance lease	**1,104**	1,022	**-**	-
Loan - Greenwich Properties Limited	**-**	-	**-**	-
Loan - Royal Borough of Kensington & Chelsea	**616**	558	**616**	558
	3,594	3,329	**2,490**	2,307
Repayable after five years				
Bond	**24,524**	25,193	**24,524**	25,193
Finance lease	**12,990**	13,387	**-**	-
Loan - Greenwich Properties Limited	**-**	-	**40,994**	40,139
Loan - Royal Borough of Kensington & Chelsea	**3,595**	3,836	**3,595**	3,836
	41,109	42,416	**69,113**	69,168
	45,742	46,708	**72,327**	72,147

Bond

On 14 October 1998, the University issued £30m Guaranteed Secured Bonds due 2028 at an interest coupon of 6.36% on the Luxembourg Stock Exchange. AMBAC Insurance UK Ltd guarantees re-payments of interest and principal, for which guarantee the University paid a premium covering the 30-year period. Payments are semi-annual on 31 January and 31 July.

The effective rate of interest is 6.97% after taking into account all issue and guarantee costs.

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

The University is required to maintain a Debt Service Reserve comprising cash, or cash equivalents, sufficient to meet two scheduled Bond payments.

NOTES TO THE FINANCIAL STATEMENTS

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

Loan debt - Royal Borough of Kensington and Chelsea

The debt repayable to the Royal Borough of Kensington and Chelsea are loans associated with tangible fixed assets transferred from ILEA to the University under the Education Reform Act 1988. The loans are unsecured and are repayable by instalments over various years up to 2021, at an average rate of interest of 8.603% (2004: 8.574%).

The University is liable for servicing this debt to the Royal Borough of Kensington and Chelsea (as successor body to ILEA for this purpose); both principal and interest are reimbursed by HEFCE under current arrangements.

23. Provisions for liabilities and charges

	Group and University		
	Enhanced pensions £'000	**Decontam-ination £'000**	**Total £'000**
At 01 August 2004	3,144	976	4,120
Interest charge	164	-	164
Payments in year	(211)	-	(211)
At 31 July 2005	**3,097**	**976**	**4,073**

The University carries a provision of £3.1m relating to enhanced pension entitlements of former employees. The service of these employees was severed under one of several voluntary severance arrangements that were available at the relevant time.

The provision for decontamination relates to a former pyrotechnic site at North Dartford and is based on work undertaken by University staff qualified in environmental issues. There are environmental issues concerning land pollution and a large number of small buildings impregnated with explosive material. The University is currently addressing this issue, but the timing of decontamination work is subject to detailed discussions with various agencies.

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NOTES TO THE FINANCIAL STATEMENTS

24. Deferred capital grants

	Group and University				
	Hefce		Other		Total
	Equipment £'000	Buildings £'000	Equipment £'000	Buildings £'000	£'000
At 01 August 2004	1,810	8,452	120	143	10,525
Received in the year	963	2,889	-	7,426	11,278
Released to Income & Expenditure A\c	(780)	(853)	(38)	(41)	(1,712)
At 31 July 2005	**1,993**	**10,488**	**82**	**7,528**	**20,091**

25. Reserves

(a) Group

	Revaluation Reserve £'000	Income & Expenditure £'000	Total Reserves £'000
At 01 August 2004	8,252	6,484	14,736
Profit for year	-	14,486	14,486
Transfer from reserves re depreciation	(115)	115	-
Transfer re HEFCE debt reimbursement	-	165	165
At 31 July 2005	**8,137**	**21,250**	**29,387**

(b) University

	Revaluation Reserve £'000	Income & Expenditure £'000	Total Reserves £'000
At 01 August 2004	8,252	10,030	18,282
Profit for year	-	11,151	11,151
Transfer from reserves re depreciation	(115)	115	-
Transfer re HEFCE debt reimbursement	-	165	165
At 31 July 2005	**8,137**	**21,461**	**29,598**

NOTES TO THE FINANCIAL STATEMENTS

26. Lease obligations

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

	Group		University	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Obligations under finance leases:-				
Due within one year	**291**	270	**-**	-
Due between two and five years	**1,419**	1,313	**-**	-
Due over five years	**12,990**	13,387	**-**	-
	14,700	14,970	**-**	-

