

**University of East Anglia**

**Financial Statements**

**2009 - 2010**



Norwich NR4 7TJ

Telephone 01603 456161

<http://www.uea.ac.uk>

## Members of the Council

	Date of appointment	Term of Office	Date of resignation
<b>Ex-officio Members</b>			
Richard Jewson (Chair)	1 August 2010	3 years	
Stuart Holmes (Former chair)	1 August 2006 reappointed 1 August 2009	1 year	31 July 2010
Edward Acton (Vice-Chancellor)	1 August 2009	5 years	
Jonathan Sisson (Treasurer)	1 August 2006 reappointed 1 August 2010	3 years	
Trevor Davies (Pro-Vice-Chancellor)	1 August 2007 reappointed 1 August 2010	1 year	
Tom Ward (Pro-Vice-Chancellor)	1 August 2009	3 years	

### Appointed by Senate

Jacqueline Burgess	1 August 2007	3 years	31 July 2010
Nigel Norris	1 August 2010	3 years	
Richard Stephenson	1 August 2007	3 years	31 August 2009
Catherine Waddams	1 August 2009	3 years	

### Elected by the support staff

Stewart Thompson	1 August 2009	3 years	
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### Independent Members

Richard Dales	1 August 2007 reappointed 1 August 2010	3 years	
David Edwards	1 August 2008	3 years	
David Hill	1 August 2008	3 years	
Vicki Keller Dorsey	1 August 2010	3 years	
Laura McGillivray	1 August 2009	3 years	
June de Moller	1 August 2008	3 years	
Sue Thurston	1 August 2007	3 years	31 July 2010
David White	1 August 2007 reappointed 1 August 2010	3 years	

### Student Members

Natasha Barnes	1 August 2009	1 year	31 July 2010
Rob Bloomer	1 August 2010	1 year	
Tom Dolton	1 August 2010	1 year	
Martin Jopp	1 August 2009	1 year	31 July 2010

Updated information on Members of Council is available via the University's website or by contacting the University.

**Vice-Chancellor**

Professor Edward Acton, BA, PhD (York)

**Treasurer**

Jonathan Sisson, FCA

**Director of Finance**

Stephen Donaldson, BSc, ACA

**Bankers**

Barclays Bank plc  
5 - 7, Red Lion Street  
St Stephens  
Norwich  
NR1 3QH

NatWest Bank plc  
Norfolk House  
Exchange Street  
Norwich  
NR2 1DD

**Investment Managers**

Barclays Wealth  
1 Colmore Square  
Birmingham  
B4 6ES

Merrill Lynch Portfolio Managers Limited  
2 King Edward Street  
London  
EC1A 1HQ

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
The Atrium  
St Georges Street  
Norwich  
NR3 1AG

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# Treasurer's report

## Introduction

The University's mission, set out in the corporate plan developed in 2008, is to understand, empower and act, to enhance the lives of individuals and the prospects of communities in a rapidly changing world.

The vision arising from the mission incorporates three basic components:-

- Understanding. To advance understanding through research, scholarly communication and research-led teaching, underpinned by a commitment to excellence, interdisciplinarity and creativity
- Empowerment. To empower our students by providing an exceptional education – and a wider experience that is second to none – equipping them with marketable skills and preparing them for global citizenship
- Action. To respond to the grand challenges of the 21<sup>st</sup> century through the fruits of our research, the talents of our graduates, our engagement with policy-makers, businesses and communities, and our undertaking to be sustainable.

During 2010, the University has continued to make significant progress in implementing the key priorities included in the corporate plan. In financial terms the focus has been to improve the efficient management of the University in order to release funds that can be directed towards the improvement of the student experience, particularly the recruitment of additional academic staff, and also to expand the post graduate research base of the University. These areas continue to be priorities for the University in the coming year and to help support these developments a review is being undertaken during 2010/11 to restructure a number of administrative functions to improve effectiveness and reduce costs. The results of the increased investment in academic staffing have started to be realised in 2010 and should become evident when we see the relative performance of the University within the sector in relation to a number of the key indicators that form the basis of national league tables.

The University has developed a range of key performance indicators (KPIs) covering both financial and operational activities to support the delivery of the above. The report to Court each year incorporates a summary of overall performance against these broader measures and the Vice-Chancellor provides regular updates on progress in his reports to Council. In this report, assessment of performance is based primarily on the key highlights considered below.

The University was thrust into the spotlight during the year when leaked emails from the University's Climatic Research Unit were posted on the internet just prior to the Copenhagen Climate Change Summit in December 2009. This presented a quite unique challenge to the University, resulting in accusations of manipulation of research data and withholding of information in response to requests under the Freedom of Information Act. Three separate independent reviews were undertaken during the year (Parliamentary Science and Technology Select Committee; Lord Oxburgh Scientific Assessment Panel; Muir Russell Review), all of which have supported the honesty and integrity of scientists in the Unit. However, the Select Committee did say that climate scientists should take even more steps to make available their supporting data so that research findings should be properly verifiable. The University is already one of the major providers of such data in the UK but is now putting in place systems, along with other leading UK Universities to further expand access to research data in the future.

## Key Financial Highlights

2009/10 proved to be another successful year for the University and its subsidiaries. Key financial highlights for the year, compared to the previous year are summarised below:-

	2010	2009	Increase/ (decrease)
	£m	£m	on 2009
Group income excluding share of joint ventures	196.7	185.1	6%
Expenditure	193.0	179.8	7%
Surplus for the year transferred to reserves	4.3	4.7	(9%)
Surplus excluding joint ventures as % of group income	2.2%	3.1%	
Capital expenditure	21.7	31.5	(31%)
Capital grants received (excluding joint ventures)	19.7	11.7	68%
Operating cash flow before endowment expenditure	18.0	16.1	12%
Net debt (excluding Low Carbon Venture Capital Fund)	38.9	42.8	(9%)
Net assets	202.5	182.8	11%

## Income & Expenditure

The surplus for the year of £4.3m (2009: £4.7m) is reported after taking into account the University's share of surpluses and deficits in joint ventures amounting to £Nil (2009: £1.1m deficit). Future prospects for the joint ventures are considered later in this report. Excluding joint ventures shows the surplus on the University's core activities for the year to be £4.3m, compared to £5.8m for 2009.

# Treasurer's report (continued)

Group income, excluding joint ventures, increased by £11.6m (6%) over the year, primarily as a result of increases in tuition fees and contracts income of £9.2m (16%) and residences, catering and conferences income of £1.3m (8.6%). These increases were offset by falls in research income and endowment and investment income.

In relation to tuition fees and contracts income, Home and EU full-time student fees increased by £3.0m (12% up on last year) and Overseas student fees increased by £3.6m (up by 25% on last year). The increase in Home/EU fee income reflects the fourth year impact of the new variable tuition fees introduced for all new students commencing their studies from September 2006. The increase in Overseas student fee income includes the annual uplift in fee rates together with increased numbers of students. Growth in student numbers arises for two reasons; firstly, from the transfer of students completing their studies at the INTO joint ventures (see below) and, secondly, through direct recruitment of students overseas. Direct recruitment has continued to benefit from the joint marketing efforts with INTO. Residences, catering and conferences income has increased partly as a result of the increasing numbers of students but also due to specific initiatives to refurbish and reposition a number of the catering outlets on campus and the associated changes in pricing structure and operational efficiencies.

Research grants and contract income fell by £0.2m (1%) overall, due to a fall in grant income from Research Councils of £0.8m, and endowment and investment income fell by £1.0m, primarily due to the fall in interest rates.

Total expenditure has increased by £13.2m (7%) in the year. Staff costs increased by £6.4m (7%) in the year. This included the impact of pay awards, comprising the annual uplift in pay scales of 0.5% and the cost of annual increments where applicable, together with the impact of increasing numbers of staff. During the year a significant investment was made in recruiting additional academic staff as already referred to in the introduction. Other operating expenses amounted to £63.0m, an increase of £5.4m (9%) on last year. In addition to the impact of annual inflation, the increase in costs includes a number of one-off charges including a £1.3m increase in estates maintenance costs in respect of certain long term maintenance projects, and a £0.4m increase in bursary payments to students. Costs also increased in respect of new initiatives which are separately funded, such as efforts to widen student participation through Aim Higher, introduction of new studentship awards, and increases in Higher Education Innovation Funding (HEIF) to better exploit innovation with business. Depreciation costs increased by £1.1m (6%) in the year, following completion of two major projects; the Thomas Paine Study Centre and the Biomass facility. Interest payable costs also increased in the year by £0.4m, reflecting the movement in interest cost on the pension liability less expected returns on pension scheme assets.

## Reserves

Reserves increased in the year by £5.5m to £55.0m. The increase includes the retained surplus for the year of £4.3m, together with actuarial gains on the pension schemes of £1.2m. The actuarial gain on the University's scheme of £1.0m includes the exceptional gain resulting from the change in assumption of future inflation to the Consumer Price Index, following the Budget statement in June 2010 which revised the basis for future changes in pensions. Excluding this exceptional gain reveals an underlying loss on the University's scheme of £4.6m, reflecting an increase in the actuarial valuation of scheme liabilities of £8.9m less better than expected returns on the pension scheme assets during the year.

## Capital Expenditure and Grants

Total fixed asset additions in the year amounted to £21.7m (2009: £31.5m) and capital grants receivable in the year (excluding joint ventures) relating to fixed asset expenditure amounted to £11.2m (2009: £11.7m). The major areas of expenditure during the year included:-

	£m
Teaching accommodation, scheme completed in October 2009	7.8
Science research facilities and laboratory refurbishment	4.7
Biomass energy centre	1.9
BMRC facility	1.6
Purchase of Earham Hall	0.8
Faculty equipment, including research funded equipment	1.2
IT investments	0.8
Library refurbishment	0.3
Long term maintenance and site infrastructure work	1.2
Other, including minor works	1.4
Total	<u>21.7</u>

The University also received £8m grant funding during the year to operate a Low Carbon Venture Capital Fund ('LCVC Fund') on behalf of the European Regional Development Fund. Income generated on funds prior to investment is available to meet the operational costs of the LCVC Fund, including the costs of administration supplied by the University. The Fund is reflected in the accounts as cash and deposits of £8.2m, with deferred capital grants of £8m and deferred income of £0.2m.

# Treasurer's report (continued)

## Cash and Debt

### Net operating cash flow

Cash inflow from operating activities before endowment expenditure for the year was £18.0m (2009: £16.1m). Interest received on invested surplus funds amounted to £1.3m (2009: £2.3m). Total debt service costs, relating to both bank loans and finance lease commitments were £7.1m (2009: £7.0m). Net operating cash flow before endowment expenditure plus investment income, totalling £19.3m, therefore comfortably exceeds the debt service costs, which represents the principal financial covenant required under the terms of the University's banking facility.

Net operating cash flow before endowment expenditure reflects three key elements:-

- surplus for the year before taxation, excluding expenditure from endowment funds, investment income and interest of £8.4m; up from £7.7m last year;
- adjustments to exclude non operating cash items included within the surplus (e.g. depreciation; capital grant release; profits, losses and impairment of fixed assets; share of profits/losses in joint ventures and pension scheme provisions) amounting to £9.6m; marginally down from £10.1m last year;
- increase in working capital (stocks, debtors and creditors) of £Nil; compared to an increase in working capital of £1.8m last year.

