

# UNIVERSITY OF GREENWICH

# REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 1997

### An exempt charity and a company limited by guarantee

Registered in England No. 986729



**UNIVERSITY OF GREENWICH**  
**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 1997**

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**UNIVERSITY OF GREENWICH**  
(A Company limited by guarantee, without Share Capital - no 986729, England)

**Registered Office: Bexley Road, Eltham, London SE9 2PQ**

**Exempt Charity for the purposes of the Charities Act 1993**

|  |  |
|--|--|
| Chancellor   | THE BARONESS YOUNG<br>OF FARNWORTH   |
| Pro Chancellor of the Court (from 1st September 1997)<br>(to 31st August 1997) | Dr K.G. WARREN<br>M. PATTISON  |
| Vice Chancellor  | Dr. D.E. FUSSEY  |
| Secretary & Clerk to the Court   | J.M. CHARLES   |
| External Auditors  | Coopers & Lybrand<br>Chartered Accountants<br>and Registered Auditors<br>1 Embankment Place<br>London WC2N 6NN                   |
| Internal Auditors  | Kingston Smith<br>Chartered Accountants<br>Devonshire House<br>60 Goswell Road<br>London EC1M 7AD                                |
| Bankers  | Barclays Bank Plc<br>Maidstone Corporate<br>Banking Centre<br>P.O. Box No 427<br>40/46 High Street<br>Maidstone<br>Kent ME14 1TW |
| Solicitors   | Stephenson Harwood<br>One St. Paul's Churchyard<br>London EC4M 8SH   |

# UNIVERSITY OF GREENWICH

## Members of the Court

The following persons served as governors during the year ended 31 July 1997. In the case of those who became or ceased to be governors during the year, the appropriate dates are shown.

|  | Date of Appointment | Date of Resignation |
|--|---------------------|---------------------|
| Dr R M Allen                               | 1. 9. 96            |                     |
| Mr J B S Athwal                            | 1. 8. 96            |                     |
| Mr T C Baker                               |                     |                     |
| Mr H Blackman                              |                     |                     |
| Mr C R H Bull                              |                     |                     |
| Ms F Crook                                 | 1. 9. 96            |                     |
| Dr A Dawson } term of office expired       |                     | 31. 8. 96           |
| } re-appointed                             | 17. 11. 96          |                     |
| Mrs T Dean                                 |                     | 31. 8. 96           |
| Mrs G D duCharme                           |                     |                     |
| Dr R D Finney                              |                     | 31. 8. 96           |
| Dr D E Fussey (ex-officio)                 |                     |                     |
| Mrs R P A Howells } term of office expired |                     | 31. 8. 96           |
| } re-appointed                             | 17. 9. 96           |                     |
| Ms G E Humphrys                            | 17. 11. 96          |                     |
| Mr H G Jones                               |                     | 31. 8. 96           |
| Councillor P May                           | 17. 9. 96           |                     |
| Mr M A Pattison                            |                     |                     |
| Councillor D Picton                        |                     | 31. 8. 96           |
| Mr I R Price                               | 1. 9. 96            |                     |
| Mr D Pointer                               |                     | 31. 8. 96           |
| Mr C M Rice                                |                     |                     |
| Dr R Salter                                |                     | 31. 8. 96           |
| Mr T A Sinclair                            |                     | 31. 8. 96           |
| Mr E P Stigant                             |                     |                     |
| Mr J R Thompson                            | 17. 9. 96           |                     |
| Dr K G Warren                              |                     |                     |
| Professor G J Zellick                      |                     |                     |

# **UNIVERSITY OF GREENWICH**

## **Report of the Governors (as Directors) for the Year ended 31 July 1997**

### **INTRODUCTION**

#### **1. Constitution and Activities**

The University of Greenwich is a company limited by guarantee, without share capital, and was incorporated in 1971; on 1 January 1995, it became an exempt charity. The University was established as an institution for education and research and these activities have continued during the year without significant change.

#### **2. Aims of the University**

The University remains committed to:

- providing opportunities for students to equip them with skills for employment and lifelong learning in a world of intellectual challenge and rapid technological change
- the service of the local and regional communities in which it is located
- the principle of equal opportunities in its educational and staffing strategies
- an education which promotes culture and high standards in society and recognises the value of collaboration as well as competition
- the promotion of excellence in all aspects of its teaching function, and in those areas of research in which it has chosen to specialise.

#### **3. Regional Collaboration**

In fulfilment of its role as a regional University, Greenwich seeks to:

- develop further its networks of Associate Colleges and compact schools
- establish collaborative working arrangements with other HEIs in the region, where there is complementary subject provision
- explore the "Junior College" model with a 2 + 2 academic structure as a natural development for some Associate Colleges.

## ACADEMIC DEVELOPMENTS

### 4. Academic Aims and the Course Portfolio

Faced with growth constraints and significant and progressive cuts to HEFCE income, the University will continue to develop the academic portfolio by:

- respecting the Polytechnic tradition of the University and prepare students for the world of work through
  - (a) programmes leading to professionally accredited awards
  - (b) other (non-vocational) programmes in which is emphasised a high level of inter-personal and IT skills relevant to future employment
- expanding WITH and AND combinations to make Business, Law, Computing and Languages more widely available
- developing a framework for BA/BSc honours programmes with a wide range of WITH/AND combinations, subject to timetable availability, and to offer an ordinary degree option within this framework
- teaching mainstream specialist single honours programmes only in areas with strong research and professional underpinning
- continuing to emphasise CATS and Access, and developing feeder routes especially through Associate Colleges and Compact Schools
- expanding part-time, adult education and U3A provision via access to existing course units.

### 5. Research

- 5.1 The research strategy at Greenwich selectively focuses on the support of staff who ensure that high quality output is produced, as the results of the recent Research Assessment Exercise demonstrate. The research culture is sufficiently pervasive that, taken together with the high quality consultancy and professional practice of the academic staff, the intellectual quality of the taught programmes is appropriately underpinned. By the next RAE, the aim is to have further strengthened the research profile so that at least a grade 4 will be achieved in each entry.
- 5.2 The University was particularly successful in the 1996 Research Assessment Exercise; the development of a research infrastructure and programme has continued apace across the institution. Including NRI, some 230 staff scored a grade 2 or above and of these, 160 scored a grade 3 or 4.

- 5.3 However, the emerging academic research environment is going to be even more competitive in the next few years. The research strategy of the University has therefore been re-organised to operate through a number of centres to facilitate synergies in collaboration, focus and optimise the use of resources to enable the delivery of research that is of high quality and underwrites the taught programmes. The funds arising from the RAE have been allocated to underwrite the research programmes of the centres and, in addition, the university has invested further monies to help accelerate their growth.

## 6. Teaching Quality

In an independent survey, the University has been included among institutions in which 20-40% of the teaching has been judged "excellent" (ie 22/24) by HEFCE. The University intends to ensure that its teaching is of consistently high quality across the institution, with all areas achieving 20/24 or better in HEFCE terms or the equivalent in the judgement of the NHS or OFSTED.

## 7. Recruitment Strategy

- 7.1 By various independent measures, the University of Greenwich is arguably among the best of the new universities. On the basis of the proportion of our teaching quality assessments rated excellent, we were positioned by *The Daily Telegraph* (26/3/97) as within the top seven new Universities, while the 1996 Research Assessment Exercise rated the University in the top two or three new universities in terms of research quality. In many of our subject areas our Schools (and NRI) are alongside, or above, old university departments in terms of teaching and/or research.
- 7.2 HEFCE academic funding and LEA tuition fees were lower in 1996/97 than in 1995/96 due to the impact of both efficiency factors built into HEFCE funding and lower recruitment of students. The cause of this under-recruitment lies in the University's strategy to improve the quality of its student intake, by increasing entry grades. The introduction of such a policy has immediate negative effects on cashflow. The positive impact of the strategy on academic results will only be seen over future years. However, the improvement in 'A' level scores achieved by students currently in their first year is exemplified in the recruitment of students to read Engineering, with a 100% uplift over the past three years, and in Teacher Training, with a 50% uplift over a similar period. The University does not expect such large corrections of student numbers in future years, as an equilibrium is re-established between the University's desired make-up of its student population and its respective MASN., although the introduction of student tuition fees in 1998/99 will no doubt cause prospective students to think before they leap ! There will probably be significant perturbation in the recruitment system for the next year or two until things settle down.

- 7.3 The fundamental ability of a university to attract students lies in the diversity and quality of the perceived education which such a university portrays. The commitment of the University to the long-term supply of quality education has been covered in previous sections. However, this issue alone will not necessarily guarantee improvement in application statistics or recruitment.
- 7.4 The University plans to pursue a marketing strategy, aimed at securing a strong position in the London and South-East higher education sector. The roots of the strategy are outlined below.
- The development of the "University of Greenwich" brand, based upon the University aims and goals, communicated through a common image throughout all parts of the Institution.
  - The promotion of the brand through focused advertising, PR and marketing at selected target audiences.
  - The development of stronger local and regional campus identities, thereby exploiting the proposed consolidation of faculties into key sites.
  - The refinement and improvement of all aspects of the recruitment especially through centralisation of admissions procedures; identification of critical periods in the recruitment cycles; monitoring and analysis of market trends, advertisement and campaign effectiveness, and competitor activity.
  - The continued activity of the University's overseas recruitment group, promoting each faculty to both existing and new markets. The further development of the successful programmes with overseas governments as well as taking advantage of the mutual recognition directives affecting EU members.
- 7.5 The University has already adopted many of the above policies, and they will continue to be applied in the future, to ensure the on-going promotion of the University.

## **8. Associate Colleges**

- 8.1 The University's academic planning continues to allocate protected contracted student numbers to the Associate Colleges on the basis of actual recruitment in the current year and, in a limited number of priority cases, to new areas of study where there is very clear evidence of a genuine local market. This is in line with the University's aim of developing a regional profile. The University will be considering with our Associate Colleges collaborative bids for additional student numbers to enable this regional development to be sustained. All of the Higher Education awards delivered in the Associate Colleges are linked to clearly defined progression routes to higher level awards at the University. All HND pathways in the Colleges now have an associated linked top up degree.



- 8.2 The Associate Colleges have a focus on recruitment from a predominantly local market that includes traditional School leavers, but also encourages non traditional entrance. Colleges are now fostering their own internal progression routes from Access and Further Education through to their own Higher Education pathways, as well as directly on to University of Greenwich awards.

## **PHYSICAL RESOURCES**

### **9. Estate Strategy**

- 9.1 The University has formally submitted to HEFCE in early 1997 its Estate Strategy for the period 1997-2003, which follows on from the 1992 Accommodation Strategy. Much progress has been made in establishing the framework envisaged in 1992. In particular there has been the following:-

- significant upgrading of existing property together with re-organisation and refurbishment on most sites and some new buildings
- disposal of all sites north of the River Thames
- acquisition of the NRI to complement and augment the University's research and consultancy activities
- recognition that the considerable growth that has taken place over recent years needs to be properly consolidated by the provision of attractive and cost-efficient accommodation in the most appropriate locations. With forecast changes in student numbers over the next five years in particular areas and levels of provision there will be further emphasis on combining cognate academic activities in the same locations
- the need for the University to maintain its close collaborative involvement in the regeneration and development initiatives within its regional catchment.

- 9.2 A major plank in the Estates Strategy is the formation of a new campus in Greenwich, and discussions are taking place to secure a long lease on two buildings known as Dreadnought and Devonport. In addition, the University is in the process of seeking a long lease on three of the four major buildings at the Royal Naval College.

