

**University of East Anglia**

**Financial Statements**

**1999 - 2000**



**University of East Anglia**

**Norwich NR4 7TJ**

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**Vice-Chancellor**

Vincent Watts, MA MSc FCA FIMC

**Treasurer**

Stuart Holmes, FCA

**Director of Finance**

Charles W Morland, CPFA

**Deputy Director of Finance**

Roger A Pipes, FCA

**Bankers**

Barclays Bank plc  
Gurneys Bank  
Bank Plain  
Norwich  
NR2 4SP

**Investment Managers**

Phillips & Drew Fund Management Limited  
Triton Court  
14 Finsbury Square  
London  
EC2A 1PD

**Auditors**

RSM Robson Rhodes  
Daedalus House  
Station Road  
Cambridge  
CB1 2RE

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# Treasurer's report

## Outturn on Activities

The University earned an operating surplus in the year of £3.89 million (1998-99, £1.11 million). This reflected increase in levels of activity in research and increased teaching income. The surplus was boosted late in our financial year by £1.86 million of income arising from exceptional non-recurring items. £1.62 million arose from a retrospective refund of VAT covering the period 1993/94 to 1999/2000. Credit goes to Charles Morland and his team after several years dogged negotiations with Customs and Excise over the proper application of the rules governing partially VAT exempt organisations. £0.24 million accrued from the University successfully challenging the initial assessment of its rateable value under the 1995 rating revaluation.

Our underlying operating surplus amounted to £2.04 million. Although an improvement over the previous year, this level of surplus represents only 2.5% of turnover and is therefore less than the minimum of 3% needed to sustain the existing estate and fund our long term development plans. Our medium term plan budgets for a modest deficit in the next financial year as a consequence principally of increasing our spend on long term maintenance. Thereafter we plan to return to moderate and gradually increasing surplus.

Underlying income year on year increased by £5.56 million, while revenue expenditure increased by £4.63 million. Staff costs were the largest single item of revenue expenditure and these rose by £3.25 million (7.4 %). Of this increase £1.14 million related to staff employed to undertake work on the increasing level of externally funded research grants and contracts.

## Reserves

Our reserves increased by £3.89 million to £26.47 million. Most of the reserves are either invested in fixed assets used in activities or are earmarked for future use. Our free 'rainy day' funds are of the order of £4.50 million.

## Investment of Resources

The value of fixed tangible assets, namely land, buildings and equipment, increased during the year by £12.17 million comprising additions of £16.96 million less a depreciation charge of £4.79 million. A substantial element of the depreciation charge was met from capital grants received in earlier years from external bodies, principally the Funding Council and from Research Councils. It is important to be able to continue to attract grant funding for fixed assets; our internal resources are insufficient to finance the cost from operating income.

The principal expenditure on fixed assets related to the construction of the new Sports Park £11.41 million, minor works £1.29 million and furniture and equipment £3.81 million. Furniture and equipment purchased in connection with externally funded research grants and contracts amounted to £0.67 million. Grants received to finance fixed assets amounted to £11.79 million.

Net current assets increased by £1.05 million to £9.75 million, which is a healthy position. We continue to manage our working capital to generate cash thereby maximising our investment income.

## Other Investments

During the year investment continued in the health field. This included continuing work on assessing the feasibility of a PFI scheme to provide modern teaching facilities for the School of Nursing and the completion of a bid for a new medical school, which culminated in the announcement in June of the government's decision to establish a new medical school which will take its first intake of students in September 2002. Work was also commenced on a significant upgrade of the University's data network, and we began a major revision and updating of the University's Estates Strategy including an examination of ways in which future capital developments might be funded.

## Conclusion

Thanks to effective management throughout the whole of the University, our financial base is stable in a period of continuing pressure on traditional sources of revenue. We continue to show imagination and resolve in our use of resources and in attracting funding for the investments that we need to make.