### Net debt

After allowing for investment returns, cost of financing, and net capital expenditure, the net inflow of funds amounted to £12.0m, compared to £6.3m outflow last year. As a result, consolidated net debt, being loans and finance leases less cash and short term deposits, has fallen during the year by £12.0m to £30.9m. The change arises principally as a result of the reduction in capital expenditure and receipt of the Low Carbon Venture Capital Fund.

### Cash balances

The University remains confident that it has in place adequate funding to support the medium term operational and development plans and to provide a reserve for managing financial risks.

Readily accessible funds in the form of cash and short term deposits, excluding endowment assets and also excluding the Low Carbon Venture Capital Fund, increased during the year by £4.5m to £52.9m. A prudent policy is applied to the investment of short term deposits. In particular, the University regards the security of deposits as being far more important than the marginally better interest rates that may be available from certain overseas or lower rated banks. This has been particularly important over the last couple of years which has seen great uncertainty over the safety of deposits.

## Joint Ventures

The joint ventures, INTO UEA LLP ("INTO UEA Norwich") and University Campus Suffolk Limited ("UCS"), referred to in note 12 to the financial statements, are becoming well established following their set up a few years ago and progress is broadly in line with original expectations. The University's share of surpluses/deficits in joint ventures for the year comprises a £1.0m surplus in respect of UCS and a £13k deficit in respect of INTO UEA Norwich.

UCS, a joint venture with the University of Essex, provides higher education, applied research and consultancy services with delivery of services in Ipswich and through other independent centres across Suffolk and Norfolk. UCS commenced trading at the beginning of 2007/08. The total income of UCS for the year was £35m (2009: £31m) and its operating surplus before exceptional items £1.6m (2009: £0.6m). UCS has not required any direct financial support from the joint venture partners and is funded through its operations and bank loans. The University has however provided guarantees of up to £9m in respect of the bank loans.

INTO UEA Norwich, a joint venture with INTO University Partnerships Limited, provides educational services. The company commenced trading in February 2006 and operates from premises on the edge of the Norwich campus. Following a period of trading losses during the early stages of development, the accounts for the year to July 2010 show a small surplus on turnover of £11.6m. The joint venture partners have, to date, each provided loan funding to support the activities of INTO UEA Norwich and £0.8m remains owed to the University at July 2010.

During the year the University established a second joint venture with INTO University Partnerships Limited, known as INTO UEA (London Campus) LLP ("INTO UEA London"), to provide educational services from premises in London. The operation is similar in many ways to INTO UEA Norwich, with the bulk of activity based on pre-university courses, but it also incorporates graduate and post graduate courses taught by UEA academics. In addition to the direct financial benefits this offers, the new college will also provide further opportunities to attract students to Norwich and provide a London base for Norwich run courses where appropriate. The accounts for the period since commencement of trading in January 2010 to 31 July 2010 show a loss of £1.9m on turnover of £0.9m.

# Treasurer's report (continued)

This is in line with the original plan, reflecting start up costs and the build up in student numbers. The joint venture partners have, to date, each provided loan funding to support the activities of INTO UEA London and £850k remains owed to the University at 31 July 2010.

## Future Outlook

The financial outlook, by reference to financial plans considered by Council, shows a potential deficit of £2.2m in 2010/11. This includes provision for reductions in grant funding from the Higher Education Funding Council for England ("HEFCE") for the four month period April to July 2011, which falls in the government financial year 2011-12 and is therefore subject to cuts in grant funding arising from the government's recent comprehensive spending review. Beyond 2010/11 financial planning becomes much more difficult. The principal areas of uncertainty and potential causes for concern relate to the level of future public sector funding, following the spending review, and the final outcome of the independent review of higher education funding and student finance (the Browne report). The risk to income affects the core teaching and research grant funding received from HEFCE and also, potentially, the level of research grant funding received via the Research Councils. The spending review announcements and Browne report in October 2010 suggest that cuts in teaching grant funding could be matched by increases in student fee income. However, with increases in fee income only accruing from 2012/13 and building gradually with each year's new intake of students, this still leaves the short-term impact of grant funding cuts starting from April 2011. In relation to research funding, both HEFCE grants and Research Council grants, there is little information available at this stage to assess the likely impact and the University continues to monitor developments closely. In addition to government funding issues, there remains concern over the seemingly inexorable rise in pension costs, although proposals for reform to the national Universities Superannuation Scheme (USS) currently under consultation are designed to help manage these cost pressures and provide sustainable pension provision in the future. The consultation is due to end in December 2010 with changes implemented from April 2011.

In order to meet the financial challenges going forward, the University continues to develop other sources of (non government) funding and to improve efficiency. Growth and diversification of income is focussed primarily on overseas students and involves both direct recruitment to the University and the development of the INTO joint venture activities. Growth in the last two years has been encouraging and prospects remain good. There is, however, on-going concern over the potential damage that could result from increasingly stringent rules imposed by the UK Border Agency that may dissuade students from applying to study in the UK. The University continues to monitor developments and to lobby for the introduction of arrangements that do not penalise and threaten this crucial source of funding for bona fide institutions. In terms of efficiencies, the University is currently undertaking an exercise to integrate support service activities in a number of areas which are currently managed piecemeal across the organisation. This is designed to significantly reduce costs and improve effectiveness.

With pay costs representing around 62% of total expenditure excluding depreciation and interest, pay increases are of particular concern. The pay settlement for 2010/11 has yet to be finalised however employers have advised the final offer of 0.4% increase from 1 August 2010. It is too early to be confident on pay costs beyond the current year, however, bearing in mind the degree to which Universities rely on government funding, either directly or indirectly via student loans, it is worth noting that the government has already signalled its intention to freeze pay for 2011 and 2012.

In setting future financial plans the University has, of necessity, had to make assumptions of future income and cost changes and has also included annual cost savings of £2m to be achieved from 2011/12. A part of these cost savings will be delivered by the integration project referred to above and other initiatives are being progressed to secure the balance. Alongside these savings, the University continues to prioritise its investment in the student experience and the post graduate research base and to protect the capital investment in core activities. For example, in 2010/11 a further £1.7m p.a. has been allocated for additional academic staff, on top of the £1.8m annual increase from 2009/10. Funding for 65 additional post graduate research students has also been provided for in 2010/11. Furthermore, the University remains committed to investment in joint initiatives with the John Innes Centre and the Institute of Food Research, two local research institutes funded by the Biotechnology and Biological Sciences Research Council ("BBSRC"). The long-term goal is to develop an internationally acclaimed centre of research in Norwich, within the related areas of expertise; which will lead to potentially significant growth in research activity and income in the future. Based on the latest information available, and taking a prudent approach when assessing the likelihood of grant reductions being implemented in advance of increases in tuition fee income, the University anticipates a further year of operating deficit in 2011/12 before restoring operating surpluses from 2012/13. The University is confident that it has the financial resources to manage this period of transition without deviating from its current investment plans as outlined above.

*DM Sisson*

29/11/10



# Corporate governance statement

This summary describes the approach taken by the University with regard to governance, and its purpose is to assist the reader of the financial statements in understanding how the principles have been applied.

## Principles and ethos of the University

The University aims to conduct its activities in accordance with the seven principles set out in the Nolan Committee's Report on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The University is committed to exhibiting best practice in all aspects of corporate governance; applying the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange, as appropriate to universities, and specifically complying with guidance issued by the Committee of University Chairmen in March 2009.

## Statement of the responsibilities of Council

The University is an independent corporation, established under Royal Charter in 1963. In accordance with the Royal Charter, the Council of the University of East Anglia ("the Council") is the governing body responsible for financial and general business matters and for setting the strategic direction of the University. This includes the specific requirement to present audited financial statements for each financial year.

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

In preparing the financial statements, the Council ensures that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable United Kingdom 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 and group will continue in operation.

The Council has taken reasonable steps to:

- ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and any other conditions which HEFCE 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 group and to prevent and detect fraud and other irregularities;
- secure the economic, efficient and effective management of the University's and group's resources and expenditure.

## University constitution and structural organisation

The Council meets four times a year and has several committees, including the Planning and Resources Committee ("PRC"), the Council Membership Committee, the Senior Officers' Remuneration Committee and the Audit Committee. All of these committees are formally constituted with written terms of reference, specified membership, including a proportion of lay members, and delegated powers. Day to day management of the University is the responsibility of the Executive Team.

A separate body, the Senate, is the academic authority of the University, drawing its membership from the academic and academic-related staff and students of the University and its partner institutions. The Council consults and receives recommendations from Senate on all academic matters, and retains ultimate responsibility for decisions where academic issues involve financial or other resource implications.

In respect of its strategic and development responsibilities, the Council receives recommendations and advice from the PRC, a joint committee of the Council and of the Senate. This committee's membership includes two lay members appointed by the Council from amongst its members. PRC, inter alia, recommends to Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

# Corporate governance statement (continued)

The Council Membership Committee considers nominations for co-opted vacancies in the Council membership under the relevant Statute. This Committee's membership includes two lay members appointed by the Council from amongst its members. The Senior Officers' Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor.

The Audit Committee meets three times a year, with the University's external and internal auditors in attendance, and is comprised entirely of lay members. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans, as well as considering the annual financial statements, prior to the recommendation as to adoption by Council. The Audit Committee's role has been augmented to include review of the effectiveness of the risk management process and the quality of information feeding into that process and to ensure satisfactory arrangements are in place to promote economy, efficiency and effectiveness. Whilst senior officers attend meetings of the Audit Committee as necessary, they are not members of the Committee.

The Executive Team, the senior officer management body, receives reports setting out key performance indicators and associated risks and controls. The team also receive regular reports from the Health and Safety Advisory Committee, which include recommendations for improvement. The Vice-Chancellor, as Chairman of the Executive Team and as the Responsible Officer under the Terms of the Financial Memorandum with HEFCE, receives regular reports from the internal auditors and assurances from the Audit Committee (via the Council) on internal financial controls and Value for Money, which include recommendations for improvement. The Council's agenda includes a regular item for consideration of risk and control. The emphasis is on obtaining the appropriate degree of assurance.

## Statement on Internal Control

Council is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The process for identifying, evaluating and managing the University's significant risks is now well developed and is regularly reviewed by the Council and adapted in the light of experience. The process accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education.

The Audit Committee reviews the process for identifying and managing risk and undertakes an annual programme of activity, designed to provide assurance to Council on the effectiveness of risk management arrangements. As part of the review of the effectiveness of the system of internal controls, plans are put in place to address any weaknesses identified and ensure continuous improvement of the system of internal controls as necessary. At each meeting a key risk contained within the risk register is reviewed with the attendance of the officer responsible for managing the risk. The Audit Committee is assisted in its work by the internal and external auditors.

## Principal risks and uncertainties and financial risk management

The University has in place a risk register which is regularly updated and is reviewed at least annually by Council. The risk register identifies the key risks, their potential impact on operations of the University, the likelihood of those risks occurring, and the mitigating actions being taken. The internal audit programme is prepared with reference to the University risk register. Outlined below are the key risks and the mitigating actions.