### **10. Building Maintenance and Alterations**

The reduction in HEFCE funding restricts the University's ability to make major alterations to some older buildings to make them more appropriate for current needs. Over the last few years we have had the benefit of Hunter 2 funding for a significant amount of electrical compliance works, but these required 75% funding by the University. Most of those works have been completed, and the programme will be finished by March 1998. Priority had to be given to that essential aspect of building services maintenance to the detriment of other requirements which now become even more urgent. The University has had an active programme of re-modelling over the last ten years, and the building stock, varied in age and construction, needs this ongoing work to address bad fit and other space requirements.

## **INFORMATION SYSTEMS**

### **11. Developing the IT Infrastructure**

- 11.1 In March 1995 the University published its Information Strategy for the period 1994-1998 to develop a single unified data network; to provide through annual rolling programmes of expenditure the information, academic, library, administrative and technical systems needed for the Strategy; and to organise and develop the computing staff needed to support the Strategy. With the reduction in HEFCE/TTA funding, it will be necessary to slow down the pace of development and it is now envisaged that the Strategy will be realised by 2000.
- 11.2 Further progress has been made in 1996/97 on data networking but this has necessarily been limited by available resources. The University's connection to SuperJANET via the London Universities Metropolitan Area Network (MAN) is operational, and the 34Mb links from Woolwich to Dartford and Avery Hill provide the first of the high speed inter-campus connections. The completion of the London section of this network is planned to follow the connection of the Greenwich campus by the addition of a fourth link that will create a resilient quadrilateral network. A bid for funds has been submitted to the second phase of the HEFCE LAN/MAN Initiative to install a 34Mb link from Dartford to Medway, which would form the first connection of the planned Dartford, Medway, Kings Hill triangular network.
- 11.3 Although there have been only modest network enhancements at Woolwich and Avery Hill, significant local networking has been installed on the Dartford campus, partly funded by the HEFCE after a successful bid to the first phase of their LAN/MAN Initiative. The work to complete the networking of all sites is being identified and costed, and it is envisaged that local networking will be completed by 2000.
- 11.4 As the expansion of computing facilities continues, computing systems at the different campuses are being standardised. Also, as the computing demands and expectations grow, the network file servers will be correspondingly upgraded, as will the performance of the various network components needed to support the communications. New and emerging technologies and software are being evaluated and consideration given to the extent to which users require new facilities and how these can be supported. In the next session this will apply, in particular, to Windows NT.

### **12. Information and Library Systems**

- 12.1 The most significant development in 1996/97 was the on-going strategic review of Library and Media Service staffing, which attempts to construct a staffing model for a future 6 campus institution, which will contain costs and provide extended periods of access and a higher level of spending on materials and services in the context of the creation of integrated learning centres.

- 12.2 The creation of a substantial offsite library store in the Chatham Historic Dockyard has enabled the planning of a single library service point within the Nelson learning centre, incorporating the University and NRI library services, completed in September 1997. NR International made available substantial funding from ODA sources for the harmonisation of systems, as a consequence of which a project ran from January to

April 1997, employing large numbers of students, for the conversion of library stock and catalogue records. Records for all unique items and serials have been converted or transferred from the NRI local system and will appear on the University Library's Web-based catalogue. Major workloads remain to complete the process and address the issue of the NRI collections not catalogued at all, but the impact of the project is already evident in the increasing rate of requests for material from other universities.

### **13. Management and Administrative Systems**

Following an extended and rigorous selection process, new Student Records and Finance systems have been purchased and the implementation project is about to commence. It is planned to implement the Finance system by August 1998. This will see the integration of the NRI and University Finance systems. The Student Records system is planned for implementation in January 1999.

## **QUALITY SYSTEMS**

### **14.1 Institutional Quality**

The University is establishing a wider basis for looking at quality in order to ensure that quality permeates all aspects of the institution. The mechanism of Investors in People will be used in relation to institutional quality systems.

### **14.2 Quality for Students**

To provide a good quality education and service to students is the cornerstone of the University's work. The University is seeking to improve its services and its educational delivery on a continuous basis. One contribution to this will come from the implementation of the student charter and through it the identification of the student entitlement. Delivery, performance and implementation are measured against that entitlement. Another mechanism will be a newly formed Quality Assurance Steering Group which will provide advice to the Academic Council.

### **14.3 Quality Audit**

The primary focus of Internal Quality Audit, overseen by the University's Quality Audit Committee, is to ensure that appropriate procedures for quality assurance are in place within the University and are operating systematically and effectively. The work of the Quality Audit Committee, via its internal quality audit programme, is to provide a positive reassurance to all levels of management and also contribute to improvements in operational performance by fostering an ethos of continuous quality improvement. The Committee maintains a register of University staff trained as

Internal Quality Auditors and also includes appropriate external involvement within Internal Quality Audit activity, employing experienced Higher Education Quality Council Auditors.

## SCOPE OF THE FINANCIAL STATEMENTS

- 15.1 The Financial Statements comprise the consolidated results of the University and its subsidiary companies UGMT Limited, Millennium Tree Line Ltd, Uniqueraise Ltd, and Greenwich Property Limited. Results for the University include those for the former Natural Resources Institute which was acquired on 1st May 1996.
- 15.2 The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP) : Accounting in Higher Education Institutions, issued in June 1994.

## 16. Results for the Year

- 16.1 During the preparation of the 1996/97 Financial Statements, it was discovered that a liability amounting to £0.7m for 1996/97 had been duplicated, and therefore it is necessary to make a prior year adjustment, and re-state the results for that year accordingly.
- 16.2 The University's Consolidated income, expenditure and results for the year to 31st, July 1997, are summarised as follows:-

|                                      | <u>1996/97</u> | <u>1995/96</u>     |                   |
|--------------------------------------|----------------|--------------------|-------------------|
|                                      | £m             | as re-stated<br>£m | as reported<br>£m |
| Income (including investment income) | 99.6           | 85.1               | 85.1              |
| Expenditure                          | <u>101.0</u>   | <u>84.3</u>        | <u>85.0</u>       |
| (Deficit)/Surplus for year           | <u>(1.4)</u>   | <u>0.8</u>         | <u>0.1</u>        |

The large increase in income and expenditure compared with the previous year mainly reflects a full year operation of the Natural Resources Institute, which was acquired on 1st May 1996.

The group deficit for the year, which was in line with budget, results from lower than expected student numbers, as set out in para 20.3, and which fell below contract both with HEFCE and with TTA. This involved a reduction in the level of the contracts of £0.4m with the funding bodies, and loss of tuition fee income. The University took action to reduce its cost base by releasing 80 staff under voluntary severance terms, at a cost of £1.5m. but most of the staff were not released until March 1997, so that there was only a part year benefit in payroll savings. However, this places the University in a stronger position to deal with a further round of efficiency savings required by the 2 funding bodies in 1997/98.

- 16.3 As stated above, student numbers have a significant impact on University revenue, and totalled 17,960 in 1996/97, as shown below:-

|                   | <u>1996/97</u>   |                  | <u>1995/96</u>   |                  |
|-------------------|------------------|------------------|------------------|------------------|
|                   | <u>Full-time</u> | <u>Part-time</u> | <u>Full-time</u> | <u>Part-time</u> |
| HEFCE/TTA funded  | 10,032           | 5,182            | 10,722           | 4,979            |
| Overseas (non EU) | 587              | 145              | 493              | 130              |
| Others            | <u>777</u>       | <u>1,237</u>     | <u>761</u>       | <u>1,457</u>     |
|                   | <u>11,396</u>    | <u>6,564</u>     | <u>11,976</u>    | <u>6,566</u>     |
| TOTAL             | <u>17,960</u>    |                  | <u>18,542</u>    |                  |

- 16.4 Revenues from Research Grants and from Other Operating Income are significantly higher than in 1995/96 largely as a result of the full year's activity of NRI compared with only 3 months in 1995/96
- 16.5 Revenue from Residences and Catering Operations was 10% higher than in 1995/96, mainly as a result of the opening of phase 2 of the student village at Avery Hill.
- 16.6 £1.82m was provided for long term maintenance of University buildings, and £0.9m was charged to the provision during the year.
- 16.7 The Balance Sheet reflects the complex accounting treatment of the Private Finance Initiative scheme (PFI) development of phase 2 of the student village at Avery Hill. Although the University did not enter into any borrowing arrangements, accounting conventions require that the notional borrowing appears under "long term creditors" and that the value of the buildings appears under "Tangible Assets" The Statement of Principal Accounting Policies (no. 14) deals with this matter in more detail.
- 16.8 The Balance Sheet shows net current liabilities of £3.1m compared with net current assets of £3.2m in 1995/96. Of this adverse movement, £6m is accounted for by a loan from Barclays Bank, repayable by 29th May 1998 and therefore treated as a current liability in 1996/97 but as a long term liability in the previous year.
- 16.9 The Balance Sheet shows some £29.6m as long term creditors. As shown in note 13, £16.2m relates to the notional borrowing for the student village development, £7.9m to Business Expansion Scheme finance, which is fully cash-backed, and £5.4m relates to debt inherited from the ex London Residuary Body. The costs of servicing this latter debt, which is re-imbursed by HEFCE, is under review by HEFCE, but is re-imbursable for at least 1997/98 in respect of non residential buildings.

- 16.10 Tangible fixed assets increased by £15m during the year, as a result of the inclusion of the notional cost of the student village (PFI scheme) at £16.5m, other capital expenditures of £1.4m, partly offset by a total depreciation charge of £2.9m.
- 16.11 During the year the University exercised its right to purchase the share capital of two Business Expansion Scheme companies - BESRES Campus 18 Plc, and BESRES Campus 19 Plc from funds held specifically for this purpose. The leases held by these companies on certain University residential buildings were transferred to the University "in specie" and the companies put into members' voluntary liquidation.

## **DIRECTORS**

- 17 All the Governors of the University are Directors of the Company. Details of all Directors during 1996/97 are set out on page 2. 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.

## **EMPLOYMENT AND STAFF DEVELOPMENT POLICY**

- 18.1 The University aims to provide a working environment which promotes equality of opportunity for all staff. In accordance with its Equal Opportunities Policy Statement it seeks to ensure that no job applicant or employee is treated less favourably on the grounds of sex, marital status, race, colour, ethnic or national origins, nationality, disability, sexuality, family responsibility, trade union activity, political or religious belief.
- 18.2 During the year, training courses were organised for University managers on how individuals should be selected, promoted and treated on the basis of their relevant skills and abilities. A Disability Policy statement was prepared and published in line with the requirements of the Disability Discrimination Act 1995.
- 18.3 The University has made a formal commitment to achieve the "Investors in People" standard and therefore aims to support and facilitate the development of all its staff in order to achieve their full potential and to enhance the organisation's capacity to meet its mission and objectives. Each member of staff is responsible for his/her own staff development but the University encourages and sustains this process through annual staff appraisal, through locally arranged staff development arranged at the level of each School or Department and through centrally facilitated programmes.
- 18.4 The University reviews training and staff development needs both centrally and locally as part of the corporate planning process, and regularly assesses its investment in training and development to ensure success and to seek continuous improvement. A regular programme of induction courses was held during the year, and a large scale programme of IT training for users at all levels of competence was undertaken.