The payments which the University is committed to make in the next year under operating leases are as follows:-

Operating lease commitments:-

Land and buildings

	Group		University	
Expiring within two and five years inclusive	**675**	73	**675**	73
Expiring in over five years	**5,508**	5,542	**5,508**	5,542
	6,183	5,615	**6,183**	5,615

27. Capital commitments

	Group		University	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Commitments contracted at 31 July 2005	**2,831**	2,983	**2,831**	2,983

NOTES TO THE FINANCIAL STATEMENTS

28. Reconciliation of consolidated operating deficit to net cash from operating activities

	2005	2004
	£'000	£'000
Surplus before tax	**14,486**	3,323
Depreciation *(Note 14)*	**4,139**	3,688
Write down of freehold\leasehold properties	**217**	-
Profit on sale of fixed assets	**(8,440)**	-
Deferred capital grants released to income *(Note 24)*	**(1,712)**	(1,318)
Release of lease capitalisation	**(1,186)**	(795)
Investment income	**(2,256)**	(1,155)
Interest payable	**3,503**	3,557
(Increase) / decrease of stocks	**(5)**	2
Decrease in debtors	**(1,728)**	(176)
Increase in creditors	**6,755**	887
Decrease in provisions	**(47)**	(32)
Share of profit of associated undertaking	**(18)**	(12)
Release of accrual re disputed assessments	**(3,351)**	-
Net cash inflow from operating activities	**10,357**	7,969

29. Returns on investments and servicing of finance

	2005	2004
	£'000	£'000
Income from endowments	**14**	11
Interest received	**2,256**	1,155
Interest paid - finance leases	**(1,156)**	(1,176)
- other	**(2,274)**	(2,311)
	(1,160)	(2,321)

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NOTES TO THE FINANCIAL STATEMENTS

30. Capital expenditure and financial investment

	2005 £'000	2004 £'000
Purchase of tangible fixed sssets	**(11,496)**	(3,770)
Sale of fixed tangible sssets	**10,015**	-
Deferred capital grants received	**11,278**	1,766
HEFCE - proceeds from lease capitalisations	**-**	3,902
HEFCE - grant received for debt repayment	**164**	145
Endowments received / (withdrawn)	**18**	(10)
	9,979	2,033

31. Management of liquid resources

Withdrawal from deposits	**18,508**	5,759
	18,508	5,759

32. Financing

Bond repayment	**545**	512
Finance Lease	**270**	250
Ex ILEA debt repayment	**154**	145
	969	907

NOTES TO THE FINANCIAL STATEMENTS

33. Analysis of changes in net debt

	1 August 2004 £'000	Cash Flows £'000	Other Changes £'000	31 July 2005 £'000
Cash in hand, at bank & deposits repayable on demand	1,910	(532)	-	**1,378**
Overdraft	(1,958)	231	-	**(1,727)**
	(48)	(301)	-	**(349)**
Current asset investments	32,124	18,508	-	**50,632**
Debt due within 1 year	(628)	628	(675)	**(675)**
Debt due after 1 year	(31,811)	508	167	**(31,136)**
Finance leases	(14,970)	270	-	**(14,700)**
Total	(15,333)	19,613	(508)	**3,772**

34. Contributions to Pension Funds

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

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

Teacher's Superannuation Scheme

A review of the Teachers Superannuation Scheme by the Government in February 1997 set the employers contribution rate at 7.2% from 1st July 1997, and made individual employers responsible for the costs of early retirements as from 1st September 1997. Following the 1996 actuarial valuation, the rate increased to 7.4% from 1 April 2000, 8.35% from 1 April 2002, and 13.5% from 1 April 2003.

The assets of the TSS scheme are held in separate trustee-administered funds, but it is not possible to identify each institution's share of the underlying assets and liabilities of the schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes. The cost recognised within the surplus/deficit for the year in the income and expenditure account is equal to the contributions payable to the scheme for the year.

The most recent actuarial valuation of the TPS was for the period 1 April 1996 to 31 March 2001. The report was published in March 2003.

Where the Institution closes and there is no successor establishment, the Secretary of State becomes the compensating authority.