### *Government funding*

The University has considerable reliance on continued government funding, primarily through HEFCE, which is now subject to significant cuts following the recent government spending review announcements. In 2009/10, 31% of the University's revenue related to Funding Council income.

This risk is mitigated in a number of ways:

- Expected increases in student fee income. The government spending review specifically refers to the assumption of higher tuition fees as recommended in the Browne Report and, subject to progress through parliament, such increases are expected to broadly offset cuts in teaching grant.
- Funding is derived through a number of direct and indirect contractual arrangements and efforts to broaden the funding base continue to gradually reduce the reliance on government funding;
- By ensuring the University is rigorous in delivering high quality education, training and research;
- Considerable focus and investment is placed on maintaining and managing key relationships with senior management at the various funding bodies and lobby groups such as the 1994 group; and
- Ensuring the University is focused on those priority sectors which will continue to benefit from public funding.

Management believe that the University is better placed than many to weather the storm, due to its history of good positive cash generation and strong net asset position.

# Corporate governance statement (continued)

## *Student recruitment*

The University is dependent upon its reputation and recruitment policies in maintaining a critical mass of students and meeting overseas student number targets. Failure to maintain a sufficiently attractive offer to prospective students and therefore meet student number targets would also impact on the University's ability to achieve tuition fee targets and secure future funding from HEFCE.

Failure to meet planned student numbers could therefore lead to short-term revenue problems, and longer term strategic finance issues. The prospect of a real 'market' in terms of student fee levels will heighten the importance of being attractive to students so that the University can compete for students at an adequate fee level.

This risk is mitigated in a number of ways:

- Continuing to develop the relationship with INTO UEA LLP and INTO UEA (London Campus) LLP, which continues to provide significant numbers of students into first year and second year level studies at the University.
- Frequent and continual review of the offer to prospective students to ensure that the University remains attractive;
- Targeted marketing based upon recruitment information and market information;
- Appropriate contingency planning in financial modelling to allow for minor fluctuations in actual levels of student recruitment compared to planned levels; and
- Further investment in the international office to meet targets for recruitment of international students.

## *Staff recruitment and retention*

The University's ability to recruit high quality academic staff is key to future growth and so the University places a significant emphasis on the recruitment, retention and performance of academic staff. A significant increase in academic staff was initiated in 2010 and is being expanded in 2011, with faculties establishing appointment strategies to ensure that appointments are only made at the highest level of quality. Furthermore the University is investing heavily in new research programmes in collaboration with research institutions on the Norwich Research Park, adding to the attractiveness of the University to leading academics. Within the UK, the University's recruitment comes at a time when other institutions are cutting back and so the current climate offers excellent opportunities to attract high calibre staff. However, of concern in some areas are the much tighter immigration rules which have recently been introduced which currently make it extremely difficult to recruit from outside the EU.

## *Exposure to increase in pension costs*

The University continues to face significant pressure on pension costs for both the national scheme (USS) and the University's local scheme (UEASSS). Such pressures arise from a number of issues, particularly the continuing turmoil in the financial markets and increasing longevity, which lead to past service deficits and increase future employer contribution rates. Following the 2008 valuation, USS recently implemented an increase in employer contributions, from 14% to 16% effective from October 2009. UEASSS has recently completed the valuation as at 31 July 2009, which has resulted in a significant increase in past service deficit contributions but fortunately only a minimal increase in future contribution rate. The University's five year financial plan includes provision for these increased contributions. Pension cost pressures affect the whole sector and a consultation exercise on proposed changes to USS is currently underway. The proposals are designed to ensure a financially sustainable scheme and the aim is to implement the changes with effect from April 2011.

## *Exposure to credit, liquidity risk and interest rate cash flow risk*

Credit risk is the risk that one party to a contract will cause a financial loss for that other party by failing to discharge its obligations. The University's policies are aimed at minimising such losses, and a credit control policy has been implemented to ensure that debts are chased in a robust and timely manner.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The University aims to mitigate liquidity risk by managing cash generation through its operations, and continuing to develop relationships with funding partners and contingency plans.

The University has both interest bearing assets and interest bearing liabilities. The University uses financial derivatives in order to minimise its exposure to interest rate fluctuations on its bank borrowings.

## **Statement of disclosure of information to auditors**

The members of Council confirm, so far as they are each aware, that there is no relevant audit information of which the University's auditors are unaware. They also confirm they have taken all the steps they ought to have taken as members of Council in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

## Corporate governance statement (continued)

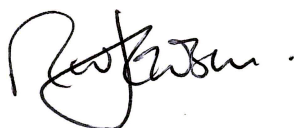
### Availability of financial statements on the web site

The Annual Financial Statements are available on the University's web site. The maintenance and integrity of the University's web site is the responsibility of the Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual financial statements may differ from legislation in other jurisdictions.

### Appointment of auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors. A resolution will be passed by Council concerning their re-appointment as auditors.

Signed on behalf of Council on 29 Nov. 2010:

A handwritten signature in black ink, appearing to read 'R. Johnson', is written below the text 'Signed on behalf of Council on 29 Nov. 2010:'.

# Public benefit statement

The University of East Anglia (the “University”) is an exempt charity under Charities Act 2006.

In setting the University’s objectives and managing its activities, Council has had due regard to the Charity Commission’s guidance on public benefit. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. Of the 12 specific categories of charitable purposes set out in the Act, the University makes a significant contribution in the following areas:

- the prevention or relief of poverty
- the advancement of education
- the advancement of health or the saving of lives
- the advancement of citizenship or community development
- the advancement of the arts, culture, heritage or science
- the advancement of amateur sport
- the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity
- the advancement of environmental protection or improvement

In many cases the charitable nature of the University’s activities is self evident, with examples as follows:

- International Development, operating alongside the School of Development Studies and contributing to the relief of poverty and hardship in developing countries
- The Centre for Competition Policy, which runs research programmes that explore competition policy from the perspective of economics, law, business and political science
- The Centre for Diversity and Equality in Careers and Employment Research, which aims to conduct and promote scholarship and research around the themes of diversity and equality under the overarching theme of careers and employment
- The Sainsbury Centre for Visual Arts, providing open access to world art including activities for school children
- Three research institutes established within the Faculty of Health, namely: Education in Health Research Institute; Health and Social Sciences Research Institute; and the Institute of Biomedical and Clinical Sciences. These institutes work closely with the Norfolk & Norwich University Hospital NHS Foundation Trust to advance understanding and effectiveness of medicine
- The Tyndall Centre for Climate Change Research and the Climatic Research Unit which engage in research on the effects of climate change
- The Earth and Life Sciences Alliance, a collaboration with the John Innes Centre to advance knowledge of eco-systems
- The Food and Health Alliance, a collaboration with the Institute for Food Research to advance understanding of the impact of food on health, so providing a scientific framework for enhancing healthy ageing
- Sportspark, providing a wide range of sports facilities to the University and local community

The University also undertakes research and teaches students in all of these areas, as well as carrying out teaching and research across a wide range of academic subject areas. The University freely produces reports and publishes research findings in a range of different formats which are widely disseminated and accessible by the general public. Graduates of the University subsequently continue to work in government, charities and other non governmental organisations, continuing to contribute to the broad charitable aims supported by the University. As a whole, the University therefore actively pursues its charitable objectives by means of a variety of direct and indirect routes.

In relation to the core teaching role fulfilled by the University, the advancement of education is promoted across a wide range of subject areas. The structure of the University is based around four Faculties, namely; Arts and Humanities; Health; Social Sciences; and Science and incorporates 23 separate Schools of study as listed below:

<b>Arts and Humanities</b>	<b>Health</b>	<b>Science</b>	<b>Social Sciences</b>
American Studies	Allied Health Professions	Biological Sciences	International Development
Language & Communication Studies	Medicine, Health Policy & Practice	Chemistry	Education & Lifelong Learning
History	Nursing & Midwifery	Pharmacy	Economics
Film & Television Studies		Computing Sciences	Law
Literature & Creative Writing		Environmental Sciences	Norwich Business School
Music		Mathematics	Social Work & Psychology
Philosophy			
Political, Social & International Studies			

## Public benefit statement (continued)

In order to demonstrate that the aims and activities of the University are for the public benefit, these benefits must be to the public in general or to a sufficiently wide and appropriately defined section of the public. It is important that the opportunity to benefit is not unreasonably restricted given the nature of the University's aims and the resources it has available. One such potential restriction is the ability to pay any fees charged by the University. In common with other similar organisations, the University does recover from students a contribution to the cost of their tuition, currently capped at the level set by government. In order to ensure that such fees do not unreasonably restrict access to the benefits of a University education, the government provides tuition loans to cover the upfront costs which are only repayable if students subsequently earn above a minimum level of income in future years. In addition, Universities which charge students in this way must agree a system of bursary payments with the Office for Fair Access (OFFA), an independent public body that helps safeguard and promote fair access to higher education. The University has put in place such an 'access agreement'.

Demonstrating public benefit, however, extends far beyond dealing with simply the question of fees, and the University is particularly aware of the need to ensure that people from all backgrounds can benefit from its activities. Not everyone has the same level of educational opportunity, support or information to enable them to secure university education and so the University has put in place a range of activities designed to widen participation to students that might not otherwise benefit. Examples of current initiatives include:

- Aim Higher initiative; a programme aimed at raising the aspirations of young people from disadvantaged backgrounds and making them aware of the range of opportunities available to them in higher education
- Higher Education Advisers; the University has a team of advisers who work with sixth form teachers to support students considering higher education and also runs events for teachers and careers counsellors to support them in their roles
- Foundation degree courses; an opportunity for students to access opportunities before continuing on to a full undergraduate course
- Outreach services; activities are undertaken across the various Schools where the purpose is to: raise aspirations and educational attainment among people from non traditional backgrounds and under-represented communities to prepare them for HE; ensure opportunity to succeed on their programme of study; improve their employment prospects and open possibilities for postgraduate study; and give them opportunities to return to learning throughout their lives.

Current students also participate in our widening participation activities; within the outreach programmes, as student ambassadors and at open days for prospective students in order to provide the maximum benefit to prospective students.

The University also provides practical support and guidance to existing and prospective students with disabilities, including dyslexia, to ensure that they can benefit from study at the University. Additional support is also available in respect of financial worries, particular learning needs, careers advice and counselling in order that students without other forms of support and guidance are able to get maximum benefit from their time at university.



# Independent auditors' report to the Council of University of East Anglia

We have audited the financial statements' of University of East Anglia and its group for the year ended 31 July 2010 which comprise the statement of accounting policies, the consolidated income and expenditure account, the statement of consolidated total recognised gains and losses, the consolidated and University balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention..

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

The Council's responsibilities for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Responsibilities of Council.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Council of the institution in accordance with the Charters and Statutes of the institution and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, the Accounts Direction issued by the Higher Education Funding Council for England and United Kingdom Generally Accepted Accounting Practice.

We report to you whether in our opinion, funds from funding bodies, grants and income for specific purposes and from other restricted funds administered by the institution, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the institution's statutes and where appropriate with the financial memorandum with the Higher Education Funding Council for England (HEFCE) and with the funding agreement with the Training and Development Agency for Schools.

We also report to you if, in our opinion, the information given in the Treasurers Report is not consistent with the financial statements, the institution has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. This other information comprises only the Treasurer's Report, the Corporate Governance Statement, the Public Benefit Statement and the information on page 1.