## **EMPLOYEE INVOLVEMENT**

- 19.1 Employee representatives are elected by and from members of staff to serve as members of Academic Council, Faculty Board and other management committees. Access to the minutes of these meetings and those of the Court is available to all staff.
- 19.2 The University publishes a regular newsletter "Greenwich Line" which includes updates on topical matters and correspondence from readers. Termly staff meetings within each School and Department are encouraged. Regular formal meetings of the joint negotiating and consultation committees for teaching and support staff have been supplemented by informal meetings between staff and management on matters connected with organisational change and relocation.
- 19.3 During the year negotiations with the Institute of Professionals, Managers and Specialists (IPMS) on the basis on which staff formerly employed in the NRI should be assimilated to University pay and conditions were successfully concluded.

## **PAYMENT OF CREDITORS**

- 20.1 It is the University's policy to obtain the best terms for all business, and therefore, there is no single policy as to the terms used in payments to creditors. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms.

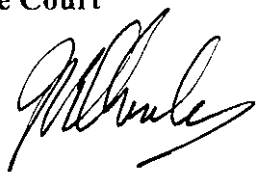
## **CHARITABLE DONATIONS**

- 21.1 During the year, the Group made a charitable donation of £500 to the Ellenor Foundation.

## **AUDITORS**

- 22.1 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, Coopers & Lybrand have been re-appointed as auditors of the Company for a period of two years with effect from 1 August 1997 or until they resign or are removed by resolution at a General Meeting which ever is the earlier.

On behalf of the Court



**J M CHARLES**  
**SECRETARY**

## UNIVERSITY OF GREENWICH

### **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 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 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.



## UNIVERSITY OF GREENWICH

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

## UNIVERSITY OF GREENWICH

### **Auditors' Report to the Members of the University of Greenwich**

We have audited the financial statements on pages 20 to 37 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with the accounting policies set out on pages 17 to 19.

### **Respective responsibilities of the Court and auditors**

As described on pages 14 and 15 the Court is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of our Opinion**

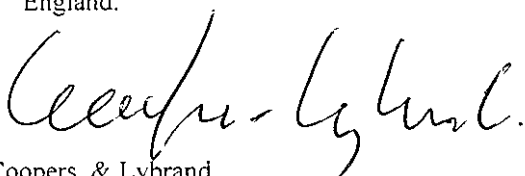
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial 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 of Greenwich'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 us 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.

### **Opinion**

In our opinion:

- 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 1997 and the deficit of income over expenditure, total recognised gains and losses and cashflows of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985, the Education Reform Act 1988, and the Statement of Recommended Practice on Accounting in Higher Education Institutions.
- funds from the Higher Education Funding Council for England and 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.
- income has been applied in accordance with the Education Reform Act governing the University of Greenwich and, where appropriate, with the Financial Memorandum dated March 1996 with the Higher Education Funding Council for England.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors

1 Embankment Place  
London WC2N 6NN

Dated: 17th December 1997

24th

## UNIVERSITY OF GREENWICH

### STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

#### **1. Accounting Convention**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings for which a cost is not readily ascertainable, and in accordance with both the Statement of Recommended Practice: Accounting in Higher Education Institutions (SORP), and applicable Accounting Standards.

#### **2. Basis of Consolidation**

The consolidated financial statements include the financial statements of the University and its subsidiary undertakings for the financial year to 31st July.

For associated undertakings, it is considered that the results are not material, and therefore have not been consolidated.

The consolidated financial statements do not include those of the University of Greenwich Students' Union as the University has no financial interest and no control, or significant influence, over policy decisions.

#### **3. Recognition of Income**

Income from Research Grants, Contracts and Other Services Rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

#### **4. Pension Schemes**

The two principal pension schemes for the University's staff are the Teachers Superannuation Scheme (TSS) and the London Pension Fund. The schemes are defined benefit schemes which 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 payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuations 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 the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of Members of the Schemes after making allowances for future withdrawals.

#### **5. Foreign Currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies 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.

#### **6. Leases**

Fixed assets held under finance leases and the related lease 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 are 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.

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

## UNIVERSITY OF GREENWICH

### STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - Continued

#### 7. 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. In addition, the University gained unrestricted title to equipment purchased from specific grants made by ILEA under which ILEA previously retained an interest. 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:-

**Equipment:** Historic cost less notional depreciation assuming a five year life.

**Leasehold Interest:** Brought in at nil cost but revalued 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. In their opinion the open market value for existing use at that time was £32 million. The freehold properties were mainly valued on a depreciated replacement cost basis. Ownership of part of the Roehampton Campus (Manresa House) did not pass to the University until November 1995. Manresa House was valued by Grimley on 31st July 1996, in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. In their opinion the existing use value was £2.4m.

#### 8. Equipment

Items purchased from specific HEFCE and TTA grants are the property of the University. Items costing over £6,000 are capitalised and depreciated as stated below. Any related capital grants are included in deferred income, which is released to the Income and Expenditure Account on the same basis as the depreciation charge. Items costing less than £6,000 per item, and any related grants, are written-off in the year of purchase.

Capitalised equipment is stated at cost and depreciated on a straight line basis, over its expected useful life, as follows:

|   |   |              |
|---|---|--------------|
| Telephone equipment                               | - | 7 years      |
| Motor vehicles and other general equipment        | - | 5 years      |
| Equipment acquired for specific research projects | - | project life |

The University Group purchases certain capital equipment on behalf of clients for use on projects commissioned by them, but the client retains an interest in that equipment and the right to give instructions as to its disposal when no longer required for the project. Such purchases are written off as an expense in the year of purchase and a matching amount in respect of re-imbursement by the client is included in income.

#### 9. Stocks and Work In Progress

Stocks and work-in-progress are valued at the lower of cost or net realisable value. Stocks consist of books held for sale, chemicals, food and other consumable items. Work in progress consists of direct materials, salaries and attributable overheads.

#### 10. Long term Contracts

For contracts extending over more than one year, income is recorded on the basis of invoices raised, advances received and accrued income as adjusted by amounts recoverable on long term contracts. In accordance with SSAP 9, amounts recoverable on long term contracts and payments in advance have been netted off.

## UNIVERSITY OF GREENWICH

### STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - Continued

#### **11. Research and Development Expenditure**

Research and development work carried out under contract for clients is regarded as income or work-in-progress according to the stage of completion. No such work was carried out by the University Group on its own behalf.

#### **12. Maintenance of Premises**

The University has implemented a ten year rolling maintenance plan based on a draft Estate Strategy, and which will be reviewed on an annual basis. The University sets aside sums on a regular basis to meet the cost of major maintenance which occur on an irregular basis, and are disclosed as provisions. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

#### **11 Cash Flows and Liquid Resources**

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

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.

#### **12 Taxation Status**

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.

#### **13. Negative Goodwill**

The purchase price for the acquisition of the NRI business was less than the net value of the acquired assets, resulting in the creation of negative goodwill. This negative goodwill is credited to reserves and to the extent that the negative goodwill relates to depreciation of the acquired fixed assets, released to the Income and Expenditure account.

#### **14 Private Finance Initiative (PFI)**

Through its subsidiary company, Greenwich Property Limited (GPL), the University entered into a PFI scheme with a contractor for the construction of 662 en-suite student 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 of £16.5m with a consequential, and matching, long term creditor, which has been treated as a 30 year fixed interest finance lease.

**UNIVERSITY OF GREENWICH**  
**CONSOLIDATED INCOME & EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31st JULY 1997**

|   | Note | 1997<br>£000   | 1996<br>£000<br>as re-stated<br>(note 33) |
|---|------|----------------|---|
| <b>INCOME</b>   |      |                |   |
| <b>CONTINUING ACTIVITIES</b>  |      |                |   |
| Funding Councils Grants   | 34   | 38,428         | 39,946                                    |
| Academic Fees and Support Grants  | 35   | 24,283         | 24,852                                    |
| Research Grants and Contracts   | 36   | 10,826         | 4,527                                     |
| Other Operating Income  | 37   | 24,388         | 13,599                                    |
| <b>TOTAL INCOME</b>   |      | <b>97,925</b>  | <b>82,924</b>                             |
| <b>EXPENDITURE</b>  |      |                |   |
| Staff Costs   | 20   | 51,394         | 43,513                                    |
| Depreciation  | 1    | 2,939          | 2,331                                     |
| Other Operating Expenses  | 38   | 43,804         | 36,722                                    |
| <b>TOTAL EXPENDITURE</b>  | 39   | <b>98,137</b>  | <b>82,566</b>                             |
| <b>(Deficit)/Surplus after Depreciation of Assets at Valuation and before Tax</b>                 |      | <b>(212)</b>   | <b>358</b>                                |
| Interest Receivable   | 3    | 1,740          | 2,170                                     |
| Interest Payable  | 4    | (2,918)        | (1,676)                                   |
| <b>(Deficit)/Surplus after Depreciation of Assets at Valuation, and Interest &amp; before Tax</b> |      | <b>(1,390)</b> | <b>852</b>                                |
| Taxation  | 29   | 0              | 0   |
| <b>(Deficit)/Surplus after Depreciation of Assets at Valuation, Interest and Tax</b>              |      | <b>(1,390)</b> | <b>852</b>                                |

**NOTE OF HISTORICAL COST (DEFICIT)/SURPLUS**  
**FOR THE YEAR ENDED 31st JULY 1997**

|   | 1997<br>£000 | 1996<br>£000<br>as re-stated |
|---|--------------|------------------------------|
| (Deficit)/Surplus after Depreciation of Assets at Valuation and Tax   | (1,390)      | 852                          |
| Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 463          | 463                          |
| <b>Historical cost (deficit)/surplus after tax</b>  | <b>(927)</b> | <b>1,315</b>                 |

**UNIVERSITY OF GREENWICH**  
**BALANCE SHEET AS AT 31st JULY 1997**

|   |      | <b>GROUP</b>    |   | <b>UNIVERSITY</b> |   |
|---|------|-----------------|---|-------------------|---|
|   | Note | 1997<br>£000    | 1996<br>£000<br>as re-stated<br>(note 33) | 1997<br>£000      | 1996<br>£000<br>as re-stated<br>(note 33) |
| <b>FIXED ASSETS</b>   |      |                 |   |                   |   |
| Tangible Assets   | 1    | 70,910          | 55,936                                    | 70,884            | 55,118                                    |
| Investments   | 5    | <u>7,728</u>    | <u>12,437</u>                             | <u>7,728</u>      | <u>12,437</u>                             |
|   |      | 78,638          | 68,373                                    | 78,612            | 67,555                                    |
| <b>ENDOWMENT ASSET INVESTMENTS</b>                            | 7&8  | <u>548</u>      | <u>516</u>                                | <u>548</u>        | <u>516</u>                                |
| <b>CURRENT ASSETS</b>   |      |                 |   |                   |   |
| Stocks  | 9    | 254             | 410                                       | 229               | 302                                       |
| Debtors   | 10   | 14,395          | 10,741                                    | 42,226            | 23,262                                    |
| Investments   | 11   | 7,826           | 15,991                                    | 7,826             | 15,991                                    |
| Cash at Bank and in Hand                                      |      | <u>520</u>      | <u>950</u>                                | <u>418</u>        | <u>711</u>                                |
|   |      | 22,995          | 28,092                                    | 50,699            | 40,266                                    |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>         | 12   | <u>(26,125)</u> | <u>(24,885)</u>                           | <u>(36,560)</u>   | <u>(35,956)</u>                           |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b>                     |      | <u>(3,130)</u>  | <u>3,207</u>                              | <u>14,139</u>     | <u>4,310</u>                              |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                  |      | 76,056          | 72,096                                    | 93,299            | 72,381                                    |
| <b>CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b> | 13   | (29,600)        | (25,644)                                  | (46,357)          | (25,644)                                  |
| <b>PROVISION FOR LIABILITIES &amp; CHARGES</b>                | 15   | <u>(3,229)</u>  | <u>(2,351)</u>                            | <u>(3,229)</u>    | <u>(2,351)</u>                            |
| <b>TOTAL ASSETS LESS LIABILITIES</b>                          |      | 43,227          | 44,101                                    | 43,713            | 44,386                                    |
| <b>DEFERRED CAPITAL GRANTS</b>                                | 16   | <u>(1,385)</u>  | <u>(1,082)</u>                            | <u>(1,385)</u>    | <u>(1,082)</u>                            |
| <b>TOTAL NET ASSETS</b>                                       |      | <u>41,842</u>   | <u>43,019</u>                             | <u>42,328</u>     | <u>43,304</u>                             |
| Represented by:   |      |                 |   |                   |   |
| <b>ENDOWMENTS</b>   |      |                 |   |                   |   |
| General   | 7&8  | 149             | 141                                       | 149               | 141                                       |
| Specific  | 7&8  | <u>399</u>      | <u>375</u>                                | <u>399</u>        | <u>375</u>                                |
|   |      | 548             | 516                                       | 548               | 516                                       |
| <b>RESERVES</b>   |      |                 |   |                   |   |
| Revaluation Reserve   | 17   | 21,843          | 22,306                                    | 21,843            | 22,306                                    |
| Capital Reserve   | 17   | 964             | 867                                       | 964               | 867                                       |
| Other Reserve   | 17   | 3,260           | 3,388                                     | 3,260             | 3,388                                     |
| Income & Expenditure Account                                  | 17   | <u>15,227</u>   | <u>15,942</u>                             | <u>15,713</u>     | <u>16,227</u>                             |
|   |      | 41,294          | 42,503                                    | 41,780            | 42,788                                    |
| <b>TOTAL FUNDS</b>  |      | <u>41,842</u>   | <u>43,019</u>                             | <u>42,328</u>     | <u>43,304</u>                             |