NOTES TO THE FINANCIAL STATEMENTS

34. Contributions to pension funds (continued)

London Pension Fund Authority (LPFA)

In accordance with the Local Government Superannuation regulations, a valuation of the London Pensions Fund (Active Sub-Fund) as at 31 March 2004 determined that, on the basis of the projected unit method, the University's contribution increased from 11.4% to 22.3% with effect from 1 April 2005. The next valuation is due as at 31 March 2007.

The main actuarial assumptions used in the 2005 valuation (for the purposes of FRS17) were:

Rate of return on investments :-	
- equities	7.3%
- bonds	4.7%
Rate of pay increases	4.3%
Rate of pension increases	2.8%
Valuation of assets	Average market value in the 12 months ended 31 March 2004.

At 31 March 2004 the market value of the assets of the Active Sub-Fund was £1,405m.

Pension contributions are charged to the Income and Expenditure Account in the year to which the salaries on which they are payable relate. Other creditors include £407,263 (2004: £227,972) payable to the London Pensions Fund Authority in respect of the University's contributions on salaries for July 2005.

The following disclosures in relation to LPFA are to comply with the transitional requirements of FRS 17:

Assumptions as at year end	**2005 % pa**	2004 % pa	2003 % pa
Price increases	**2.8%**	2.9%	2.6%
Salary increases	**4.3%**	4.4%	4.1%
Pension increases	**2.8%**	2.9%	2.6%
Discount rate	**5.0%**	5.8%	5.5%

Assets in the whole LPFA fund and expected rate of return	**Assumed long term return % pa at July 2005**	**Value at 31 July 2005 £m**	Assumed long term return % pa at July 2004	Value at 31 July 2004 £m	Assumed long term return % pa at July 2003	Value at 31 July 2003 £m
Equities	**7.3%**	**1,389**	7.9%	1,093	8.0%	1,053
Bonds	**4.7%**	**170**	5.4%	159	5.0%	170
Property	**5.4%**	**120**	6.7%	105	6.0%	66
Cash	**4.5%**	**82**	4.5%	17	3.5%	-
Total	**6.8%**	**1,761**	7.5%	1,374	7.5%	1,289
% of Fund attributed to University		**3.5%**		3.9%		3.9%
Value (£m)		**£61.7m**		£54.9m		£50.4m

NOTES TO THE FINANCIAL STATEMENTS

34. Contributions to pension funds (continued)

	2005 £'000	2004 £'000	2003 £'000
Net Pension Asset (University's share of LPFA Active Sub fund)			
Estimated employer assets *(A)*	**61,699**	54,893	50,350
Present value of scheme liabilities *(B)*	**94,960**	83,504	77,540
Present value of unfunded liabilities *(C)*	**495**	509	480
Net pension asset liability *(A - B - C)*	**(33,756)**	(29,120)	(27,670)

If the above amounts had been recognised in the financial statements the group's net assets and general reserve (I&E account) would be

	2005 £'000	2004 £'000
Net assets excluding pension liability	**50,088**	25,836
Pension liability	**(33,756)**	(29,120)
Net assets including pension liability	**16,332**	(3,284)
General reserve / I&E account excluding pension liability	**21,250**	6,484
Pension liability	**(33,756)**	(29,120)
General reserve / I&E account including pension liability	**(12,506)**	(22,636)

	2005 £'000	% of pay costs	2004 £'000	% of pay costs
Analysis of amount that would be charged to operating surplus in Income and Expenditure account				
Service cost	**2,622**	**15.4%**	2,594	16.7%
Past service costs	**61**	**0.4%**	11	0.4%
Curtailments and settlements	**-**	**-**	40	1.5%
Total Operating Charge *(A)*	**2,683**	**15.8%**	2,645	18.7%
Projected amount credited to other finance income				
Expected return on employer assets	**4,133**	**24.3%**	3,802	24.5%
Interest on pension scheme liabilities	**(4,902)**	**(28.8%)**	(4,342)	(28.0%)
Net return *(B)*	**(769)**	**(4.5%)**	(540)	(3.5%)
Net Income & Expenditure account cost would be *(A – B)*	**3,452**	**20.3%**	3,185	22.2%