We also review the statement of internal control included as part of the Corporate Governance Statement and comment if the statement is inconsistent with our knowledge of the institution. We are not required to consider whether the statement of internal control covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and with the HEFCE Accountability and Audit Code of Practice contained in the Financial Memorandum 2008/19. 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 Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and institution's circumstances, consistently applied and adequately disclosed.

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

## Opinion

In our opinion:

- i. the financial statements give a true and fair view of the state of the group's and institution's affairs at 31 July 2010, and of the group's income and expenditure, recognised gains and losses and statement of cash flows for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, the Accounts Direction issued by the HEFCE and United Kingdom Generally Accepted Accounting Practice;
- iii. in all material respects, funds from the HEFCE and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the institution have been properly applied only for the purposes for which they were received; and
- iv. in all material respects, income has been applied in accordance with the institution's statutes and funds provided by HEFCE have been applied in accordance with the Financial Memorandum (2008/19) with the HEFCE and any other terms and conditions attached to them and funds from the Training and Development Agency for Schools have been applied in accordance with the funding agreement with the Training and Development Agency for Schools.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Norwich  
30 November 2010



# Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the University's financial statements.

## 1 Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of endowment asset investments and certain current asset investments, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (SORP) and in accordance with applicable accounting standards in the United Kingdom. These policies have been applied consistently.

## 2 Basis of consolidation

The consolidated financial statements incorporate the University and all of its subsidiary undertakings, joint ventures and associates for the year ended 31 July 2010. Intra-group sales and profits between the University and its subsidiaries are eliminated fully on consolidation. Consistent accounting policies are applied across the group.

The University does not have the ability to exercise a dominant influence over the Union of UEA Students and therefore the accounts of that body are not consolidated within these financial statements. The University has taken the exemption available not to disclose a separate University income and expenditure account.

The University includes its share of each joint venture's gross assets and liabilities and each associate's net assets and liabilities in the consolidated balance sheet. The share of each joint venture's and each associate's net income is reported in the consolidated income and expenditure account.

## 3 Recognition of income

Funding body grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Any increase in value arising on the revaluation of current asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, are added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset and crediting or debiting the endowment fund, and are reported in the statement of total recognised gains and losses.

# Statement of accounting policies (continued)

## 4 Pension costs

The two principal pension schemes for the University's staff are the national Universities Superannuation Scheme ("USS") and the University of East Anglia Staff Superannuation Scheme ("UEASSS"), both defined benefit schemes contracted out of the State Second Pension. The assets of each scheme are held in separate trustee administered funds.

### USS

Given the nature of the scheme it is not possible to identify each institutions share of the underlying assets and liabilities of the scheme and hence contributions are accounted for as if it were a defined contribution scheme. The cost recognised in the income and expenditure account represents the contributions payable in the year.

### UEASSS

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated in accordance with FRS 17 requirements at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

The amounts charged to the income and expenditure account are as follows. The current service costs and gains and losses on settlements and curtailments are included as part of staff costs. The expected return on assets, net of the impact of the unwinding of the discounts on the scheme's liabilities, is shown within interest payable or other finance income. Actuarial gains and losses, including differences between expected and actual return on assets, are recognised immediately in the statement of total recognised gains and losses. Further details regarding the scheme, including the impact of the June 2010 budget in relation to future pension increases, are contained in note 27 to the financial statements.

### Other pension schemes

The University also contributes to the Federated Superannuation Scheme for Universities and the National Health Service Pension Scheme, both of which are defined contribution schemes. Contributions are charged to the income and expenditure account as payable.

## 5 Tangible fixed assets and depreciation

Tangible fixed assets are those tangible assets intended to be used on a continuing basis in the activities of the University or of its subsidiary companies.

- a Land and buildings are stated at purchase cost, together with any incidental costs of acquisition and attributable finance costs, or, if donated, at open market value at the date of donation. Land is held freehold and is not depreciated. Freehold buildings are depreciated over their expected useful life of 50 years, on a straight line basis. Leasehold buildings are depreciated over the shorter of the lease term and 50 years. No depreciation is charged on assets in the course of construction.
- b Adaptations and remodelling of buildings are capitalised at cost and are depreciated over their expected useful life of between fifteen and twenty five years, on a straight line basis.
- c Plant and equipment are capitalised at cost and are depreciated over their expected useful lives on a straight line basis, equipment over four years and plant over fifteen years.
- d Art collections donated to the University are stated at estimated valuation at the date of receipt and purchased additions are capitalised at cost. These assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Provision is made for impairment of assets, where, in the opinion of Council, there has been a permanent reduction in value.

## 6 Library books and periodicals

Expenditure on books, periodicals and other documents acquired by the library is charged to revenue in the year incurred.

# Statement of accounting policies (continued)

## 7 Investments

Fixed asset investments, with the exception of endowments, are stated at cost less provision for diminution in carrying value where, in the opinion of Council, there has been a permanent reduction in value.

Endowment asset investments are included in the balance sheet at market value.

Short-term deposits are stated at cost. Other current asset investments are stated at market value.

Investments in subsidiary companies and joint ventures are included in the balance sheet at cost, subject to reviews for impairment.

## 8 Deferred capital grants

Where a fixed asset is acquired with the aid of a specific grant or gift, it is capitalised and depreciated as indicated above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the estimated useful economic life of the related assets.

## 9 Accounting for charitable donations

### Unrestricted donations

Charitable donations are recognised in the financial statements when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

### Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

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

### Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

## 10 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the year end. Gains and losses on translation are included in the income and expenditure account.

## 11 Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 as amended by the Charities Act 2006 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 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. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

# Statement of accounting policies (continued)

## 12 Stocks

Stocks, which comprise raw materials and consumables, are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Where necessary, provision is made for obsolete, slow moving and defective stocks. The difference between purchase price of stocks and its replacement cost is not material.

## 13 Cash and liquid resources

Cash includes cash in hand and deposits repayable on demand without penalty and overdrafts. 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.

## 14 Leases

Leasing agreements, which transfer to the University substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income and expenditure in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the useful lives of equivalent owned assets.

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

## 15 Finance costs

Finance costs which are directly attributable to the construction of buildings are capitalised, up to the point when the asset is ready for use.

## 16 Provisions

Provisions are recognised to the extent the University or its subsidiary undertakings have a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## 17 Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

# Consolidated income and expenditure account for the year ended 31 July 2010

	Note	2010 £000	2009 £000
<b>Income</b>			
Funding body grants	1	68,950	67,991
Tuition fees and education contracts	2	79,834	67,439
Research grants and contracts	3	29,223	29,406
Other income	4	40,050	37,487
Endowment and investment income	5	1,430	2,476
<b>Total income: group and share of joint ventures' and associates' income</b>		<b>219,487</b>	<b>204,799</b>
<b>Less: share of joint ventures' and associates' income</b>		<b>(22,813)</b>	<b>(19,731)</b>
<b>Group income</b>		<b>196,674</b>	<b>185,068</b>
<b>Expenditure</b>			
Staff costs	6	104,694	98,280
Other operating expenses	7	63,031	57,649
Depreciation	11	19,172	18,119
Interest payable	8	6,138	5,753
<b>Total expenditure</b>	9	<b>193,035</b>	<b>179,801</b>
<b>Group surplus before exceptional items and tax</b>		<b>3,639</b>	<b>5,267</b>
Share of operating loss in joint ventures and associates before exceptional items		(4)	(316)
<b>Surplus before taxation and exceptional items</b>		<b>3,635</b>	<b>4,951</b>
Share of exceptional items in joint ventures and associates	12	-	(775)
<b>Surplus before taxation</b>		<b>3,635</b>	<b>4,176</b>
Taxation	10	(113)	5
<b>Surplus after taxation</b>		<b>3,522</b>	<b>4,181</b>
Deficit for the year transferred to endowment funds	22	766	539
<b>Surplus for the year retained within general reserves</b>	23	<b>4,288</b>	<b>4,720</b>

The income and expenditure for the two years relate entirely to continuing operations.

There is no difference between the surplus stated above and that under a historical cost basis.

# Statement of consolidated total recognised gains and losses for the year ended 31 July 2010

	Note	2010 £000	2009 £000
Surplus for the financial year (before endowment transfer)		3,522	4,181
Increase/(decrease) in value of endowment asset investments	22	276	(231)
New endowments	22	1,154	927
Actuarial loss in respect of pension schemes	27	(4,594)	(8,864)
Exceptional actuarial gains - effect of the change of the measurement of inflations from RPI to CPI	27	5,578	-
<b>Group total recognised gains since 2009 financial statements</b>		<b>5,936</b>	<b>(3,987)</b>
Share of actuarial gain/(loss) on respect of pension schemes in joint ventures and associates		166	(544)
Share of new endowments in respect of joint ventures and associates		68	-
<b>Total recognised gains since 2009 financial statements</b>		<b>6,170</b>	<b>(4,531)</b>
Opening reserves and endowments as previously stated		53,791	58,322
Total recognised gains for the year (as above)		6,170	(4,531)
<b>Closing reserves and endowments</b>		<b>59,961</b>	<b>53,791</b>







# Consolidated cash flow statement for the year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash inflow from operating activities before endowment expenditure		17,998	16,059
Endowment expenditure		(878)	(702)
<b>Net cash inflow from operating activities after endowment expenditure</b>	24	<b>17,120</b>	<b>15,357</b>
<b>Returns on investments and servicing of finance</b>			
Interest and dividends received		1,424	2,442
Bank interest paid		(5,313)	(5,272)
Interest element of finance leases		(37)	(37)
		<b>(3,926)</b>	<b>(2,867)</b>
<b>Taxation</b>			
Taxation (refunded)/paid		(13)	37
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(21,506)	(31,479)
Net payments to acquire fixed asset investments		(370)	-
Net payments to acquire endowment assets		(102)	(7)
Capital grants received (excluding joint ventures)		19,230	11,694
Investments realised		365	-
Endowments received		1,154	927
		<b>(1,229)</b>	<b>(18,865)</b>
<b>Cash inflow/(outflow) before use of liquid resources and financing</b>		<b>11,952</b>	<b>(6,338)</b>
<b>Management of liquid resources</b>		<b>(15,000)</b>	<b>(6,664)</b>
<b>Financing</b>			
Capital element of finance lease payments		(119)	(337)
Loans advanced		2,600	15,001
Loans repaid		(1,678)	(1,346)
		<b>803</b>	<b>13,318</b>
<b>(Decrease)/ increase in cash for the year</b>	25	<b>(2,245)</b>	<b>316</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>Increase in cash for the year</b>		<b>(2,245)</b>	<b>316</b>
Loans advanced during the year net of repayments		(922)	(13,655)
Capital element of hire purchase payments		119	337
Increase in short term deposits		15,000	6,664
Change in net funds		11,952	(6,338)
Net debt at beginning of year		(42,848)	(36,510)
<b>Net debt at end of year</b>	25	<b>(30,896)</b>	<b>(42,848)</b>

# Notes to the financial statements

		Consolidated	
		2010	2009
		£000	£000
<b>1 Funding body grants</b>			(restated)
Basic recurrent grant - Higher Education Funding Council for England ("HEFCE")		48,979	49,133
Basic recurrent grant - Training Development Agency for Schools ("TDA")		2,050	1,978
Special grants (HEFCE)		5,089	4,116
Special grants (TDA)		191	132
Deferred capital grants released in the year (note 21)		5,876	5,504
		<hr/>	<hr/>
Included in group income		62,185	60,863
Share of joint ventures' and associate's income		6,765	7,128
		<hr/>	<hr/>
		68,950	67,991
		<hr/>	<hr/>

Deferred capital grants released in the year includes £343,000 relating to joint ventures (2009: £251,000).