The Financial Statements on pages 20 to 37 were approved by the Court on 15th December 1997, and signed on its behalf by:-

  
K.G. WARREN  
PRO CHANCELLOR

  
D. FUSSEY  
VICE CHANCELLOR

# UNIVERSITY OF GREENWICH

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st JULY 1997

|  | Note | 1997<br>£000   | 1997<br>£000   | 1996<br>£000 | 1996<br>£000   |
|--|------|----------------|----------------|--------------|----------------|
| <b>Net Cash Inflow/(outflow) from Operating Activities</b>       | 24   |                | (521)          |              | 1,097          |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>           |      |                |                |              |                |
| Income from Endowments   | 8    | 30             |                | 30           |                |
| Interest received  | 3    | 416            |                | 1,063        |                |
| Interest paid  | 4    | <u>(1,978)</u> |                | <u>(780)</u> |                |
| <b>Returns on Investments and servicing of Finance</b>           |      |                | (1,532)        |              | 313            |
| <b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>              |      |                |                |              |                |
| Payments to Acquire Tangible Assets                              | 1    | (2,166)        |                | (3,603)      |                |
| Disposal of Tangible Assets                                      |      | 5              |                | -            |                |
| Payments to Acquire Endowment asset Investments                  |      | (32)           |                | (29)         |                |
| Deferred Capital Grants Received                                 | 16   | 811            |                | 346          |                |
| HEFCE Grant received for debt repayment                          |      | 91             |                | 150          |                |
| Endowments received  |      | 2              |                | (1)          |                |
| Shares in CVCP Properties Plc                                    |      | <u>-</u>       |                | <u>(38)</u>  |                |
| <b>Capital Expenditure and Financial Investment</b>              |      |                | (1,289)        |              | (3,175)        |
| <b>Cash outflow before use of liquid resources and financing</b> |      |                | <u>(3,342)</u> |              | <u>(1,765)</u> |
| <b>MANAGEMENT OF LIQUID RESOURCES</b>                            |      |                |                |              |                |
| Local Authority Loan Investment                                  |      | 1,524          |                | (2,047)      |                |
| Fixed term and notice bank deposits                              |      | <u>1,999</u>   |                | <u>(88)</u>  |                |
|  |      |                | 3,523          |              | (2,135)        |
| <b>FINANCING</b>   |      |                |                |              |                |
| Finance Lease  |      | (146)          |                | -            |                |
| Bank Loan  |      | -              |                | 6,000        |                |
| Business Expansion Schemes                                       |      | 127            |                | 156          |                |
| Ex ILEA debt repayment   |      | (91)           |                | (150)        |                |
| Repayment of QIS   |      | -              |                | (9,314)      |                |
| Other  |      | <u>3</u>       |                | <u>-</u>     |                |
| <b>Net Cash (Outflow) from Financing</b>                         |      |                | (107)          |              | (3,308)        |
| <b>INCREASE/(DECREASE) IN CASH</b>                               | 26   |                | <u>74</u>      |              | <u>(7,208)</u> |



# UNIVERSITY OF GREENWICH

## STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31st JULY 1997

|   |     | 1997<br>£000    | 1996<br>£000<br>as re-stated |
|---|-----|-----------------|------------------------------|
| (Deficit)/Surplus after Depreciation of Assets at Valuation and Tax<br>as previously reported |     |                 | 139                          |
| Prior year adjustment   | 33  |                 | <u>713</u>                   |
| (Deficit)/Surplus after Depreciation of Assets at Valuation and Tax                           |     | (1,390 )        | 852                          |
| Investments - additions on endowment funds  | 7&8 | 32              | 29                           |
| Capital reserve created in respect of loan repayments<br>re-imbursed by HEFCE                 | 17  | 97              | 93                           |
| Reserve created on acquisition of NRI   | 17  | 84              | 3,442                        |
| Revaluation Reserve - Manresa House   | 17  | <u>-</u>        | <u>2,238</u>                 |
| <b>TOTAL RECOGNISED (LOSSES)/GAINS RELATING TO THE YEAR</b>                                   |     | <u>(1,177 )</u> | <u>6,654</u>                 |

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements

### 1 Tangible Fixed Assets

#### a) GROUP

|                           | Land & Buildings |            |              |                                  | Equipment | Vehicles | TOTAL  |
|---------------------------|------------------|------------|--------------|----------------------------------|-----------|----------|--------|
|                           | Freehold         | Long lease | Short leases | Assets in course of construction |           |          |        |
|                           | £000             | £000       | £000         | £000                             | £000      | £000     | £000   |
| <b>COST OR VALUATION</b>  |                  |            |              |                                  |           |          |        |
| At 1st August 1996        | 50,007           | 6,546      | 723          | 798                              | 7,267     | 123      | 65,464 |
| Additions at cost         | 17,498           | 344        | -            | -                                | 880       | -        | 18,722 |
| Disposals                 | (800)            | -          | -            | -                                | (51)      | -        | (851)  |
| Transfers                 | 592              | 206        | -            | (798)                            | -         | -        | 0      |
| At 31st July 1997         | 67,297           | 7,096      | 723          | 0                                | 8,096     | 123      | 83,335 |
| <b>DEPRECIATION</b>       |                  |            |              |                                  |           |          |        |
| At 1st August 1996        | 4,567            | 192        | 393          | 0                                | 4,324     | 52       | 9,528  |
| Disposals                 | -                | -          | -            | -                                | (42)      | -        | (42)   |
| Charge for year           | 1,625            | 102        | 261          | -                                | 923       | 28       | 2,939  |
| Balance at 31st July 1997 | 6,192            | 294        | 654          | 0                                | 5,205     | 80       | 12,425 |
| <b>NET BOOK VALUE</b>     |                  |            |              |                                  |           |          |        |
| At 31st July 1997         | 61,105           | 6,802      | 69           | 0                                | 2,891     | 43       | 70,910 |
| At 31st July 1996         | 45,440           | 6,354      | 330          | 798                              | 2,943     | 71       | 55,936 |

#### b) UNIVERSITY

|                           |        |       |     |       |       |     |        |
|---------------------------|--------|-------|-----|-------|-------|-----|--------|
| <b>COST OR VALUATION</b>  |        |       |     |       |       |     |        |
| At 1st August 1996        | 49,206 | 6,546 | 723 | 798   | 7,239 | 123 | 64,635 |
| Additions at cost         | 17,499 | 344   | -   | -     | 857   | -   | 18,700 |
| Disposals                 | -      | -     | -   | -     | (51)  | -   | (51)   |
| Transfers                 | 592    | 206   | -   | (798) | -     | -   | 0      |
| At 31st July 1997         | 67,297 | 7,096 | 723 | 0     | 8,045 | 123 | 83,284 |
| <b>DEPRECIATION</b>       |        |       |     |       |       |     |        |
| At 1st August 1996        | 4,566  | 192   | 393 | 0     | 4,314 | 52  | 9,517  |
| Disposals                 | -      | -     | -   | -     | (41)  | -   | (41)   |
| Charge for year           | 1,625  | 102   | 261 | -     | 908   | 28  | 2,924  |
| Balance at 31st July 1997 | 6,191  | 294   | 654 | 0     | 5,181 | 80  | 12,400 |
| <b>NET BOOK VALUE</b>     |        |       |     |       |       |     |        |
| At 31st July 1997         | 61,106 | 6,802 | 69  | 0     | 2,864 | 43  | 70,884 |
| At 31st July 1996         | 44,640 | 6,354 | 330 | 798   | 2,925 | 71  | 55,118 |

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements

### 1 Tangible Fixed Assets

#### NOTES

The basis of the revaluation is set out in note 7 of the Statement of Principal Accounting Policies.

Freehold land with a book value of £18,549,058 (Group) and £18,549,058 (University), and assets in course of construction are not depreciated.

Certain freehold land and buildings are owned by charities of which the University of Greenwich is trustee as follows:-

a) Bergman Osterberg Trust

-approx 27.16 acres of land, and buildings, at Oakfield Lane, Dartford

b) Rachel McMillan Training College

-land, and buildings at 210,212,214,216,218,220,222 Church St. Deptford

-land with frontage on west side to Deptford Church St

-land with frontage on south to Creek Road, Deptford

Some assets are subject to security against a loan of £6m from Barclays Bank - see note 12.

The University has a put option, under which The Secretary of State for Health can be required to re-purchase land owned by the University at North Dartford for £3,000,000 ( purchase cost) during the period 2nd April 1998 to 31st July 1998

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

### 2 Capital financing

In December 1992 the University, acting as trustee of the Bergman Osterberg Trust, agreed to grant a 125 year lease of existing student accommodation at Dartford to a BES Company, (Greenwich Halls 1 Plc) for the sum of £4.7m. The agreement includes put and call options exercisable on 12th February 1998 under which the University has the option to purchase the property for £5.8m, and the BES Company has the option to require the University to surrender the lease for the same amount. To ensure that the University has sufficient funds to meet its obligations and rights in 1998, funds are invested at a fixed rate of interest until 1998.

The University has also granted leases of 99 years under the Business Expansion Scheme in respect of the Student Village at Avery Hill to two companies - BESRES Campus 18 and BESRES Campus 19 - for the sum of £9.75m. There are option agreements for the University to acquire the BESRES companies or the leases for £11.2m and for the BES companies to require the University to take back the lease for the same sum on 30th April 1997. To ensure that the University had sufficient funds to meet its potential obligations and rights in 1997, the University issued a Qualifying Indexed Security in the amount of £8.55m and placed the proceeds into a deposit Account maturing to £11.2m on 30th April 1997.