Stuart Holmes

4 December 2000

# Corporate Governance Statement

- 1 The following statement is provided to enable readers of the Financial Statement of the University to obtain a better understanding of the governance and legal structure of the University.
- 2 The University endeavours to conduct its business in accordance with the seven principles identified by the Nolan Committee on Standards in Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; leadership) and with the guidance to universities which has been provided by the Committee of University Chairmen in its 'Guide for Members of Governing Bodies in Universities in England and Wales'.
- 3 The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in 1963, its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the latest version of which was approved by the Privy Council in 1992. The Charter and Statutes are published annually in the Calendar, available from the University.
- 4 The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities.
  - 4.1 The Council is the executive governing body, responsible for the finance, property, investments and general business of the University and for setting the general strategic direction of the institution. It has a majority of members from outside the University, who are described as lay members. These include the Chairman, the Treasurer (an honorary post) and twelve members, all appointed by the Council itself, and seven members appointed by local authorities in Norfolk and Suffolk. Also included in its members are the senior officers and representatives of the staff of the University and of the student body. None of the lay members receive any payment, apart from the reimbursement of expenses, for the work which they do for the University.
  - 4.2 The Senate is the academic authority of the University and draws its membership entirely from the academic and academic related staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University.
  - 4.3 The Court is a large mainly formal body (somewhat akin to the shareholders' meeting of a public company), which normally meets once a year to receive the Annual Report and Financial Statements of the University. It also appoints the Chancellor, who as the titular head of the University presides at meetings of the Court and at Congregation for the award of degrees and other qualifications. The membership of the Court is very largely from outside the University. The formal membership is drawn from individuals and organisations, mostly within East Anglia, with connections with the University and with the public life of the region. However, the University widens attendance at Court meetings by inviting in addition an extensive range of others interested in the work of the University. There are also some representatives of University staff and of the student body.
- 5 The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University and who is the Chairman of the Senate. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated Accounting Officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.
- 6 Although the Council meets at least four times each academic year, much of its detailed business is handled by committees, in particular the Planning and Resources Committee, the Human Resources Policy Committee, the Council Membership Committee, the Senior Officers Remuneration Committee and the Audit Committee. These committees make formal reports and recommendations to the Council in accordance with their terms of reference. These committees, and a number of others, are formally constituted as sub-committees of the Council with written terms of reference, specified membership, including a proportion of lay members, and delegated powers.

## Corporate Governance Statement (Continued)

- 7 As Chief Executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Pro-Vice Chancellors, who are senior members of the academic or academic services staff appointed to assist the Vice-Chancellor, and the senior academic and administrative officers all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor.
- 8 The Statutes of the University specify that the Registrar and Secretary should act as Secretary of the Council and any enquiries about the constitution and governance of the University should be addressed to the Registrar and Secretary at the University.
- 9 The University maintains a Register of interests of members of Council, it may be consulted by persons having adequate reasons to do so by arrangement with the Registrar and Secretary.
- 10 The University is always interested to hear from or about individuals who might be interested in playing a part in its affairs by becoming a member of the Council, or of one of its committees. The Council itself, members of and attenders at the Court and the University community, are routinely asked for suggestions. Suggestions may also be at any time to the Registrar and Secretary

# Statement of Council's responsibilities

In accordance with the Royal Charter, the Council of the University of East Anglia is responsible for the administration and management of the affairs of the University and group and is required to present audited accounts 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 enable it to ensure that the accounts are prepared in accordance with the Royal Charter, the Statement of Recommended Practice: Accounting in Higher Education Institutions, guidance issued by the Higher Education Funding Council for England ("HEFCE") and relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the HEFCE and the Council, the Council, through its designated office holder, is required to prepare accounts 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 causing the accounts to be prepared, the Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- accounts 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 the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which the 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.

Signed on behalf of Council

4 December 2000

# Auditors' report to the Council of the University of East Anglia

We have audited the financial statements on pages 7 to 25.

## Respective responsibilities of the Council and Auditors

As described on page 5, the Council is responsible for preparing the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements, and to report as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant guidance.

We also report to you whether, income from funding bodies, grant and income for specific purposes and from restricted funds administered by the University have been properly applied for the purposes for which they were received and whether income has been applied in accordance with the University's statutes, the financial memorandum with HEFCE and the TTA funding agreement.

We also, at the request of the Council, review whether the statement on pages 3 and 4 reflects the University's compliance with the relevant provisions of the Combined Code specified for our review by the Council, and we report if it does not.

## Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and the HEFCE code of Audit practice. 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 circumstances, consistently applied and adequately disclosed.

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

## Opinion

In our opinion:

- i the financial statements give a true and fair view of the state of the affairs of the University and the group as at 31 July 2000 and of the surplus of income over expenditure and cash flow of the group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice Accounting in Further and Higher Education Institutions;
- ii income from the Higher Education Funding Council for England ("HEFCE") and the Teacher Training Agency ("TTA"), grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2000 have been applied only for the purposes for which they were received ; and
- iii income during the year ended 31 July 2000 has been applied in accordance with the University's Statutes and where appropriate with the Financial Memorandum dated July 1997 with the HEFCE and the funding agreement dated July 1996 with the TTA.

RSM Robson Rhodes

Chartered Accountants

Registered Auditors

Daedalus House, Station Road, Cambridge, CB1 2RE

6 December 2000



# 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, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education ("the SORP") and in accordance with applicable accounting standards.

## 2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the University and all subsidiary undertakings for the year ended 31 July 2000. The University does not exercise a dominant influence on the Union of UEA Students and therefore the accounts of that body are not consolidated.

## 3 Recognition of income

Income from specific endowments, research grants and other contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short term deposits is credited to the income and expenditure account on a receivable basis.

## 4 Pension costs

The two principal pension schemes for the University's staff are the national Universities Superannuation Scheme and the University of East Anglia Staff Superannuation Scheme, both defined benefit schemes contracted out of the State Earnings-Related Pension Scheme. The schemes are valued every three years by actuaries using the projected unit method, the rates of contributions payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuation of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. Unless it is considered prudent to recognise deficiencies over a shorter period, variations from regular cost are spread over the expected average remaining working life of members of the schemes after making allowance for future withdrawals.

## 5 Fixed tangible assets and depreciation

Fixed tangible 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 cost including attributable interest or valuation at date of donation. Land is held freehold and is not depreciated. Buildings are depreciated over their expected useful life of 50 years, on a straight line basis.
- b Adaptions and remodelling of buildings are capitalised at cost and are depreciated over their expected useful life of fifteen years, on a straight line basis.
- c Plant & 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. No current valuations of the University's art collections are included in the financial statements since in the Council's opinion such valuations could not adequately reflect either the terms on which the collections are held or their enormous significance to the University.

## 6 Library books and periodicals

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

## 7 Investments

Endowment asset investments are included in the balance sheet at market value. Current asset investments are included at the lower of cost and net realisable value. Investments in subsidiary companies are included in the balance sheet at the lower of cost and the value of the underlying net assets, using the University's accounting policies. Endowment asset investments include cash and short term deposits so that endowment asset investments equal specific endowments in the balance sheet.

# Statement of accounting policies (continued)

## 8 Deferred capital grants

Where a fixed asset is donated to the University or acquired with the aid of a specific grant or gift, the related grant or gift is treated as a deferred capital grant and is released to income over the expected useful life of the asset.

## 9 Specific endowments

The unspent balances of bequests and gifts received, for which the use of the capital and income or only the income is restricted to specific purposes designated by the donors, are included in the balance sheet as specific endowments. Transfers are made from specific endowments to income or to deferred capital grants as appropriate to match funded expenditure.

## 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 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988. The University receives no similar exemption in respect of Value Added Tax.

## 12 Stock valuation

Stock is valued at the lower of cost and net realisable value.

## 13 Cash flows and liquid resources

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

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

## 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.

# Consolidated income and expenditure account for the year ended 31 July 2000

	<i>Note</i>	2000 £000	1999 £000
<b>Income</b>			
Funding council grants	<i>1</i>	28,120	27,330
Tuition fees and education contracts	<i>2</i>	21,634	20,086
Research grants and contracts	<i>3</i>	15,706	13,234
Exceptional item - VAT refund		1,618	-
Exceptional item - rate rebate		240	-
Other income	<i>4</i>	13,828	13,042
Endowment and investment income	<i>5</i>	1,612	1,650
Total income		<u>82,758</u>	<u>75,342</u>
<b>Expenditure</b>			
Staff costs	<i>6</i>	47,200	43,950
Depreciation	<i>11</i>	4,787	4,573
Other operating expenses	<i>7</i>	24,380	23,303
Interest payable	<i>8</i>	2,494	2,407
Total expenditure		<u>78,861</u>	<u>74,233</u>
<b>Surplus before tax</b>		3,897	1,109
Taxation	<i>10</i>	(6)	(2)
<b>Surplus for the financial year</b>		<u>3,891</u>	<u>1,107</u>

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

The University of East Anglia has no revalued assets and there is, therefore, no difference between the results as reported and the historical cost results for either year.