HEFCE capital grants received are transferred to the deferred capital grant fund (note 21) and released to income as explained in the statement of accounting policies.

		2010	2009
		£000	£000
<b>2 Tuition fees and education contracts</b>			
Full-time students		27,538	24,507
Full-time students charged overseas fees		18,316	14,667
Part-time fees		1,636	1,743
Short course fees		2,188	2,457
Other teaching contracts		14,597	12,308
Research training support grants		2,891	2,303
		<hr/>	<hr/>
Included in group income		67,166	57,985
Share of joint ventures' and associate's income		12,668	9,454
		<hr/>	<hr/>
		79,834	67,439
		<hr/>	<hr/>

		2010	2009
		£000	£000
<b>3 Research grants and contracts</b>			
Grants from research councils		16,366	17,138
Grants from UK charities		4,640	4,407
Other grants		8,217	7,861
		<hr/>	<hr/>
		29,223	29,406
		<hr/>	<hr/>

Included above are deferred capital grants released in the year of £1,289,000 (2009: £1,394,000).

# Notes to the financial statements (continued)

	Consolidated	
	2010	2009
	£000	£000
<b>4 Other income</b>		
Residences, catering and conferences	16,579	15,269
Other services rendered	3,945	3,821
Deferred capital grants released in the year - residences, catering and conferences	23	23
Deferred capital grants released in the year - other	3,419	3,039
Donations received	113	83
Other income	13,801	13,088
	<hr/>	<hr/>
Included in group income	37,880	35,323
Share of joint ventures' and associate's income	2,170	2,164
	<hr/>	<hr/>
	<b>40,050</b>	<b>37,487</b>
	<hr/>	<hr/>

Deferred capital grants (other) released in the year includes £861,000 relating to joint ventures (2009: £700,000).

	2010	2009
	£000	£000
<b>5 Endowment and investment income</b>		
Income from expendable endowment assets (note 22)	55	67
Income from permanent endowment assets (note 22)	57	96
Other investment income and interest receivable	1,312	2,279
Share of joint ventures' and associate's investment income	6	34
	<hr/>	<hr/>
	<b>1,430</b>	<b>2,476</b>
	<hr/>	<hr/>

	2010	2009
	£000	£000
<b>6 Staff costs</b>		
Wages and salaries	85,222	81,111
Social security costs	6,377	6,326
Other pension costs (note 27)	13,095	10,843
	<hr/>	<hr/>
	<b>104,694</b>	<b>98,280</b>
	<hr/>	<hr/>

Staff costs are analysed by activity in Note 9 below.

	2010	2009
	£000	£000
Emoluments of the Vice-Chancellors (there being two post holders during the year under review):		(restated)
1 August 2008 to 31 July 2009 - Salary + benefits	-	214
1 August 2008 to 31 July 2009 - Pension Contributions	-	40
August 2009 - Salary + benefits	17	-
August 2009 - Pension Contributions	4	-
1 September 2009 - 31 July 2010 - Salary + benefits	183	-
1 September 2009 - 31 July 2010 - Pension Contributions	41	-
	<hr/>	<hr/>
	<b>245</b>	<b>254</b>
	<hr/>	<hr/>

The comparative figures for 2009 have been restated to show salary sacrifice as a pensions rather than salary cost.

In January 2009, following a period of sickness absence, the Vice-Chancellor (Professor Bill Macmillan) announced his intention to retire at the end of the summer semester. The University purchased, by way of a lump sum contribution of £265,000, additional pensionable service, recognising his retirement before retirement age.

# Notes to the financial statements (continued)

## 6 Staff costs (continued)

The remuneration of other staff earning more than £100,000 in the year, excluding employer's pension contributions, fell in the following bands:

	Number of staff	
	2010	2009 (restated)
£100,000 - £109,999	5	4
£110,000 - £119,999	3	1
£120,000 - £129,999	2	3
£130,000 - £139,999	1	1
£140,000 - £149,999	-	-
£150,000 - £159,999	1	2
£160,000 - £169,999	3	1
£170,000 - £179,999	-	-
£180,000 - £189,999	3	3
£190,000 - £199,999	-	-
£200,000 - £209,999	-	-
£210,000 - £219,999	1	-
	<b>19</b>	<b>15</b>

The comparative numbers for 2009 have been restated to reflect the treatment of salary sacrifice as a pension rather than salary cost

Average number of staff employed by category	2010	2009 (restated)
Academic	792	717
Associate tutors	722	377
Research and analogous	325	334
Secretarial and clerical	594	574
Technical	140	143
Admin, senior library and computing	415	404
Others	484	475
	<b>3,472</b>	<b>3,024</b>

Associate tutors have been included for the first time this year along with prior year comparatives to be consistent with information supplied to HESA.

	Consolidated	
	2010 £000	2009 £000
<b>7 Other operating expenses</b>		
Residences, catering and conferences	4,871	4770
Library books and periodicals	2,386	2,287
Heat, light, water and power	3,438	3,614
Long-term maintenance	2,006	728
Grant to Union of UEA Students	461	431
External auditors' remuneration	78	52
External auditors' remuneration in respect of non-audit services : taxation and corporate advisor	68	23
Internal auditors remuneration	82	77
Other expenses	49,641	45,667
	<b>63,031</b>	<b>57,649</b>

Expenses paid to members of the Council during the year were £1,000 (2009: £1,000)

# Notes to the financial statements (continued)

8 Interest and other finance costs	Consolidated	
	2010 £000	2009 £000
Bank interest	5,313	5,272
Finance lease interest	37	37
Interest payable excluding pension scheme	5,350	5,309
Net interest charge on pension liability (note 27)	788	444
	<b>6,138</b>	<b>5,753</b>

## 9 Analysis of total expenditure by activity

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	Total £000
<b>2010</b>					
Academic departments	59,963	-	19,313	-	79,276
Academic services	6,064	444	6,367	-	12,875
Research grants and contracts	12,949	2,033	7,892	-	22,874
Residences, catering and conferences	4,283	1,295	4,871	1	10,450
Other services rendered	1,060	3,572	1,204	-	5,836
Premises	5,414	103	8,226	5,349	19,092
Administration and central services	14,944	11,659	10,757	-	37,360
Other expenses	17	66	4,401	788	5,272
<b>Total</b>	<b>104,694</b>	<b>19,172</b>	<b>63,031</b>	<b>6,138</b>	<b>193,035</b>

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	Total £000
<b>2009</b>					
Academic departments	54,475	477	17,561	-	72,513
Academic services	5,705	1,860	6,121	-	13,686
Research grants and contracts	13,244	1,400	8,034	-	22,678
Residences, catering and conferences	4,528	3,584	4,770	2	12,884
Other services rendered	884	86	1,366	-	2,336
Premises	5,427	10,637	6,506	5,307	27,877
Administration and central services	14,002	75	9,783	-	23,860
Other expenses	15	-	3,508	444	3,967
<b>Total</b>	<b>98,280</b>	<b>18,119</b>	<b>57,649</b>	<b>5,753</b>	<b>179,801</b>

	Consolidated	
	2010 £000	2009 £000
The depreciation charge has been funded by:		
Deferred capital grants released excluding joint ventures (note 21)	9,403	9,037
General income	9,769	9,082
	<b>19,172</b>	<b>18,119</b>

# Notes to the financial statements (continued)

## 10 Taxation

Consolidated

2010 2009  
£000 £000

(a) Analysis of charge/(credit) in the year

Corporation tax at 21% (2009: 20%) on profit of subsidiaries

Current - current period

- adjustments in respect of prior periods

108	(66)
5	61
<b>113</b>	<b>(5)</b>

The surpluses of the University are not subject to Corporation Tax. The current tax charge/(credit) represents corporation tax arising in subsidiaries after gift aid relief.

(b) Factors affecting tax charge/(credit) in the year

Surplus before taxation

<b>3,635</b>	<b>4,951</b>
--------------	--------------

UK corporation tax at 21% (2009: 20%)

<b>763</b>	<b>990</b>
------------	------------

Effects of :

Adjustments in respect of prior periods

Surpluses not subject to corporation tax

5	61
(655)	(1,056)
<b>113</b>	<b>(5)</b>

## 11 Tangible fixed assets

	Freehold land and buildings	Assets in the course of construction (L&B)	Plant and equipment	Assets in the course of construction (P&E)	Art collections	Total
Consolidated	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 August 2009	274,114	20,279	55,320	719	9,860	360,292
Opening balance reclassification	(72)	(4)	72	4	-	-
Additions at cost	13,421	3,374	3,990	901	-	21,686
Transfers	19,601	(19,601)	722	(722)	-	-
Disposals	-	(265)	(3,407)	-	-	(3,672)
At 31 July 2010	<b>307,064</b>	<b>3,783</b>	<b>56,697</b>	<b>902</b>	<b>9,860</b>	<b>378,306</b>
<b>Depreciation</b>						
At 1 August 2009	80,944	-	46,648	-	-	127,592
Opening balance reclassification	43	-	(43)	-	-	-
Charge for the year	13,722	-	5,450	-	-	19,172
Eliminated on disposals	-	-	(3,407)	-	-	(3,407)
At 31 July 2010	<b>94,709</b>	<b>-</b>	<b>48,648</b>	<b>-</b>	<b>-</b>	<b>143,357</b>
<b>Net book value</b>						
At 31 July 2010	<b>212,355</b>	<b>3,783</b>	<b>8,049</b>	<b>902</b>	<b>9,860</b>	<b>234,949</b>
At 31 July 2009	<b>193,170</b>	<b>20,279</b>	<b>8,672</b>	<b>719</b>	<b>9,860</b>	<b>232,700</b>

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2010 was £1,669,000 (2009: £1,961,000) and depreciation during the period on these assets was £292,000 (2009: £292,000).

# Notes to the financial statements (continued)

## 11 Tangible fixed assets (continued)

University	Freehold land and buildings	Assets in the course of construction (L&B)	Plant and equipment	Assets in the course of construction (F&E)	Art collections	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 August 2009	272,154	12,257	51,922	719	9,860	346,912
Opening balance reclassification	(203)	(4)	203	4	-	-
Additions at cost	11,493	3,375	3,885	901	-	19,654
Transfers	11,580	(11,580)	722	(722)	-	-
Disposals	-	(265)	(3,396)	-	-	(3,661)
At 31 July 2010	295,024	3,783	53,336	902	9,860	362,905
<b>Depreciation</b>						
At 1 August 2009	79,511	-	44,707	-	-	124,218
Opening balance reclassification	(21)	-	21	-	-	-
Charge for the year	13,191	-	5,216	-	-	18,407
Eliminated on disposals	-	-	(3,396)	-	-	(3,396)
At 31 July 2010	92,681	-	46,548	-	-	139,229
<b>Net book value</b>						
At 31 July 2010	202,343	3,783	6,788	902	9,860	223,676
At 1 August 2009	192,643	12,257	7,215	719	9,860	222,694

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2010 was £461,000 (2009: £538,000) and depreciation during the period on these assets was £77,000 (2009: £78,000).