However, the Finance Act 1995 removed a tax advantage of this instrument from 1st April 1996, and therefore this was redeemed on 29th March 1996 by the University's subsidiary company, Uniqueraise Ltd., which borrowed £9.5m from the University for this purpose. Pending securement of long term funding, the University borrowed £6m from Barclays Bank, repayable by 29th August 1997, but extended to 29th May 1998.

The University exercised its option to acquire the shares of BESRES Campus 18, and BESRES Campus 19 on 30th April 1997 and, after discharging all of their rights and liabilities, placed the companies into members voluntary liquidation.

In addition, further leases in respect of the Thomas Spencer Halls, Woolwich, and Mt. Clare Halls, Roehampton were granted in September 1993 to three other Business Expansion Companies - Greenwich Student Halls V, VI, and VII, for a total sum of £6.72m. There are options for the University to purchase the properties in October 1998 for £8.30m plus, in respect of a small part of the property, an amount linked to movement in the FTSE 100 Index. To ensure that the University has sufficient funds to meet its obligations and rights in 1998, funds have been invested at a fixed rate of interest until 1998, and an option contract taken out to cover the potential increase in the FTSE 100. The total amount of funds applied was £6.07m.

In accordance with FRS 5, the difference between the amounts receivable under business expansion scheme finance and the potential amounts payable under the option agreements is treated as notional interest payable, accruing on a daily basis, and amounted to £666,217 for the year ended 31st July 1997. (1996: £894,213)

### 3 Interest Receivable

|                                    | 1997<br>£000 | 1996<br>£000 |
|------------------------------------|--------------|--------------|
| Business expansion scheme deposits | 1,374        | 1,518        |
| Bank deposits                      | 366          | 652          |
|                                    | <u>1,740</u> | <u>2,170</u> |

### 4 Interest Payable

|                                      |              |              |
|--------------------------------------|--------------|--------------|
| Qualifying Indexed Security          | -            | 83           |
| Business Expansion Schemes           | 666          | 894          |
| Inherited debt                       | 520          | 549          |
| Bank loan                            | 452          | 150          |
| Greenwich Property Ltd Finance Lease | 1,280        | -            |
|                                      | <u>2,918</u> | <u>1,676</u> |

## UNIVERSITY OF GREENWICH

### Notes to the Financial Statements continued

#### 5 Investments

#### Group and University

|  | 1997 | 1996 |
|--|------|------|
|  | £000 | £000 |

#### Cash deposits

|   |         |          |
|---|---------|----------|
| Balance brought forward   | 12,437  | 21,672   |
| Accrued interest / additional deposits                                    | 844     | 1,487    |
| Transfer to current asset investments re options arising in February 1998 | (5,553) | (10,645) |
| Withdrawal  | -       | (77)     |
| Balance carried forward   | 7,728   | 12,437   |

The cash deposits relate to funds set aside to meet the University's potential rights and obligations under Business Expansion Scheme financing and cannot be used for any other purpose - see also note 2

#### 6 Investment in Subsidiary, and Associated Companies:-

##### Subsidiary companies:

##### UGMT Ltd

The University holds 50% of the issued share capital (£1 ordinary shares) of the above Company, which is incorporated in the U.K. and whose principal activity is the provision of consultancy, management development programmes, and hotel and conference activities. The remaining 50% of the ordinary share capital is held by Mr. R. Denton, Director of Finance of the University as nominee for the University. The company is regarded by the directors as a subsidiary undertaking. The results for the year ending 31st July 1997 have been consolidated in these financial statements with those of the University. The company holds 43 shares (8.6%) in Smart Chemical Co. Ltd

##### Uniqueraise Ltd

The University holds 50% of the issued share capital (£1 Ordinary Shares) of Uniqueraise Limited, which is incorporated in the U.K. to carry on business as a general commercial company. The remaining 50% of the ordinary share capital is jointly held by the University and Mr. R Denton, Director of Finance of the University. The directors regard this company as a subsidiary undertaking. The results for the year ending 31st July 1997 have been consolidated in these financial statements with the results of the University.

##### Millennium Tree Line Ltd

The University holds 100% of the issued share capital (£1 Ordinary Shares) of Millennium Tree Line Limited, which is incorporated in the U.K. and whose principal activity is to raise money for education, environmental and other causes. The Directors regard this company as a subsidiary undertaking. The results for the year ending 31st July 1997 have been consolidated in these financial statements with those of the University.

##### 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 U.K. and whose principal activity is to facilitate the provision of student accommodation for the benefit of the University's students. The Directors regard this company as a subsidiary undertaking. The results for the year ended 31st July 1997 have been consolidated in these financial statements with those of the University.

##### London Science Park Ltd

The University holds outright 50% of the issued share capital (£1 Ordinary Shares) in London Science Park Limited, which is incorporated in the U.K. to carry on business as a general commercial company. The remaining 50% of the ordinary share capital is held jointly by the University and Mr J Charles, Secretary of the University. The company has not traded since incorporation.

## UNIVERSITY OF GREENWICH

### Notes to the Financial Statements continued

#### 6 Investment in Subsidiary, and Associated Companies (continued):-

##### Associated Company:

##### Natural Resources International Ltd

The University holds 25% of the issued share capital (10 pence Ordinary Shares) in Natural Resources International Limited, with the University of Edinburgh, Wye College, and Imperial College each holding 25%. The company, which is incorporated in the U.K. commenced trading on 1st August 1996 as part of the acquisition of the former Natural Resources Institute from the Overseas Development Administration (ODA). The principal activity of the company is to supply the Department for International Development (formerly ODA) and other potential clients with expertise on the conservation, management and sustainable development of natural resources. It delivers this work largely through sub contracts to members of the consortium, and to external organisations.

The company reported an unaudited profit of £4,936 in it's first year of trading, of which the University's share, after tax, is £1,234. The University's share of profits has not been consolidated in these accounts as they are not material.

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

|                                     | 1997<br>£      | 1996<br>£      |
|-------------------------------------|----------------|----------------|
| <b>7 Endowment Asset Investment</b> |                |                |
| <b>Group &amp; University</b>       |                |                |
| GENERAL                             |                |                |
| Unquoted                            |                |                |
| Local Authority Loans               | <u>148,571</u> | <u>140,820</u> |
| SPECIFIC                            |                |                |
| Quoted                              |                |                |
| COIF Income Shares                  | 52,132         | 42,437         |
| Unquoted                            |                |                |
| Local Authority Loans               | 328,248        | 312,249        |
| Bank Deposit Account                | 83             | 83             |
| National Savings Investment Account | 18,846         | 20,252         |
| Cash                                | <u>970</u>     | <u>286</u>     |
|                                     | <u>400,279</u> | <u>375,307</u> |
| Less:liabilities                    | <u>(1,015)</u> | <u>0</u>       |
|                                     | <u>399,264</u> | <u>375,307</u> |
| Market value of COIF income shares  | <u>52,132</u>  | <u>42,437</u>  |

## 8 Endowments

| Group & University                       | Balance<br>31.7.96<br>£ | Additions<br>£ | Withdrawals<br>£ | Investment<br>Income<br>£ | Balance<br>31.7.97<br>£ |
|--|-------------------------|----------------|------------------|---------------------------|-------------------------|
| GENERAL                                  | £                       | £              | £                | £                         | £                       |
| Governors' General Reserve               | <u>140,820</u>          |                | <u>(500)</u>     | <u>8,251</u>              | <u>148,571</u>          |
| SPECIFIC                                 |                         |                |                  |                           |                         |
| Walter Busbridge Fund                    | 3,325                   |                |                  | 194                       | 3,519                   |
| D.C. Stapley Prize Fund                  | 4,203                   |                |                  | 246                       | 4,449                   |
| Osborn Howe Prize Fund                   | 2,722                   |                |                  | 159                       | 2,881                   |
| Penfold Memorial Trust Fund              | 552                     |                |                  | 33                        | 585                     |
| Pidgen Prize Fund                        | 238                     |                |                  | 14                        | 252                     |
| Foundation Prize Fund                    | 9,274                   |                |                  | 544                       | 9,818                   |
| Lord Marks Fund                          | 3,123                   |                |                  | 183                       | 3,306                   |
| Blanche Lemon Prize Fund                 | 732                     |                |                  | 43                        | 775                     |
| Else Haydon Carrier Prize Fund           | 1,817                   |                |                  | 106                       | 1,923                   |
| Grace McNicol Prize Fund                 | 507                     |                |                  | 30                        | 537                     |
| Phillips Fund                            | 858                     |                |                  | 50                        | 908                     |
| Old Students Association Prize Fund      | 4,798                   | 880            |                  | 240                       | 5,918                   |
| Freda Jarvis Memorial Fund               | 21,970                  | 4,024          |                  | 1,098                     | 27,092                  |
| Dennis Frank Todd Memorial Prize Fund    | 388                     |                |                  | 23                        | 411                     |
| Kittson Prize Fund                       | 578                     |                |                  | 34                        | 612                     |
| Spalding Memorial Prize Fund             | 434                     |                |                  | 25                        | 459                     |
| Rachel McMillan Training College Fund    | 261,938                 |                | (15,347)         | 15,347                    | 261,938                 |
| School of Land & Construction Prize Fund | 261                     |                | (75)             | 15                        | 201                     |
| Woolwich Polytechnic Trust               | 0                       |                |                  |                           | 0                       |
| Bergman Osterberg Trust                  | 41,594                  | 4,791          | (3,835)          | 2,099                     | 44,649                  |
| Broughton Trade Lad Prize Fund           | 1,978                   |                |                  | 116                       | 2,094                   |
| E.de Barry Barnett Memorial Trust Fund   | 0                       | 4,453          |                  | 79                        | 4,532                   |
| Garnett Prize Fund                       | 14,017                  |                | (212)            | 821                       | 14,626                  |
| Humanities Prize Fund                    | <u>0</u>                | <u>7,705</u>   | <u>(69)</u>      | <u>143</u>                | <u>7,779</u>            |
|  | <u>375,307</u>          | <u>21,853</u>  | <u>(19,538)</u>  | <u>21,642</u>             | <u>399,264</u>          |

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

|   | GROUP         |               | UNIVERSITY    |               |
|---|---------------|---------------|---------------|---------------|
|   | 1997          | 1996          | 1997          | 1996          |
|   | £000          | £000          | £000          | £000          |
| <b>9 Stocks</b>                               |               |               |               |               |
| Raw materials and consumables                 | 75            | 99            | 75            | 99            |
| Work in progress                              | 130           | 189           | 130           | 183           |
| Finished goods and goods for resale           | 49            | 122           | 24            | 20            |
|   | <u>254</u>    | <u>410</u>    | <u>229</u>    | <u>302</u>    |
| <b>10 Debtors</b>                             |               |               |               |               |
| Due within one year:                          |               |               |               |               |
| Trade Debtors                                 | 5,029         | 4,248         | 4,567         | 4,004         |
| Amounts owed by subsidiaries                  | -             | -             | 10,291        | 12,993        |
| Amounts owed by associated company            | 366           | -             | 361           | -             |
| Amounts recoverable under long term contracts | 1,306         | 906           | 1,306         | 906           |
| Other Debtors                                 | 3,004         | 2,994         | 2,955         | 2,930         |
| Prepayments                                   | 3,655         | 1,997         | 3,477         | 1,833         |
| Amounts due from HEFCE                        |               |               |               |               |
| Principal and Interest on capital debt        | 263           | 260           | 263           | 260           |
| Other   | 478           | 260           | 478           | 260           |
|   | <u>14,101</u> | <u>10,665</u> | <u>23,698</u> | <u>23,186</u> |
| Due in more than one year:                    |               |               |               |               |
| Amounts owed by subsidiaries                  | -             | -             | 18,234        | -             |
| Prepayments                                   | 42            | 76            | 42            | 76            |
| Amounts owed by associated company            | 70            | -             | 70            | -             |
| Other   | 182           | -             | 182           | -             |
|   | <u>14,395</u> | <u>10,741</u> | <u>42,226</u> | <u>23,262</u> |
| <b>11 Investments</b>                         |               |               |               |               |
| Local Authority Loan                          | 523           | 2,047         | 523           | 2,047         |
| Fixed term and notice bank deposits           | 1,712         | 3,261         | 1,712         | 3,261         |
| Business Expansion Scheme deposits            | 5,553         | 10,645        | 5,553         | 10,645        |
| Shares in CVCP Properties Plc - at cost       | 38            | 38            | 38            | 38            |
|   | <u>7,826</u>  | <u>15,991</u> | <u>7,826</u>  | <u>15,991</u> |

CVCP Properties Plc was formed in order to fund the acquisition and refurbishment of new offices for CVCP. All Universities agreed to subscribe for ordinary shares in this company in proportion to the subscription formula applying as at June 1995. The University of Greenwich holds 37,714 (0.9%) of the shares.