Analysis of amount that would be recognised in Statement of Total Recognised Gains and Losses (STRGL)	**2005 £000**	2004 £000
Actual return less expected return on pension scheme assets	**6,370**	33
Experience gains and losses arising on the scheme liabilities	**660**	-
Changes in assumptions underlying present value of scheme liabilities	**(10,801)**	(104)
Actuarial loss in pension plan	**(3,771)**	(71)
Actuarial loss recognised in STRGL	**(3,771)**	(71)

NOTES TO THE FINANCIAL STATEMENTS

34. Contributions to pension funds (continued)

	2005	2004
	£'000	£'000
Movement in surplus / deficit during the year		
Deficit at beginning of the year	**(29,120)**	(27,670)
Current service cost	**(2,622)**	(2,594)
Employer contributions	**2,549**	1,767
Contributions in respect of unfunded benifits	**38**	39
Past service costs	**(61)**	(11)
Impact of settlements and curtailments	**-**	(40)
Net return on assets	**(769)**	(540)
Actuarial losses	**(3,771)**	(71)
Deficit at end of year	**(33,756)**	(29,120)

History of Experience Gains and Losses

	2005	2004
Difference between the expected and actual return on assets	**6,370**	(33)
Value of assets	**61,699**	54,893
Percentage of assets	**10.3%**	0.1%
Experience gains / (losses) on liabilities	**660**	-
Present value of liabilities	**95,455**	84,013
Percentage of the present value of liabilities	**0.7%**	0.1%
Actuarial losses recognised in STRGL	**(3,771)**	(71)
Present value of liabilities	**95,455**	84,013
Percentage of the present value of liabilities	**(4.0%)**	(0.1%)

Analysis of projected amount to be charged to operating profit for the year to 31 July 2005

	Year to 2005 £'000	**% of pay costs**	Year to 2004 £'000	% of pay costs
Estimated current service cost & total operating charge *(A)*	**3,363**	**19.1%**	2,645	16.8%
Expected return on employer assets	**4,219**	**24.0%**	4,131	26.2%
Interest on pension scheme liabilities	**(4,815)**	**(27.4%)**	(4,917)	(31.1%)
Net return *(B)*	**(596)**	**(3.4%)**	(786)	(5.0%)
Expected net I&E account cost *(A – B)*	**3,959**	**22.5%**	3,431	21.8%

NOTES TO THE FINANCIAL STATEMENTS

34. Contributions to pension funds (continued)

The pension charge for the year includes an amount in respect of enhanced pension entitlements of staff taking early retirement under voluntary severance arrangements. Provision was made for the cost of early retirement, based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 3.5% in excess of price inflation.

An amount of £3.097m (2004: £3.144m) is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceed actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

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

	2005	2004
	£'000	£'000
Contributions to TSS	**3,283**	3,166
Contributions to USS	**45**	39
Contributions to LPFA	**2,548**	1,772
Total pension costs **(note 6)**	**5,876**	4,977

35. Taxation

U.K. corporation tax on the profits of, and by		
UGMT Ltd	**-**	-
Greenwich Property Ltd.	**-**	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS

36. Contingent liabilities

The University is a member of U.M. Association (Terrorism) Ltd. (UMALT), a mutual association for terrorism risk solely for institutions of higher education with a membership of 77 institutions. The association has a reserve fund of £10m, a £15m "internal" loan facility from member institutions, and a £425m aggregate layer of "excess" cover obtained through the Lloyds Market. Institutions pay advance contributions based on the value of the property and geographical location. If necessary, a supplementary contribution may be called from each member calculated pro rata to the advance contributions made in the relevant indemnity year. No claims have been made on UMALT since it was formed in 1993.

37. Related party transactions

During the year the University traded with an associated company – Natural Resources International Ltd, in which it holds 25% of the share capital. The value of work performed for the company was £3.29m (2004: £3.54m). The University sold services to N R International Ltd to the value of £838 (2004: £1,000). The company has called-up share capital of £136,001 and reserves of £843,483.

The University seconded approximately four of its staff (2004: four) to the company at a cost of £0.235m (2004: £0.214m). At the year end the total amount owed to the University by N R International Ltd was £1.267m (2004: £1.408m).

All related party transactions between the University and its wholly owned subsidiaries are not disclosed because of a specific exemption under FRS 8.