### Consolidated and University

The acquisition and construction of buildings with cost totalling £98,964,000 and net book value of £65,991,000 was funded, in whole or in part, by grants totalling £36,527,000 from HEFCE and its predecessor councils. Under the terms of the Financial Memorandum between HEFCE and the University, should any of these buildings be sold the University may have to pay to HEFCE a proportion of the proceeds equal to the proportion of the cost which was grant-funded. It is not the intention of the University to dispose of any such buildings.

The University cannot sell or otherwise dispose of its art collections.

Freehold land & buildings includes a building funded in part by grants of £14,559,000 from the Sports Lottery Fund. As a condition of grant the operation of the building is regulated by a Community Use Agreement for a period of years expiring in August 2018.

# Notes to the financial statements (continued)

## 12 Joint ventures and associates

The University has interests in three joint venture arrangements, University Campus Suffolk Ltd, INTO UEA LLP and INTO UEA (London Campus) LLP, and in the prior year one associated undertaking Carbon Connections UK Limited.

University Campus Suffolk Ltd ("UCS"), a company limited by guarantee, is a joint venture between the University and the University of Essex. A 50% share of the company's gross assets and liabilities is included in the University's consolidated balance sheet and 50% of its income and net result are reported in the University's consolidated income and expenditure account. A 50% share of UCS's deferred capital grants is included in the deferred capital grants recognised in the consolidated balance sheet. UCS's principal activity is the provision of education and research services. For the year ended 31 July 2010 UCS reported an exceptional item of £nil (2009: £1,550,000) as a result partly of a restructuring exercise and partly the bulk transfer of the employees' pension scheme to USS. 50% of this exceptional item is reported in the consolidated income and expenditure account.

INTO UEA LLP is a joint venture between the University and INTO University Partnerships Limited. The University's 50% interest is held by UEA INTO Holdings Limited, a wholly owned subsidiary of the University. A 50% share of INTO UEA LLP's gross assets and liabilities are included in the University's consolidated balance sheet and 50% of its income and net result are reported in the University's consolidated income and expenditure account. INTO UEA LLP's principal activity is the provision of pre-University education for international students.

INTO UEA (London Campus) LLP is a joint venture between the University and INTO University Partnerships Limited. A 50% share of INTO UEA (London Campus) LLP's gross assets and liabilities are included in the University's consolidated balance sheet and 50% of its income and net result are reported in the University's consolidated income and expenditure account. INTO UEA (London Campus) LLP's principal activity is the provision of pre-University education for international students.

Carbon Connections UK Limited was formerly an associate company. From 1 August 2009 it became a subsidiary (see note 14).

## 13 Other fixed asset investments

	Consolidated £000	University £000
<b>Cost</b>		
At 1 August 2009	571	336
Additions arising on consolidation of Carbon Connections UK Ltd	487	-
	<hr/> 1,058	<hr/> 336
Other additions	370	360
Disposals	(40)	-
	<hr/> 1,388	<hr/> 696
<b>At 31 July 2010</b>	<b>1,388</b>	<b>696</b>
<b>Provision for diminution in value</b>		
At 1 August 2009	460	300
Provision made in period	384	360
	<hr/> 844	<hr/> 660
<b>At 31 July 2010</b>	<b>844</b>	<b>660</b>
<b>Net book value</b>		
At 31 July 2010	544	36
	<hr/> 111	<hr/> 36
At 31 July 2009	111	36



# Notes to the financial statements (continued)

## 13 Other fixed asset investments (continued)

Investments at cost comprise :	Consolidated £000	University £000
CVCP Properties PLC	35	35
ICENI Seedcorn Fund LLP	300	300
Fo2Pix Limited	60	-
Segmentis Limited	28	-
WeatherQuest Limited	10	-
Syrinx Limited	96	-
Norwich Powerhouse LLP	360	360
Investments held by Carbon Connections UK Limited	498	-
Other	1	1
	<hr/>	<hr/>
	1,388	696
	<hr/>	<hr/>

## 14 Subsidiary undertakings

	University £000
Cost and net book value	
At 1 August 2009	14,987
Additions	300
At 31 July 2010	<hr/> 15,287 <hr/>

On 1 August 2009 Carbon Connections UK Limited (CCUK) became a subsidiary undertaking by virtue of a change in the composition of the CCUK board which resulted in the University now being deemed to exercise a dominant influence. On this date the assets and liabilities of CCUK were as follows:

	£000
Investments	487
Debtors	157
Creditors	(156)
Deferred capital grant	(488)
	<hr/>
	-
	<hr/>

The Council considers the book values of the assets and liabilities are equivalent to the fair values.

# Notes to the financial statements (continued)

## 14 Subsidiary undertakings (continued)

The following companies, all registered in England and Wales, were 100% owned subsidiary undertakings at 31 July 2010:

Name	Principal activity
UEA Student Residences Limited	Leasing and operating student residences
UEA Utilities Limited	Provision of gas, electricity and other utilities
UEA Estate Services Limited	Property maintenance and refurbishment
UEA Enterprises Limited	Developing intellectual property
International Development UEA (an exempt charity)	Education and research services
East Anglian University Residences Limited	Property management
UEA Accommodation 1 Limited	Property management
UEA Accommodation 2 Limited	Property management
SYS Consulting Limited	Consultancy
UEA INTO Holdings Limited	Holding company
Enventure Associates Limited	Not trading
Credibility Limited*	Not trading
UEA Consulting Limited	Consultancy
Low Carbon Innovation Centre Limited	Consultancy
Carbon Connection (UK) Limited	Investments
Low Carbon Innovation Fund Limited	Investments
UEA NPH Limited	Holding company

\* Indirectly held

International Development UEA is a company limited by guarantee over which the University exercises a dominant influence. Carbon Connections UK Limited, Low Carbon Innovation Fund Limited and UEA NPH Limited are companies limited by guarantee with the University as sole member.

The University holds all of the issued £1 ordinary shares in each of UEA Student Residences Limited, UEA Utilities Limited, UEA Estate Services Limited, UEA Enterprises Limited, UEA Accommodation 1 Limited, UEA Accommodation 2 Limited, SYS Consulting Limited, Enventure Associates Limited, UEA INTO Holdings Limited and UEA Consulting Limited.. It holds all 50 pence ordinary shares in East Anglian University Residences Limited. UEA Enterprises Limited holds all of the issued £1 ordinary shares in Credibility Limited.

During the year the University acquired from UEA Enterprises Limited all of the £1 issued share capital in Low Carbon Innovation Centre Limited. In November 2009 the University bought all the newly issued 299,000 £1 ordinary shares in Low Carbon Innovation Centre Limited.

## 15 Endowment assets

	Consolidated & University	
	2010	2009
	£000	£000
At 1 August 2009	4,277	4,120
New endowments invested	102	28
Disposals	-	(21)
Increase /(decrease) in market value of investments	276	(231)
Increase in cash balances	286	381
At 31 July 2010	4,941	4,277
Represented by:		
UK equities	1,196	1,006
Fixed interest securities	1,327	1,175
Other	310	274
Cash in hand and short term deposits	2,108	1,822
	4,941	4,277

# Notes to the financial statements (continued)

## 16 Debtors

	Consolidated	
	2010 £000	2009 £000
Debtors	6,889	8,025
Prepayments and accrued income	14,013	12,093
	<b>20,902</b>	<b>20,118</b>

	University	
	2010 £000	2009 £000
Debtors	6,361	6,631
Prepayments and accrued income	13,952	11,415
Amounts due from subsidiary companies	5,090	4,324
	<b>25,403</b>	<b>22,370</b>

Included in the above are balances for both the Group and the University due in more than one year of £1,832,000 (2009: £1,179,000), which relate to a loan from the University to INTO UEA LLP of £700,000 (2009: £950,000), a loan made during the year from the University to INTO UEA (London Campus LLP) of £850,000 and matched funding due from HEFCE of £282,000 (2009: £229,000).

## 17 Current asset investments

	Consolidated and University	
	2010 £000	2009 £000
Short term deposits maturing within three months	28,000	33,000
Other short term deposits	31,000	11,000
Other investments	946	1,028
	<b>59,946</b>	<b>45,028</b>

Included in short term deposits maturing within three months is £8,000,000 (2009: £nil) from the European Regional Development Fund which is ring-fenced to be used in equity investment for the purpose of supporting a wide range of new and established companies in their low carbon activities and products and does not form part of the 'free cash' available to the University.

# Notes to the financial statements (continued)

## 18 Creditors: amounts falling due within one year

	Consolidated	
	2010 £000	2009 £000
Bank loans	1,858	1,678
HEFCE loan	390	-
Obligations under finance leases	71	119
Trade creditors	5,359	7,882
Capital creditors	813	633
Corporation tax	172	72
Other taxation and social security	2,263	2,179
Accruals and deferred income	29,752	26,443
	<b>40,678</b>	<b>39,006</b>

	University	
	2010 £000	2009 £000
Bank loans	1,858	1,678
HEFCE loan	390	-
Obligations under finance leases	12	24
Trade creditors	5,274	6,904
Capital creditors	813	633
Other taxation and social security	2,263	2,123
Amounts due to subsidiary undertakings	2,904	3,462
Accruals and deferred income	29,234	26,423
	<b>42,748</b>	<b>41,247</b>

For details of security over bank loans see note 19.

## 19 Creditors: amounts falling due after more than one year

	Consolidated	
	2010 £000	2009 £000
Bank loans	89,135	90,993
HEFCE loan	2,210	-
Obligations under finance leases	271	342
	<b>91,616</b>	<b>91,335</b>

	University	
	2010 £000	2009 £000
Bank loans	89,135	90,993
HEFCE loan	2,210	-
Obligations under finance leases	26	39
	<b>91,371</b>	<b>91,032</b>

# Notes to the financial statements (continued)

## 19 Creditors: amounts falling due after more than one year (continued)

Bank loans and HEFCE loans are repayable as follows :

	Consolidated and University	
	2010	2009
	£000	£000
Due within one year or less	2,248	1,678
Due between one and two years	2,438	1,857
Due between two and five years	5,806	6,181
Due in five years or more	83,101	82,955
	<u>93,593</u>	<u>92,671</u>

Bank loans are secured over the group's freehold land and buildings and are under a facility expiring in 2034. The loans are repayable in quarterly instalments. The HEFCE loan, which is payable in instalments expires in 2013.

The net finance lease obligations are as follows :

	Consolidated	
	2010	2009
	£000	£000
Due within one year or less	71	119
Due between one and two years	62	71
Due between two and five years	143	156
Due in five years or more	66	115
	<u>342</u>	<u>461</u>

	University	
	2010	2009
	£000	£000
Due within one year or less	12	24
Due between one and two years	4	13
Due between two and five years	3	7
Due in five years or more	19	19
	<u>38</u>	<u>63</u>

The finance leases are secured on the assets to which they relate.