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| <b>12 Creditors: Amounts Falling Due within one year:</b>                | as re-stated  |               | as re-stated  |               |
| Bank overdraft   | -             | 54            | -             | 37            |
| Bank loan  | 6,000         | -             | 6,000         | -             |
| Trade Creditors  | 1,871         | 3,034         | 1,857         | 3,031         |
| Prepaid long term contract income  | 731           | 474           | 731           | 474           |
| Social Security and Other Taxation Payable                               | 1,890         | 1,200         | 1,842         | 1,184         |
| Loan debt payable to Royal Borough of Kensington and Chelsea             | 97            | 91            | 97            | 91            |
| Interest on loan debt payable to Royal Borough of Kensington and Chelsea | 166           | 169           | 166           | 169           |
| Other Creditors  | 4,263         | 3,445         | 5,992         | 5,360         |
| Accruals   | 3,817         | 4,248         | 3,193         | 4,048         |
| Deferred Income  | 1,606         | 1,261         | 1,606         | 1,261         |
| Qualifying Indexed Security (note 2)                                     | -             | -             | 9,392         | 9,392         |
| Business Expansion Scheme finance  | 5,684         | 10,909        | 5,684         | 10,909        |
|  | <u>26,125</u> | <u>24,885</u> | <u>36,560</u> | <u>35,956</u> |

The bank loan is secured on University properties and repayable by 29th May 1998. The interest rate is linked to LIBOR



# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

|  | GROUP         |               | UNIVERSITY    |               |
|--|---------------|---------------|---------------|---------------|
|  | 1997          | 1996          | 1997          | 1996          |
|  | £000          | £000          | £000          | £000          |
| <b>13 Creditors: Amounts Falling Due after more than one year:</b>     |               |               |               |               |
| Finance lease (see Accounting Principals note 14)                      | 16,219        | -             | -             | -             |
| Business expansion scheme finance (Note 2)                             | 7,925         | 13,082        | 7,925         | 13,082        |
| Loan from subsidiary   | -             | -             | 32,979        | -             |
| Bank loan  | -             | 6,000         | -             | 6,000         |
| Loan debt payable to Royal Borough of Kensington and Chelsea (note 14) | 5,453         | 5,550         | 5,453         | 5,550         |
| DFID deferred terms re purchase of NRI                                 | -             | 1,012         | -             | 1,012         |
| Other  | 3             | -             | -             | -             |
|  | <u>29,600</u> | <u>25,644</u> | <u>46,357</u> | <u>25,644</u> |

Amounts included above, but payable in more than 5 years are as follows:-

|  | £000   | £000  | £000   | £000  |
|--|--------|-------|--------|-------|
| Finance lease  | 15,220 | -     | -      | -     |
| Loan debt payable to Royal Borough of Kensington and Chelsea | 4,992  | 5,119 | 4,992  | 5,119 |
| Loan from subsidiary   | -      | -     | 32,979 | -     |

## 14 Capital debt due to Royal Borough of Kensington and Chelsea

Loans associated with the tangible fixed assets transferred from ILEA, transferred to the University on 1st April 1989, although only part of the amount in respect of the Roehampton Campus was determined. Following the transfer of the remainder of the Roehampton campus to the University in November 1995, the related inherited debt has been brought into account. The loans are unsecured and are repayable by instalments over various years up to 2021, at an average rate of interest of 9.27% (1996: 9.48%)

The University is liable for servicing this debt to the Royal Borough (as successor body to ILEA for this purpose) but is re-imbursed by HEFCE for payment of both principal and interest.

|  | Group and University |              |
|--|----------------------|--------------|
|  | 1997                 | 1996         |
|  | £000                 | £000         |
| Balance brought forward  | 5,550                | 5,481        |
| Debt associated with Manresa House   | -                    | 162          |
| Repaid in Year   | -                    | (2)          |
| Less: amount repayable by 31st July 1998, transferred to current liabilities (note 12) | (97)                 | (91)         |
|  | <u>5,453</u>         | <u>5,550</u> |

## 15 Provisions for Liabilities and Charges

|  | GROUP AND UNIVERSITY |            |              |
|--|----------------------|------------|--------------|
|  | Long Term            | Other      | Total        |
|  | Maintenance          |            |              |
|  | £000                 | £000       | £000         |
| At 1st August                                | 1,883                | 468        | 2,351        |
| Utilised in Year                             | (925)                | (17)       | (942)        |
| Transfer from Income and Expenditure Account | 1,820                | -          | 1,820        |
| At 31st July                                 | <u>2,778</u>         | <u>451</u> | <u>3,229</u> |

"Other provisions" includes £350,000 in respect of contaminated land at North Dartford.

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

### 16 Deferred Capital Grants

#### GROUP AND UNIVERSITY

|  | HEFCE<br>Equipment<br>£000 | Other Grants<br>Buildings<br>£000 | Equipment<br>£000 | Total<br>£000 |
|--|----------------------------|-----------------------------------|-------------------|---------------|
| At 1st August                                | 900                        | 182                               | -                 | 1,082         |
| Amounts Receivable                           | 660                        | -                                 | 151               | 811           |
| Released to Income and Expenditure (note 34) | (478)                      | -                                 | (30)              | (508)         |
| At 31st July                                 | 1,082                      | 182                               | 121               | 1,385         |

### 17 Reserves

|   | Revaluation<br>Reserve<br>£000 | Capital<br>Reserve<br>£000 | Other<br>Reserve<br>£000 | Income &<br>Expenditure A/C<br>£000 | Total<br>Reserves<br>£000 |
|---|--------------------------------|----------------------------|--------------------------|-------------------------------------|---------------------------|
| At 1st August 1996 as previously reported       | 22,306                         | 867                        | 3,388                    | 15,229                              | 41,790                    |
| Prior year adjustment (note 33)                 | 0                              | 0                          | 0                        | 713                                 | 713                       |
| At 1st August 1996, as re-stated                | 22,306                         | 867                        | 3,388                    | 15,942                              | 42,503                    |
| Deficit for year                                | -                              | -                          | -                        | (1,390)                             | (1,390)                   |
| Transfer from reserves re depreciation          | (463)                          | -                          | (212)                    | 675                                 | 0                         |
| Transfers re current years reserves (see below) | -                              | 97                         | -                        | -                                   | 97                        |
| Negative goodwill re acquisition                | -                              | -                          | 84                       | -                                   | 84                        |
| At 31st July 1997                               | 21,843                         | 964                        | 3,260                    | 15,227                              | 41,294                    |

Capital reserve results from the re-imbursement by HEFCE of principal on loans transferred from ex-ILEA (see note 14)  
An amount equivalent to depreciation on transferred assets is transferred to Income & Expenditure Account.

All the above relate to Group and University except for the Income & Expenditure Account. The figures for the University are shown below in note 18.

### 18 Income and Expenditure Account - University

|   | <u>1997</u><br>£000 | 1996<br>£000<br>as re-stated |
|---|---------------------|------------------------------|
| Balance at 1st August 1996 as previously reported | 16,227              | 14,743                       |
| Prior year adjustment (note 33)                   | 0                   | 713                          |
| Balance at 1st August 1996 as re-stated           | 16,227              | 15,456                       |
| (Deficit)/Surplus for year                        | (1,189)             | 254                          |
| Transfer from reserves re depreciation            | 675                 | 517                          |
| Balance at 31st July 1997                         | 15,713              | 16,227                       |

Of this balance £2,411,493 (1996: £3,089,754) relates to school and departmental funds built up from their devolved budget savings and other sources, which are carried forward into the following year.

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

### 19 Surplus/deficit on Ordinary Activities

The surplus/deficit on ordinary activities is after charging :

|  | GROUP |       | UNIVERSITY |       |
|--|-------|-------|------------|-------|
|  | 1997  | 1996  | 1997       | 1996  |
|  | £000  | £000  | £000       | £000  |
| Auditors remuneration                  | 40    | 24    | 34         | 21    |
| Auditors remuneration - non audit work | 213   | 493   | 192        | 493   |
| Depreciation                           | 2,939 | 2,331 | 2,924      | 2,320 |
| Rent of land and buildings             | 4,545 | 3,091 | 4,502      | 3,076 |

### 20 Staff

|  | GROUP         |               |
|--|---------------|---------------|
|  | 1997          | 1996          |
|  | £000          | £000          |
|  | as re-stated  |               |
| i) Staff costs   |               |               |
| Salaries and wages   | 45,196        | 38,084        |
| Social Security Costs  | 3,410         | 2,921         |
| Other Pension Costs  | 2,788         | 2,508         |
|  | <u>51,394</u> | <u>43,513</u> |
|  | No.           | No.           |
| Average Staff Numbers by Major Category                        |               |               |
| Academic Staff   | 837           | 852           |
| Administrative, Professional & Technical support Staff         | 1,010         | 834           |
| Premises and Ground Staff                                      | 243           | 238           |
| Refectory/Hostel Staff   | 54            | 63            |
| Other Staff- including staff seconded to N.R.International Ltd | 101           | 73            |
|  | <u>2,245</u>  | <u>2,060</u>  |

Remuneration of Higher Paid Staff, including externally generated earnings, contracts and sponsorship, but excluding employer's pension contributions were:-

|                   | No. | No. |
|-------------------|-----|-----|
| £50,000 - £60,000 | 21  | 11  |
| £60,001 - £70,000 | 1   | -   |
| £70,001 - £80,000 | 1   | 3   |

### ii) Voluntary severance

One member of staff, earning over £50,000 p.a., left under the University's voluntary severance scheme and received £60,760.23 (1996:nil)

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

### 20 Staff (continued)

#### iii) Directors' Emoluments

The aggregate amount of Directors' emoluments was £242,777 (1996: £297,082). 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 except for the Vice Chancellor.

7 directors (1996:6) are accruing benefits under defined pension schemes, as set out in note 27.

The emoluments of the highest paid director (Vice Chancellor) were £93,600 (1996: £89,755). Of these amounts, £88,199 was in respect of salary (1996:£86,809) and £5,401 in respect of taxable car benefit (1996:£2,946). In addition the University made superannuation contributions amounting to £7,013 (1996: £6,965) to the Teachers Superannuation Scheme.