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

A subsidiary of the University, UGMT Limited, has provided research and consultancy services on three contracts for which a former officer of the University, Professor M. Cross (resigned 31/12/04), had a minority shareholding in the client company. The total turnover in respect of these contracts was £0.105m (2004: £ 0.232m). All contracts ended prior to the end of the financial year. A provision of £71,632 is held at the balance sheet date in respect of a realised loss on one of these contracts.

A register of Governor's 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.

38. Post Balance Sheet Events

At 31 July 2005 the University had an outstanding loan of £4.559m (£0.167m of which is current) repayable to the Royal Borough of Kensington and Chelsea. This loan is described as "inherited" as it arose on 1 April 1989 when the liabilities (and assets) of the then Thames Polytechnic were transferred to it from the Inner London Education Authority (ILEA). Under current arrangements HEFCE reimburses to the University the annual capital and interest repayments on this loan.

After the end of the financial year HEFCE agreed to fund the repayment of this loan. The repayment (funded by HEFCE) will in the 2005-06 financial year increase the Net Assets and Reserves of the University to the extent of the loan outstanding at 31 July 2005.

NOTES TO THE FINANCIAL STATEMENTS

39. HEFCE – Student support funding

	Rec'd In Year £'000	Interest Earned £'000	Disbursed £'000	31 July 2005 £'000	31 July 2004 £'000
Access to learning fund	1,167	17	(1,153)	31	25
Fee Waiver	33	-	(14)	19	-
Opportunity bursaries	119	-	(116)	3	-
	1,319	17	(1,283)	53	25

The above HEFCE grants are available solely for students; the University acts as the paying agent. These grants and the related disbursements are therefore excluded from the Income and Expenditure Account.

40. Training and development agency for schools

(i) ITT Trainee funding

	Rec'd In Year £'000	Disbursed £'000	31 July 2005 £'000	31 July 2004 £'000
Training bursaries	2,037	(1,696)	341	485
SSSS	143	(120)	23	19
Student associate scheme	302	(29)	273	143
	2,482	(1,845)	637	647

The above TDA grants are available solely for students; the University acts as the paying agent. These grants and the related disbursements are therefore excluded from the Income and Expenditure Account.

(ii) Other funding

	Rec'd In Year £'000	Disbursed £'000	31 July 2005 £'000	31 July 2004 £'000
Minority ethnic recruitment	20	(9)	11	4
	20	(9)	11	4

NOTES TO THE FINANCIAL STATEMENTS

41. Financial instruments - Group

(i) *Short-term debtors and creditors*

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

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

	As at 31 July 2005			As at 31 July 2004		
Currency	**Total £'000**	**Floating rate £'000**	**Fixed rate £'000**	Total £'000	Floating rate £'000	Fixed rate £'000
Sterling	**46,708**	**4,558**	**42,150**	47,606	4,712	42,894

NOTE: At present HEFCE re-imburses the floating rate financial liabilities

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

	As at 31 July 2005 weighted average		As at 31 July 2004 weighted average	
Currency	**Interest rate**	**Period for which rate is fixed**	Interest rate	Period for which rate is fixed
Sterling	**7.33%**	**22 Years**	7.33%	23 Years

(iii) Interest rate risk of financial assets

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

	As at 31 July 2005			As at 31 July 2004		
Currency	**Total £'000**	**Floating rate £'000**	**Fixed rate £'000**	Total £'000	Floating rate £'000	Fixed rate £'000
Sterling	**50,884**	**252**	**50,632**	32,376	252	32,124
Euro	**774**	**774**	**-**	989	989	-
US Dollar	**352**	**352**	**-**	669	669	-
	52,010	**1,378**	**50,632**	34,034	1,910	32,124

NOTES TO THE FINANCIAL STATEMENTS

41. Financial instruments - Group (continued)

(iv) Currency exposures

As explained in the Directors Report, the University's objective in managing the currency exposures arising from the normal course of business is to limit risks as far as possible by making any subcontracts in the same currency as the main contract.