# Notes to the financial statements (continued)

## 20 Provisions for liabilities and charges

	Consolidated and University 1 August 2009	Utilised in year	31 July 2010
	£000	£000	£000
Framework agreement	109	(100)	9

The framework agreement provision relates to the unfunded element of staff costs against projects. It will be utilised as individual projects are closed down, and is expected this will be by 2011.

## 21 Deferred capital grants

	Funding Council £000	Consolidated Other £000	Total £000
At 1 August 2009			
Buildings	52,280	58,025	110,305
Equipment and other fixed tangible assets	5,017	13,665	18,682
	57,297	71,690	128,987
Opening balance reclassification			
Buildings	(911)	1,888	977
Equipment and other fixed tangible assets	(549)	(428)	(977)
	(1,460)	1,460	-
Grants receivable in the year			
Buildings	10,439	1,741	12,180
Equipment and other fixed tangible assets	2,948	8,548	11,496
Addition arising on consolidation of Carbon Connections UK Limited	-	488	488
	13,387	10,777	24,164
Released to income and expenditure			
Buildings	(3,552)	(3,246)	(6,798)
Equipment and other fixed tangible assets	(2,323)	(1,486)	(3,809)
	(5,875)	(4,732)	(10,607)
At 31 July 2010			
Buildings	58,256	58,408	116,664
Equipment and other fixed tangible assets	5,093	20,299	25,392
	64,809	77,735	142,544

The above amounts include the following figure relating to UCS:	£
Grants receivable in the year	4,446,000
Released to income and expenditure	1,204,000
Carried forward deferred capital grants	26,384,000

# Notes to the financial statements (continued)

## 21 Deferred capital grants (continued)

	Funding Council £000	University Other £000	Total £000
At 1 August 2009			
Buildings	46,226	44,163	90,389
Equipment and other fixed tangible assets	3,661	11,026	14,687
	<u>49,887</u>	<u>55,189</u>	<u>105,076</u>
Opening balance reclassification			
Buildings	(9)	(73)	(82)
Equipment and other fixed tangible assets	9	73	82
	<u>-</u>	<u>-</u>	<u>-</u>
Grants receivable in the year			
Buildings	7,918	218	8,136
Equipment and other fixed tangible assets	2,754	8,226	10,980
	<u>10,672</u>	<u>8,444</u>	<u>19,116</u>
Released to income and expenditure			
Buildings	(3,420)	(2,941)	(6,361)
Equipment and other fixed tangible assets	(2,113)	(828)	(2,941)
	<u>(5,533)</u>	<u>(3,769)</u>	<u>(9,302)</u>
At 31 July 2010			
Buildings	50,715	41,367	92,082
Equipment and other fixed tangible assets	4,311	18,497	22,808
	<u>55,026</u>	<u>59,864</u>	<u>114,890</u>

## 22 Specific endowments

	Unrestricted Permanent £000	Restricted Permanent £000	Consolidated and University Total Permanent £000	Restricted Expendable £000	2010 Total £000	2009 Total £000
Balance at 1 August 2009						
Capital	10	2,193	2,203	1,451	3,654	3,558
Accumulated income	1	280	281	342	623	562
Reclassification	-	(619)	(619)	619	-	-
	<u>11</u>	<u>1,854</u>	<u>1,865</u>	<u>2,412</u>	<u>4,277</u>	<u>4,120</u>
New endowments		64	64	1,090	1,154	927
Investment income	-	57	57	55	112	163
Expenditure	-	(40)	(40)	(838)	(878)	(702)
	<u>-</u>	<u>17</u>	<u>17</u>	<u>(783)</u>	<u>(766)</u>	<u>(539)</u>
Increase/(decrease) in market value of investments	1	126	127	149	276	(231)
Balance at 31 July 2010	<u>12</u>	<u>2,061</u>	<u>2,073</u>	<u>2,868</u>	<u>4,941</u>	<u>4,277</u>
Represented by						
Capital	11	1,742	1,753	2,523	4,276	3,654
Accumulated income	1	319	320	345	665	623
	<u>12</u>	<u>2,061</u>	<u>2,073</u>	<u>2,868</u>	<u>4,941</u>	<u>4,277</u>

# Notes to the financial statements (continued)

## 23 Reserves

	Consolidated	
	2010 £000	2009 £000
Income and expenditure reserve (including pension reserve)		
Balance at the beginning of the year	49,514	54,202
Surplus retained for the year	4,288	4,720
Actuarial gain/(loss) on pension scheme	984	(8,864)
Share of actuarial gain/(loss) on pension schemes of joint ventures and associates	166	(544)
Share of endowment income of joint ventures and associates	68	-
	<hr/>	<hr/>
Balance at the end of the year	55,020	49,514
	<hr/>	<hr/>
	University	
	2010 £000	2009 £000
Balance at the beginning of the year	56,924	61,466
Surplus retained for the year	5,200	4,322
Actuarial gain/(loss) on pension scheme	984	(8,864)
	<hr/>	<hr/>
Balance at the end of the year	63,108	56,924
	<hr/>	<hr/>



# Notes to the financial statements (continued)

## 24 Reconciliation of consolidated surplus to net cash inflow from operating activities

	2010 £000	2009 £000
Surplus after depreciation of fixed assets at cost and before taxation	3,635	4,176
Endowment expenditure	878	702
Endowment income and interest receivable (excluding joint ventures)	(1,424)	(2,442)
Deferred capital grant release (excluding joint ventures)	(9,403)	(9,009)
Depreciation	19,172	18,119
Loss on disposal of fixed assets	265	-
Devaluation of investments	82	186
Impairment of fixed asset investment	384	100
Profit on sale of investment	(325)	-
Share of operating loss in joint ventures and associates	4	1,091
Interest payable	5,350	5,309
Pension costs less contributions payable	(617)	(395)
Decrease/(increase) in stocks	10	(3)
Increase in debtors	(627)	(5,698)
Increase in creditors	714	4,251
Decrease in provisions	(100)	(328)
Net cash inflow from operating activities	17,998	16,059
Endowment expenditure	(878)	(702)
Net cash inflow from operating activities after endowment expenditure	17,120	15,357

## 25 Analysis of changes in consolidated net debt

	1 August 2009 £000	Cash flows £000	Other £000	31 July 2010 £000
Cash at bank and in hand				
Endowment assets	1,822	286	-	2,108
Other	4,462	(2,531)	-	1,931
	6,284	(2,245)	-	4,039
Debts due within 1 year	(1,797)	1,797	(2,319)	(2,319)
Debts due after 1 year	(91,335)	(2,600)	2,319	(91,616)
	(93,132)	(803)	-	(93,935)
Short term deposits	44,000	15,000	-	59,000
	(42,848)	11,952	-	(30,896)

Included in the cash flows for the year is the receipt of £8,000,000 from the European Regional Development Fund which is ring-fenced to be used in equity investment for the purpose of supporting a wide range of new and established companies in their low carbon activities and products and does not form part of the 'free cash' available to the University.

# Notes to the financial statements (continued)

## 26 Capital commitments

At 31 July 2010 the group had outstanding commitments for capital expenditure of £4,294,000 (2009: £6,276,000).

## 27 Pensions

The University participates in two defined benefit contracted out pension schemes, the national Universities Superannuation Scheme ("USS") and the University of East Anglia Staff Superannuation Scheme ("UEASSS").

### Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Council; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial

Because of the mutual nature of the scheme the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 are also included in this note. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
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Female members' mortality	PA92 MC YoB tables - no age rating
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Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvement in mortality rates. The assumed life expectations on retirement age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
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Males (females) currently aged 45	24.0 (25.9) years
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At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

# Notes to the financial statements (continued)

## 27 Pensions (continued)

### Universities Superannuation Scheme (continued)

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (ie assuming the Scheme had discounted on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefit. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, decided to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime has fallen from 103% (as at 31 March 2008) to 91% (a deficit of £3,065 million) although it is noted that the funding level has improved from 74% (as at 31 March 2009) to 91% (as at 31 March 2010). This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary

On the FRS17 basis, using a AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

Assumption	Changes in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

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

# Notes to the financial statements (continued)

## 27 Pensions (continued)

### Universities Superannuation Scheme (continued)

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias toward equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows

However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary had confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2010, USS had over 135,000 active members and the University had 1,790 active members participating in the scheme.

The total pension cost in respect of USS for the University was £9,678,000 (2009: £7,886,000). The contribution rate payable by the University was 16% of pensionable salaries.

### University of East Anglia Staff Superannuation Scheme

A full actuarial valuation was carried out as at 31 July 2009 and updated to 31 July 2010 by a qualified independent actuary for the purposes of Financial Reporting Standard 17 ("FRS17").

The University operates one defined benefit scheme in the UK, the University of East Anglia Staff Superannuation Scheme which offers both pension in retirement and death benefits to members. Pension benefits are related to the members final salary at retirement and their length of service. Since 1 November 2007 the scheme has been closed to new members. Contributions to the scheme for the year beginning 1 August 2010 are expected to be 25% of pensionable salaries for those members who participate in the University's salary sacrifice arrangements and 18.75% of pensionable salaries for those that do not, plus additional annual contributions of £1,404,000 payable in equal monthly instalments for a period of 20 years from 1 August 2009.

The major assumptions used by the actuary were (in nominal terms)

		31 July 2010	31 July 2009	31 July 2008
Rate of increase in salaries	:	3.90%	4.70%	5.05%
Rate of increase in pensions in payment	:	3.40%	3.70%	3.80%
Discount rate	:	5.40%	6.20%	6.50%
Inflation assumption	:	3.40%	3.70%	3.80%
Assumed life expectancies on retirement at age 62 are				
Retiring today	Males	24.1	24.4	24.4
	Females	26.8	27.2	27.2
Retiring in 20 years time	Males	26.1	25.4	25.4
	Females	28.8	28.2	28.2

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the time scale involved, may not be necessarily borne out in practice.