His accrued retirement benefit on service to date was:

|                                    | 1997   | 1996   |
|------------------------------------|--------|--------|
|                                    | £      | £      |
| a) accrued pension at end of year  | 31,858 | 30,278 |
| b) accrued lump sum at end of year | 95,573 | 90,834 |

#### iv) Directors Loans

The University operates an interest-free loan scheme for the purchase of travel season tickets and computers which is available to employees. No Governor (1996: none), in his/her capacity as employee, was advanced a loan under this scheme during the year.

### 21 Directors

The University is a company limited by guarantee, and the liability of its directors is limited to £1. The University's professional indemnity insurance provides cover for the directors up to £1m within a 1 year period.

### 22 Lease Obligations

|   | <u>GROUP</u>  |           | <u>UNIVERSITY</u> |           |
|---|---------------|-----------|-------------------|-----------|
|   | 1997          | 1996      | 1997              | 1996      |
|   | £000          | £000      | £000              | £000      |
| Obligations under finance leases  | -             | -         | -                 | -         |
| Within one year   | 158           | -         | -                 | -         |
| Between two and five years  | 998           | -         | -                 | -         |
| Over five years   | 15,220        | -         | -                 | -         |
|   | <u>16,376</u> | <u>-</u>  | <u>-</u>          | <u>-</u>  |
| Operating lease commitments in respect of vehicles for the 1997 financial year, on leases expiring: |               |           |                   |           |
| Within one year   | 3             | 26        | 3                 | 26        |
| Between two and five years  | 10            | 13        | 10                | 13        |
| Over five years   | -             | -         | -                 | -         |
|   | <u>13</u>     | <u>39</u> | <u>13</u>         | <u>39</u> |

### 23 Capital Commitments

|  | 1997         | 1996         | 1997         | 1996         |
|--|--------------|--------------|--------------|--------------|
|  | £000         | £000         | £000         | £000         |
| Commitments contracted at 31st July        | 606          | 515          | 606          | 515          |
| Authorised but not contracted at 31st July | 2,345        | 983          | 2,345        | 983          |
|  | <u>2,951</u> | <u>1,498</u> | <u>2,951</u> | <u>1,498</u> |

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

| 24 Reconciliation of Consolidated Operating<br>Surplus/(Deficit) to Net Cash from Operating Activities | 1997                      | 1996                 |
|--|---------------------------|----------------------|
|  | £000                      | £000<br>as re-stated |
| (Deficit)/Surplus before tax   | (1,390)                   | 852                  |
| Depreciation (Note 1)  | 2,939                     | 2,331                |
| Write down of Fixed Assets   | 4                         | -                    |
| Deferred Capital Grants released to Income (Note 16)   | (508)                     | (471)                |
| Investment Income (Note 3)   | (1,740)                   | (2,170)              |
| Interest Payable (note 4)  | 2,918                     | 1,676                |
| (Increase) / Decrease of Stocks  | 156                       | (97)                 |
| Increase in Debtors  | (3,698)                   | (2,012)              |
| Increase/(Decrease) in Creditors   | (80)                      | 1,708                |
| Increase / (Decrease) in Provisions  | 878                       | (720)                |
| Net Cash Inflow from Operating Activities  | <u>(521)</u>              | <u>1,097</u>         |
| 25 Analysis of Changes in Consolidated Financing During the Year                                       |                           |                      |
|  | Finance<br>Leases<br>£000 | Loan<br>Debt<br>£000 |
| Balances at 1st August 1995  | -                         | 5,629                |
| Capital Repayments   | -                         | (150)                |
| Loan re Manresa House  | -                         | 162                  |
| Balances at 31st July 1996   | <u>0</u>                  | <u>5,641</u>         |
| Capital Repayments   | -                         | (91)                 |
| Balances at 31st July 1997   | <u>0</u>                  | <u>5,550</u>         |
| 26 Reconciliation of Net Cash Flow to Movement in Net Debt   |                           |                      |
|  | 1997<br>£000              | 1996<br>£000         |
| Increase/(decrease) in cash in the period  | 74                        | (7,208)              |
| Cash inflow re acquisition of NRI  | -                         | 693                  |
| Cash inflow/(outflow) re liquid resources  | (3,523)                   | 2,135                |
| Cash inflow re increase in debt and lease financing  | 234                       | 3,557                |
|  | <u>(3,215)</u>            | <u>(823)</u>         |
| Other changes in debt  | -                         | (1,174)              |
| New finance lease  | <u>(16,522)</u>           | <u>-</u>             |
|  | <u>(19,737)</u>           | <u>(1,997)</u>       |
| Net debt at 1 August   | <u>(6,449)</u>            | <u>(4,452)</u>       |
| Net debt at 31 July  | <u>(26,186)</u>           | <u>(6,449)</u>       |

### Analysis of Changes in Net Debt

|  | At 1 Aug<br>1996<br>£000 | Cash<br>Flows<br>£000 | Other<br>Changes<br>£000 | At 31 July<br>1997<br>£000 |
|--|--------------------------|-----------------------|--------------------------|----------------------------|
| Cash in hand, at bank & deposits repayable on demand | 950                      | 20                    | -                        | 970                        |
| Overdrafts   | (54)                     | 54                    | -                        | 0                          |
|  | <u>896</u>               | <u>74</u>             | <u>-</u>                 | <u>970</u>                 |
| Liquid resources                                     | 5,308                    | (3,523)               | -                        | 1,785                      |
| Debt due within 1 year                               | (91)                     | 91                    | (7,109)                  | (7,109)                    |
| Debt due after 1 year                                | (12,562)                 | (3)                   | 7,109                    | (5,456)                    |
| Finance leases                                       | -                        | 146                   | (16,522)                 | (16,376)                   |
| Total  | <u>(6,449)</u>           | <u>(3,215)</u>        | <u>(16,522)</u>          | <u>(26,186)</u>            |

## UNIVERSITY OF GREENWICH

### Notes to the Financial Statements continued

#### 27 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 Pensions Fund for non-academic staff.

Both these 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 is reviewed periodically on the basis of actuarial valuations.

In accordance with the Local Government Superannuation Regulations, a valuation of the London Pensions Fund as at 31st March 1995 determined that, on the basis of the projected unit method, the University's contribution should be reduced from 10.6% to 6.7% for the period 1st April 1996 to 31st March 1999. The next actuarial valuation will be as at 31st March 1998.

The main actuarial assumptions used in the valuation were:-

|                               |  |
|-------------------------------|--|
| Rate of return on investments | 9.0% p.a.  |
| Rate of pay increases         | 6.5% p.a.  |
| Rate of pension increases     | 4.5% p.a.  |
| Valuation of assets           | Discounted value of future income, assuming 4.5% p.a. dividend growth. |

The valuation showed that the market value of the assets of the Fund at 31st March 1995 was £1,994m.

Following an actuarial valuation of the Teachers' Superannuation Scheme as at 31 March 1986, the University's contribution was set at 8.05% with effect from 1 April 1989. A review of this by the Government in February 1997, resulted in a reduction in the contribution rate to 7.2% from 1st July 1997, and for individual employers to be responsible for the costs of early retirements as from 1st September 1997.

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

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 £89,947 (1996 - £nil) payable to the Teachers' Pensions Agency and £136,406 (1996: £120,556) payable to the London Pensions Fund Authority in respect of the University's contributions on salaries for July 1997.

The pension charge for the year includes an amount in respect of enhanced pension entitlements of staff taking early retirement under the reorganisation programme. In 1991/92 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 4% in excess of price inflation.

An amount of £42,979 (1996 - £43,233) is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceeds 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.

In addition, the University provides additional life insurance benefits for former staff of the Natural Resources Institute to preserve rights previously provided by the Principal Civil Service Pension Scheme. The cost for the year was £10,610.

# UNIVERSITY OF GREENWICH

## Notes to the Financial Statements continued

### 28 Education Contract

The University has a contract with South Thames Regional Health Authority (STRHA) to provide education and training for student nurses and midwives.

At present there is no formal agreement for the University's use of Health Authority premises but the University pays operating premises costs and capital charges directly to the trusts and is fully funded for this through the contract with STRHA. The lease terms for the premises are still under negotiation, as is the ownership of the equipment.

Bursary payments to students amounting to £2,130,146 and the corresponding funding from STRHA are not shown in the accounts because the University is acting as agent on behalf of STRHA for this purpose.

### 29 Taxation

|   | GROUP    |          |
|---|----------|----------|
|   | 1997     | 1996     |
|   | £000     | £000     |
| U.K. Corporation Tax at 25% on the profits of, and by:- |          |          |
| UGMT Ltd  | -        | -        |
| Greenwich Property Ltd.                                 | -        | -        |
| Millennium Tree Line Ltd                                | -        | -        |
|   | <u>-</u> | <u>-</u> |

### 30 Contingent liabilities

The University is a member of U.M. Association (Terrorism) Ltd., whereby 65 Universities indemnify each other against losses arising out of terrorist events. The contributions to the association are variable and depend upon the losses experienced from year to year. The Association is protected against severe losses by insurance placed with Lloyds of London and the availability of a bank facility of up to £30m.

### 31 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, and which commenced trading on 1st August 1996. Contracts, to a value of £37m were assigned to the company, and work to the value of £17.6m was sub-contracted to the University. During the year, the value of work performed for the company was £18.1m. The University seconded approx 30 of it's staff to the company at a cost of £1.1m in the year, and charged the company £0.6m for premises and related costs. Finally, the University sold furniture and equipment to the company for £67,000 on deferred terms. At the year end, the total amount owed to the University was £3.26m.

### 32 Post Balance Sheet Events

In October 1997, the University exercised it's option to purchase land at North Dartford for the sum of £454,748. The University has a put option, under which the vendor can be required to re-purchase this, and other land, at North Dartford for £3,395,000 during the period 2nd April 1998 to 31st July 1998.

The University is negotiating terms for a long lease on two buildings in Greenwich for a lease premium of £1.95m payable in instalments by 1st April 1998.

The University is in the process of seeking a long lease on three of the four major buildings at the Royal Naval College Greenwich, which is being vacated by the naval staff colleges.

### 33 Prior Year Adjustment

During the completion of the 1996/97 Financial Statements, it was discovered that a payroll liability for the previous year's statements had been duplicated. The results for 1995/96 have therefore been re-stated in the comparative figures in these Financial Statements, and which show an improvement of £713,000 compared with the results previously reported.