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

	Debtors		**Creditors**	
	2005	2004	**2005**	2004
Currency	**£'000**	£'000	**£'000**	£'000
EURO	**589**	222	**-**	-
US $	**261**	415	**-**	-
INR	**-**	1	**-**	-
CHF	**4**	-	**-**	-
MUR	**2**	-	**-**	-
	856	638	**-**	-

(v) Maturity of financial liabilities

The maturity of the Group's financial liabilities, other than short-term creditors and accruals, as at 31 July was:-

	As at 31 July 2005			As at 31 July 2004		
		Floating	**Fixed**		Floating	Fixed
	Total	**rate**	**rate**	Total	rate	rate
Currency	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
In one year or less, or on demand	**966**	**167**	**799**	898	154	744
In more than one year, but not more than two years	**1,039**	**180**	**859**	963	164	799
In more than two years, but not more than five years	**3,594**	**616**	**2,978**	3,329	558	2,771
In more than five years	**41,109**	**3,595**	**37,514**	42,416	3,836	38,580
	46,708	**4,558**	**42,150**	47,606	4,712	42,894

NOTE: At present HEFCE reimburses the floating rate financial liabilities

NOTES TO THE FINANCIAL STATEMENTS

41. Financial instruments - Group (continued)

(vi) Borrowing facilities

The Group has no undrawn borrowing facilities.

(vii) Fair values of financial assets and liabilities

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

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

	As at 31 July 2005		As at 31 July 2004	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Current portion of long term borrowings	**966**	**966**	898	898
Long term borrowings	**45,743**	**50,736**	46,708	49,831
Cash deposits and current asset investments	**52,010**	**52,010**	34,034	34,034
Shares in CVCP Properties Plc	**38**	**38**	38	38

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

Further details concerning the Bond are set out in note 22.

(viii) Gains and losses on currency hedges

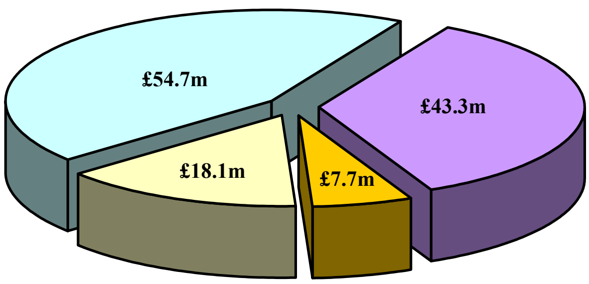
The Group has no forward currency contracts.

the UNIVERSITY of GREENWICH

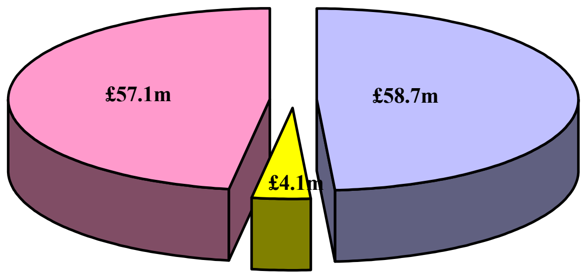
KEY STATISTICAL INFORMATION

INCOME | **EXPENDITURE**

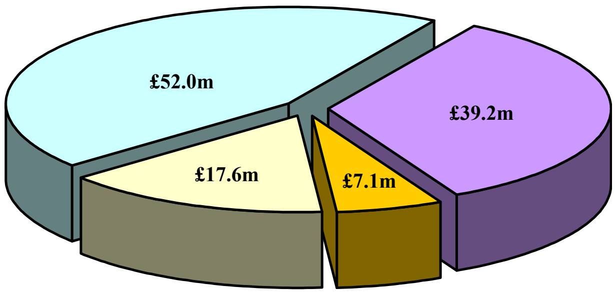
2004-2005



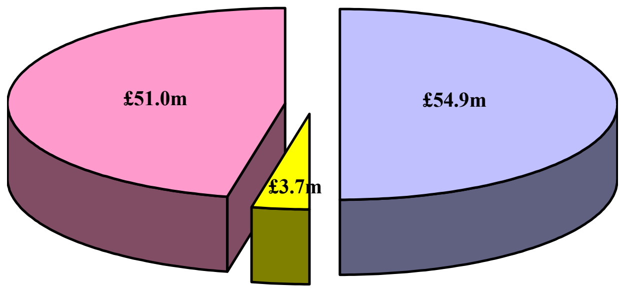
2004-2005



2003-2004



2003-2004



- Funding council grants
- Tuition fees and education contracts
- Research grants and contracts
- Other income