# Notes to the financial statements (continued)

## 27 Pensions (continued)

### University of East Anglia Staff Superannuation Scheme (continued)

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cashflow projections over long periods and thus inherently uncertain, are as follows:

	Long term rate of return expected at 31 July 2010	Value at 31 July 2010 £000	Long term rate of return expected at 31 July 2009	Value at 31 July 2009 £000	Long term rate of return expected at 31 July 2008	Value at 31 July 2008 £000
Equities	7.00%	32,986	7.20%	43,416	7.30%	45,003
Bonds	4.34%	37,731	4.00%	17,581	4.10%	18,964
Fair value of plan assets		<u>70,717</u>		<u>60,997</u>		<u>63,967</u>
The actual return on assets over the period was		<u>8,145</u>		<u>(2,850)</u>		<u>(3,032)</u>
The amounts recognised on the balance sheet are as follows						
Present value of scheme liabilities		(83,421)		(75,302)		(69,803)
Fair value of scheme assets		<u>70,717</u>		<u>60,997</u>		<u>63,967</u>
Net pension liability		<u>(12,704)</u>		<u>(14,305)</u>		<u>(5,836)</u>

To develop the expected long-term rate of return on assets assumption, the actuary considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was the weighted average based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Reconciliation of opening and closing balances of the present value of the scheme liabilities	2010 £000	2009 £000
Liabilities at the beginning of the year	75,302	69,803
Current service cost	2,985	2,768
Interest cost	4,666	4,503
Contributions by scheme participants	97	284
Actuarial loss	8,861	1,955
Exceptional actuarial gains - the effect of the change of the measurement in inflation from RPI to CPI	(5,578)	-
Benefits paid	(3,071)	(4,027)
Past service cost	159	16
Liabilities at the end of the year	<u>83,421</u>	<u>75,302</u>

#### Reconciliation of opening and closing balances of the fair value of scheme asset

Fair value of scheme assets at the beginning of the year	60,997	63,967
Expected return on scheme assets	3,878	4,059
Actuarial gain/(loss)	4,267	(6,909)
Contribution by employers	4,549	3,623
Contribution by plan participants	97	284
Benefits paid	(3,071)	(4,027)
Fair value of scheme assets at the end of the year	<u>70,717</u>	<u>60,997</u>

# Notes to the financial statements (continued)

## 27 Pensions (continued)

### University of East Anglia Staff Superannuation Scheme (continued)

Amount recognised in statement of total recognised gains and losses (STRGL)	2010 £000	2009 £000
Experience adjustments arising on scheme liabilities	(4,094)	(307)
Changes in assumptions underlying the present value of the liabilities	(4,767)	(1,648)
Exceptional actuarial gains - effect of change of the measurement of inflation from RPI to CPI	5,578	
Experience adjustments arising on scheme assets	4,267	(6,909)
Actuarial gain/(loss)	<b>984</b>	<b>(8,864)</b>

The Government announced changes to pension provisions in the June 2010 budget that impact on members of the University of East Anglia Staff Superannuation Scheme. The Government announced that the measure used to determine cost of living increases applied to public sector pensions will be changed from being linked to the rise in the Consumer Prices Index (CPI), rather than to the rise in the Retail Prices Index (RPI). In accordance with guidance issued by the Urgent Issues Task Force, UEA has recognised the impact of the change from RPI to CPI in these financial statements, being a gain of £5,578,000, which has been recognised in the statement of recognised gains and losses as a change in actuarial assumptions.

Amounts of the current and previous four years are as follows:

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Present value of scheme liabilities	83,421	75,302	69,803	69,850	68,242
Fair value of scheme assets	70,717	60,997	63,967	66,920	61,124
Deficit in the scheme	(12,704)	(14,305)	(5,836)	(2,930)	(7,118)
Experience:					
Adjustments arising on scheme liabilities	(4,094)	(307)	(189)	677	(150)
Adjustments arising on scheme assets	4,267	(6,909)	(7,339)	2,324	4,301
Actuarial gain/(loss) shown in STRGL	<b>984</b>	<b>(8,864)</b>	<b>(3,808)</b>	<b>5,115</b>	<b>373</b>

The cumulative amount of actuarial gains and losses recognised in the statement of gains and losses in the current and previous four years is (£11,778,000).

	2010 £000	2009 £000
Analysis of the amount charged to staff costs within operating surplus:		
Current service cost	2,985	2,768
Past service cost	159	16
	<b>3,144</b>	<b>2,784</b>

Analysis of the amount charged to other finance costs:

Expected return on pension scheme assets	3,878	4,059
Interest on pensions scheme liabilities	(4,666)	(4,503)
	<b>(788)</b>	<b>(444)</b>

Annual contributions for the year beginning 1 August 2010 are expected to be 18.75% of pensionable salaries, plus additional annual contributions of £1,404,000 per annum, payable in equal monthly instalments until 31 July 2029.

# Notes to the financial statements (continued)

## 27 Pensions (continued)

### Other Pension Schemes

The University contributes to the Federated Superannuation System for Universities, a defined contribution pension scheme. Contributions in the year were £5,000 (2009: £5,000). The University also contributed to the National Health Service Pension Scheme, a defined benefit pension scheme. Contributions in the year were £268,000 (2009: £168,000).

## 28 Queen's Building

The University has contracted with the East of England Strategic Health Authority ("EESHA") (which has delegated authority from the NHS Executive via its regional office) to teach, to degree level, occupational therapy and physiotherapy students nominated and funded by EESHA. The teaching takes place on campus in the Queen's Building, which the then Anglia & Oxford Regional Health Authority constructed at its own expense on land leased to the Secretary of State for Health by the University for sixty years. The University pays no rent for its occupation of the building.

The University has undertaken, in the event of the teaching contract being terminated before the expiry of sixty years following the completion of the building in 1992, to purchase it or lease it back from the Secretary of State for Health. The purchase price or rental is to be calculated by reference to the initial construction cost of the building and the increase in building costs since the date of construction with an overriding depreciation to zero over the sixty years of the lease. The University believes it is unlikely that this contingent capital commitment will arise in the foreseeable future.

## 29 Operating lease commitments

At 31 July 2010, the group had annual commitments under non-cancellable operating leases expiring as follows:-

	2010 Other £000	2009 Other £000
Within 1 year	3	24
Within two to five years	-	3
	<u>3</u>	<u>27</u>

## 30 The Sainsbury Laboratory

The University is a member of and has the ability to appoint one director to The Sainsbury Laboratory, a company limited by guarantee. The ability to appoint a single director does not confer significant influence on the part of the University.

Staff working at The Sainsbury Laboratory are joint employees of the University of East Anglia and the company and their payroll costs are fully reimbursed by the company. The Sainsbury Laboratory shares certain facilities at the John Innes Centre for which appropriate reimbursement is made. The building belongs to the Trustees of the John Innes Foundation. Expenditure on The Sainsbury Laboratory staff and its reimbursement are excluded from the University's financial statements.

## 31 Sainsbury Institute for the Study of Japanese Art and Culture

The Sainsbury Institute for the Study of Japanese Arts and Culture ("SISJAC") is an independent Institute affiliated to the University.

Staff of the Institute are employees of the University and their salary costs are fully reimbursed from external sources. Certain other running costs of the Institute are paid in the first instance by the University and these also are fully reimbursed from external sources. Expenditure and its reimbursement are included in the University's financial statements.



# Notes to the financial statements (continued)

## 32 Other Related Party Transactions

Due to the nature of the University's operations and the composition of the Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's normal procurement procedures.

The Vice Chancellor sits on the Board of a number of bodies where the University has an interest, albeit an insignificant interest. Transactions with these organisations are immaterial to the University and are conducted at arm's length.

The University is exempt under the terms of FRS8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the University of East Anglia group.

### University Campus Suffolk Ltd

During the year the University supplied University Campus Suffolk Ltd (UCS) with goods and services to the value of £376,000 (2009: £417,000). At 31 July the balance outstanding was £13,000 (2009: £4,000). The University also received services from UCS to the value of £8,000 (2009: £103,000). At 31 July the balance outstanding was £2,000 (2009: £nil).

### INTO UEA LLP

During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £561,000 (2009: £595,000). At 31 July the balance outstanding was £87,000 (2009: £555,000). The University also received services from INTO to the value of £90,000 (2009: £97,000). At 31 July the balance outstanding was £15,000 (2009: £nil). The outstanding balance on the loan made to INTO at the end of the year was £700,000 (2009: £950,000) and is due in more than one year.

### INTO UEA (London Campus) LLP

During the year the University supplied INTO UEA (London Campus) LLP (INTO London) with goods and services to the value of £927,000 (2009: £nil). At 31 July the balance outstanding was £896,000 (2009: £nil). The University also received services from INTO London to the value of £17,000 (2009: £nil). At 31 July the balance outstanding was £17,000 (2009: £nil).

### Carbon Connections UK Limited

As at 1 August 2009 Carbon Connections UK became a subsidiary undertaking of the University (see note 14). In the prior year the University supplied Carbon Connections UK Limited with goods and services to the value of £4,500 with a balance outstanding at the end of the year of £188,000.

### Espalier East Anglia LP, INTO University Partnerships Limited

During the year the loan between the University and Espalier East Anglia LP (Espalier) of £820,000 was transferred to INTO University Partnerships Limited (IUP), a company owned by Andrew Colin (ultimately the controlling party of the vehicle that controls 50% of INTO UEA LLP). The balance outstanding at the end of the year from IUP was £820,000 (2009: £nil) and from Espalier was £nil (2009: £820,000).

## 33 Training and Development Agency for Schools Bursaries

	2010 £000	2009 £000
Funding at the beginning of the year	100	160
Training Bursary funds received during the year	1,647	1,887
Training Bursary payments during the year	(1,970)	(1,947)
Funding at the end of the year	(223)	100

As the University acts as a paying agent only, these transactions have not been reflected in these financial statements.

The amount paid out in excess of funds received during the year is recoverable from the Training and Development Agency.



# Notes to the financial statements (continued)

## 34 Training and Development Agency for Schools Student Associates Scheme

	2010 £000	2009 £000
Funding at the beginning of the year	15	18
Funds received during the year	195	221
Payments during the year	(202)	(224)
Funding at the end of the year	<u>8</u>	<u>15</u>

As the University acts as a paying agent only, these transactions have not been reflected in these financial statements.

## 35 Training and Development Agency for Recruitment and Retention Funding

	2010 £000	2009 £000
Funding at the beginning of the year	10	14
Funds received during the year	-	5
Payments during the year	(7)	(9)
Funding at the end of the year	<u>3</u>	<u>10</u>

As the University acts as a paying agent only, these transactions have not been reflected in these financial statements.

## 36 Access funds

	2010 £000	2009 £000
Balance at the beginning of the year	-	145
Funding Council Access Funds	309	247
Interest earned	4	11
Disbursements to students	(316)	(403)
Balance at the end of the year	<u>(3)</u>	<u>-</u>

Funding Council Access Funds are available solely for students. As the University acts as a paying agent only, these transactions have not been reflected in these financial statements.

## 37 Higher Education Funding Council for England Partner Colleges

	2010 £000	2009 £000
Balance at the beginning of the year	-	-
Funds received during the year	26,184	19,418
Payments during the year	(26,184)	(19,418)
Balance at the end of the year	<u>-</u>	<u>-</u>

As the University acts as a paying agent only, these transactions have not been reflected in these financial statements.

## Notes to the financial statements (continued)

### 38 Grants received on behalf of associate company

	2010 £000	2009 £000
Balance at the beginning of the year	-	-
Funds received during the year	-	630
Payments during the year	-	(630)
	<hr/>	<hr/>
Balance at the end of the year	-	-
	<hr/>	<hr/>

Carbon Connections UK Limited status changed with effect from 1 August 2009 and is consolidated into the University's financial statements.

### 39 Contingent liabilities

The University has an agreement with the University of Essex and Barclays Bank plc to guarantee the commitments of University Campus Suffolk Ltd. The guarantee was increased from a maximum of £5,000,000 to a maximum of £9,000,000 during the year under review. The council do not expect any material loss to the University to arise in respect of this guarantee.

The University also has an agreement with Middlesex Office S.A.R.L, INTO UEA (London Campus) LLP and The Royal Bank of Scotland plc to guarantee the rental commitments of INTO UEA (London Campus) LLP, a joint venture entity, for a maximum of five years. The estimated annual rental charges amounts to £1,500,000. The council do not expect any material loss to the University to arise in respect of this guarantee.

In addition the University entered into an agreement with INTO UEA (London Campus) LLP and Barclays Bank plc in respect of a guarantee up to a maximum of £375,000. The council do not expect any material loss to the University to arise in respect of this guarantee.