# UNIVERSITY OF GREENWICH

## Additional notes to the Financial Statements (not required under the Companies Act)

|  | GROUP        |              |
|--|--------------|--------------|
|  | 1997<br>£000 | 1996<br>£000 |
| <b>34 Funding Council Grants</b>                       |              |              |
| HEFCE:-  |              |              |
| Recurrent Grant  | 31,926       | 32,920       |
| Specific Grants  |              |              |
| Inherited liabilities                                  | 1,996        | 2,045        |
| Hunter 2 (building repairs & electrical compliance)    | 191          | 774          |
| Deferred Capital Grants Released in Year               |              |              |
| Equipment (note 16)                                    | 478          | 471          |
| TEACHER TRAINING AGENCY                                |              |              |
| Recurrent Grant  | 3,837        | 3,639        |
| FEFC Recurrent Grant                                   | -            | 97           |
|  | 38,428       | 39,946       |
| <b>35 Academic Fees and Support Grants</b>             |              |              |
| Full-time home and EU students                         | 11,539       | 12,571       |
| Full time students charged overseas fees               | 2,760        | 2,387        |
| Part-time fees   | 2,844        | 2,628        |
| Health Authority Contract                              | 7,138        | 7,219        |
| Further Education fees                                 | 2            | 47           |
|  | 24,283       | 24,852       |
| <b>36 Research Grants and Contracts</b>                |              |              |
| Grants   | 1,191        | 1,350        |
| Contracts  | 9,635        | 3,177        |
|  | 10,826       | 4,527        |
| <b>37 Other Operating Income</b>                       |              |              |
| Residences, Catering and Conferences                   | 7,002        | 6,354        |
| Other Services Rendered                                | 15,707       | 6,846        |
| Other Income   | 1,679        | 399          |
|  | 24,388       | 13,599       |
| <b>38 Other Operating Expenses</b>                     |              |              |
| Residences, Catering and Conference Operating Expenses | 4,287        | 4,853        |
| Consumables and Laboratory Expenditure                 | 2,205        | 2,804        |
| Books and Periodicals                                  | 1,066        | 682          |
| Heat, Light, Water and Power                           | 805          | 889          |
| Repairs and General Maintenance                        | 3,216        | 3,801        |
| Provision for Long Term Maintenance                    | 1,820        | 1,350        |
| Grants to Student Union                                | 650          | 723          |
| Rents & rates  | 4,434        | 2,817        |
| Other Expenses   | 25,321       | 18,803       |
|  | 43,804       | 36,722       |



# UNIVERSITY OF GREENWICH

## Additional notes to the Financial Statements (not required under the Companies Act)

### GROUP

#### 39 Analysis of 1996/97 Expenditure by Activity

|                                  | Staff<br>Costs | Depreciation | Other<br>Operating<br>Activities | Interest<br>Payable | Total          |
|----------------------------------|----------------|--------------|----------------------------------|---------------------|----------------|
|                                  | £000           | £000         | £000                             | £000                | £000           |
| Academic Departments             | 25,758         | -            | 8,510                            | -                   | 34,268         |
| Academic Services                | 3,782          | -            | 2,446                            | -                   | 6,228          |
| Research Grants and Contracts    | 4,725          | -            | 3,620                            | -                   | 8,345          |
| Residence, catering, conferences | 849            | 785          | 4,287                            | 1,280               | 7,201          |
| Premises                         | 2,940          | 2,154        | 9,933                            | 1,638               | 16,665         |
| Administration                   | 7,527          | -            | 7,888                            | -                   | 15,415         |
| Other Expenses                   | 5,813          | -            | 7,120                            | -                   | 12,933         |
|                                  | <u>51,394</u>  | <u>2,939</u> | <u>43,804</u>                    | <u>2,918</u>        | <u>101,055</u> |

The depreciation charge has been funded by:-

|                                  |              |
|----------------------------------|--------------|
| Deferred Capital Grants(note 16) | 508          |
| Release from Reserves (note 17)  | 675          |
| General Income                   | <u>1,756</u> |
|                                  | <u>2,939</u> |

#### 40 Access Funds

|                                   | 1997<br>£000 | 1996<br>£000 |
|-----------------------------------|--------------|--------------|
| Funding Council Grants            | 325          | 351          |
| Interest earned                   | <u>6</u>     | <u>6</u>     |
|                                   | 331          | 357          |
| Disbursed to students             | <u>(331)</u> | <u>(357)</u> |
| Additional cost met by University | <u>0</u>     | <u>0</u>     |

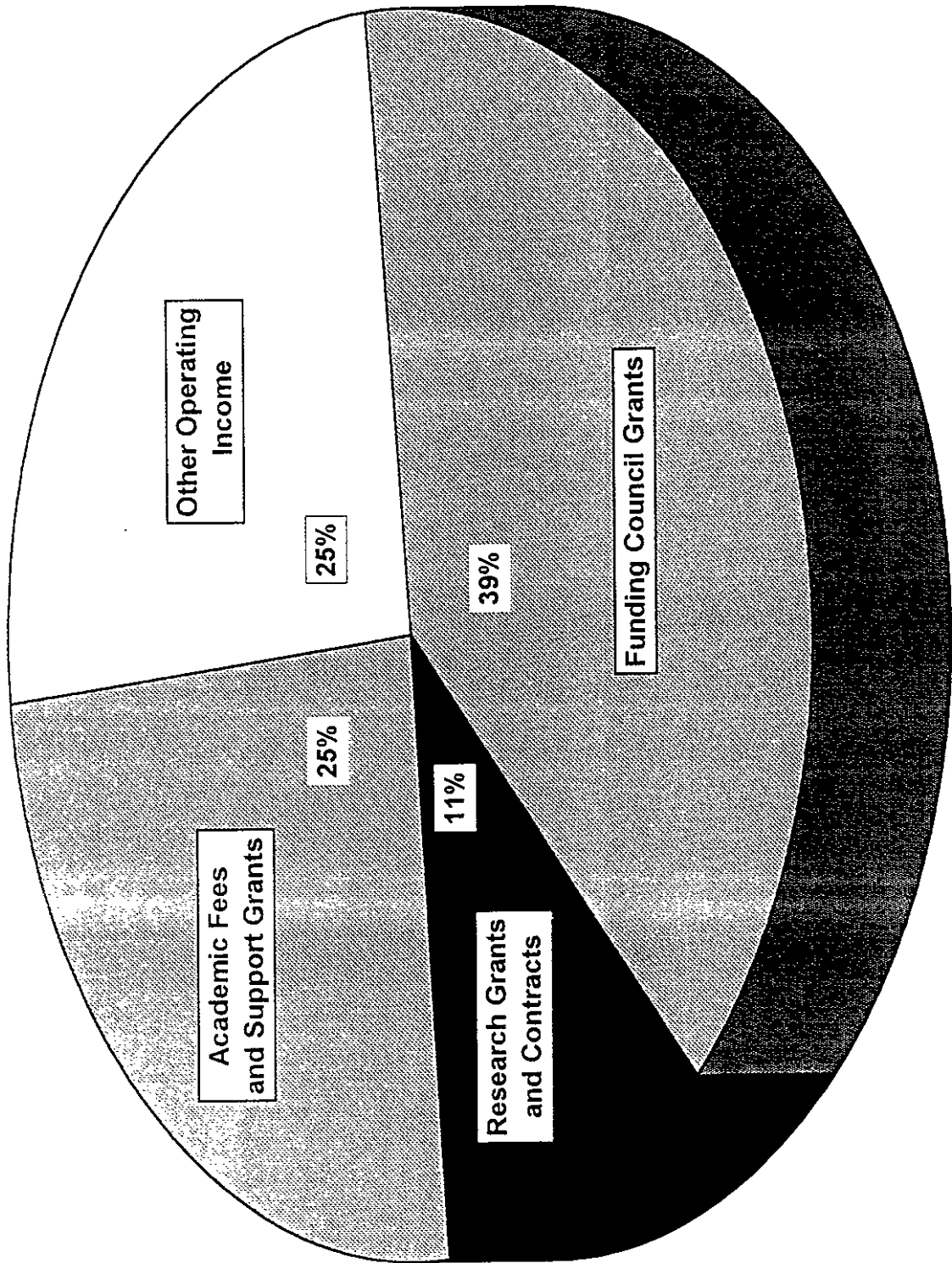
HEFCE access funds are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income & Expenditure Account, other than the additional costs met by the University as shown above.

#### 41 Bursary payments

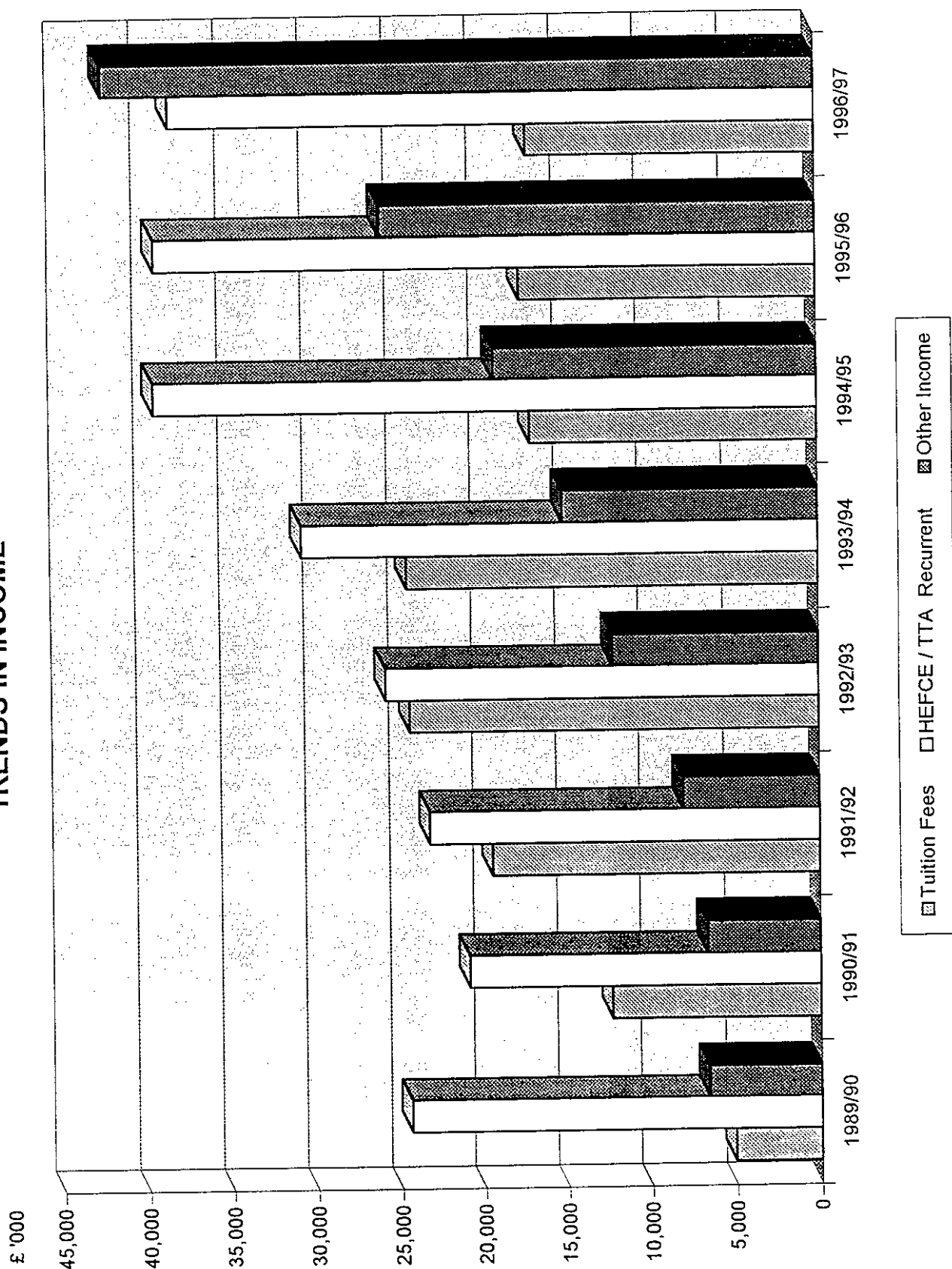
|                         | 1997<br>£000 | 1996<br>£000 |
|-------------------------|--------------|--------------|
| TTA grant               | 166          | -            |
| Disbursed to students   | <u>(166)</u> | <u>-</u>     |
| Balance carried forward | <u>0</u>     | <u>-</u>     |

TTA bursary funds are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income & Expenditure Account.

ANALYSIS OF INCOME 1996/97



# TRENDS IN INCOME



# ANALYSIS OF EXPENDITURE 1996/97

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- 8 JUL 1997  
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