- Staff costs
- Depreciation
- Other operating expenses

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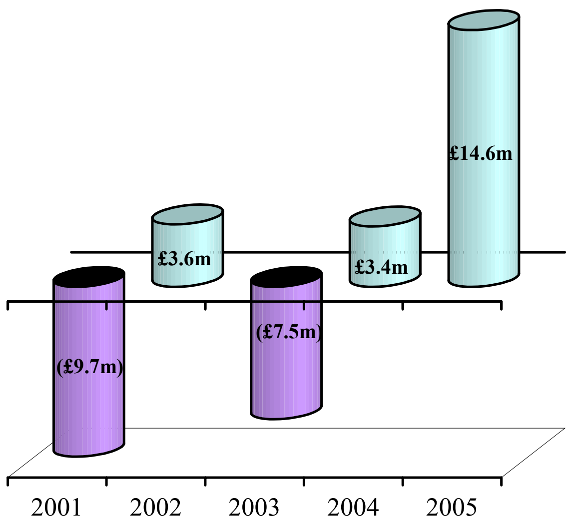
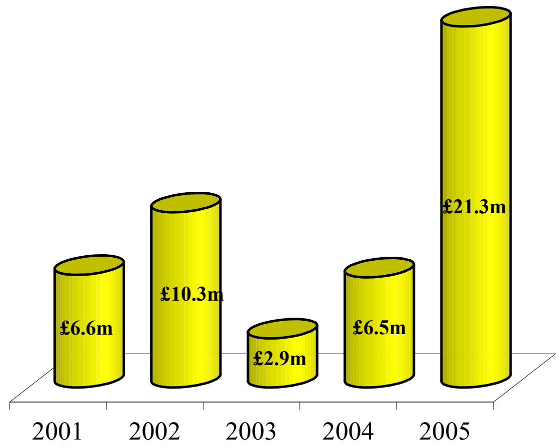
KEY STATISTICAL INFORMATION (continued)

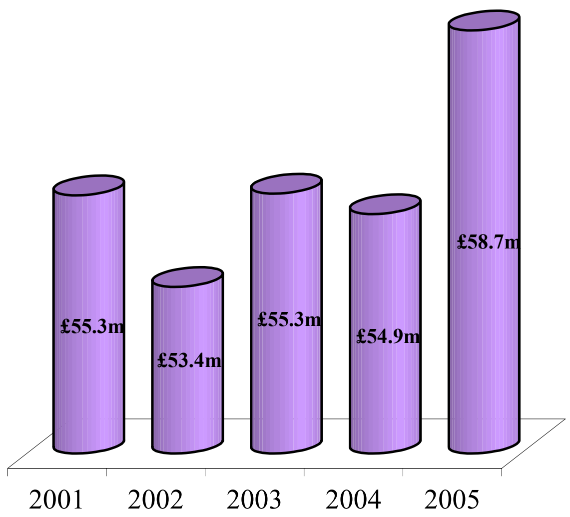
Historical Cost Surplus / (Deficit) After Tax



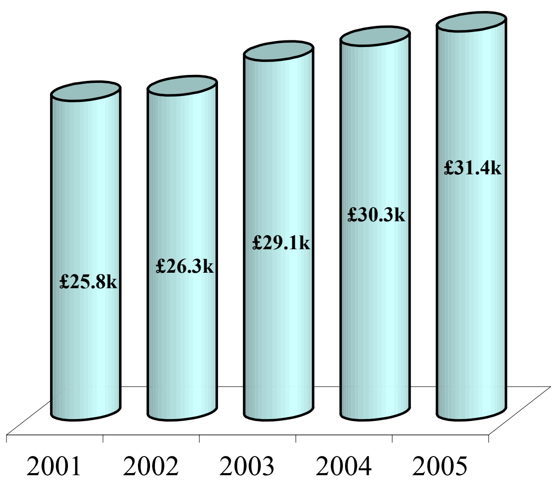
Income and Expenditure Reserves



Staff Costs



Average Staff Costs per Employee



KEY STATISTICAL INFORMATION (continued)

Staff Numbers – (Head Count)