The notes on pages 14 to 25 form part of these financial statements.

# Consolidated balance sheet as at 31 July 2000

	<i>Note</i>	2000 £000	1999 £000
<b>Fixed assets</b>			
Tangible assets	11	86,977	74,806
Other investments	21	35	35
		<u>87,012</u>	<u>74,841</u>
<b>Endowment assets</b>	12	<u>3,994</u>	<u>4,084</u>
<b>Current assets</b>			
Stocks		443	453
Debtors	13	9,410	7,206
Investments	14	12,392	12,052
Cash at bank and in hand		<u>2,694</u>	<u>2,609</u>
		<u>24,939</u>	<u>22,320</u>
<b>Creditors : Amounts falling due within one year</b>	15	<u>(15,185)</u>	<u>(13,619)</u>
<b>Net current assets</b>		<u>9,754</u>	<u>8,701</u>
<b>Total assets less current liabilities</b>		<u>100,760</u>	<u>87,626</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	(27,581)	(28,570)
<b>Provisions for liabilities and charges</b>	17	(1,660)	(1,315)
<b>Total net assets</b>		<u><u>71,519</u></u>	<u><u>57,741</u></u>
<b>Represented by:</b>			
<b>Deferred capital grants</b>	18	41,059	31,082
<b>Specific endowments</b>	19	3,994	4,084
<b>Reserves</b>			
General reserve	20	26,466	22,575
<b>Total funds</b>		<u><u>71,519</u></u>	<u><u>57,741</u></u>

The financial statements were approved by the Council on 4 December 2000 and have been signed on its behalf by:

Vincent Watts

Vice-Chancellor

Stuart Holmes

Treasurer

Charles W Morland

Director of Finance

The notes on pages 14 to 25 form part of these financial statements.

# University balance sheet as at 31 July 2000

	<i>Note</i>	2000 £000	1999 £000
<b>Fixed assets</b>			
Tangible assets	11	79,112	66,649
Investments in subsidiaries	27	6,313	6,071
Other investments	21	35	35
		<u>85,460</u>	<u>72,755</u>
<b>Endowment assets</b>	12	<u>3,994</u>	<u>4,084</u>
<b>Current assets</b>			
Stocks		443	453
Debtors	13	9,797	7,868
Investments	14	12,392	12,052
Cash at bank and in hand		<u>1,916</u>	<u>1,675</u>
		<u>24,548</u>	<u>22,048</u>
<b>Creditors : Amounts falling due within one year</b>	15	<u>(15,322)</u>	<u>(12,948)</u>
<b>Net current assets</b>		<u>9,226</u>	<u>9,100</u>
<b>Total assets less current liabilities</b>		<u>98,680</u>	<u>85,939</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	(25,876)	(27,053)
<b>Provisions for liabilities and charges</b>	17	(1,660)	(1,315)
<b>Total net assets</b>		<u>71,144</u>	<u>57,571</u>
<b>Represented by:</b>			
<b>Deferred capital grants</b>	18	41,059	31,082
<b>Specific endowments</b>	19	3,994	4,084
<b>Reserves</b>			
General reserve	20	26,091	22,405
<b>Total funds</b>		<u>71,144</u>	<u>57,571</u>

The financial statements were approved by the Council on 4 December 2000 and have been signed on its behalf by:

Vincent Watts

Vice-Chancellor

Stuart Holmes

Treasurer

Charles W Morland

Director of Finance

The notes on pages 14 to 25 form part of these financial statements.

# Consolidated cash flow statement for the year ended 31 July 2000

	Note	2000 £000	1999 £000
<b>Net cash inflow from operating activities:</b>	22	7,614	5,826
<b>Returns on investments and servicing of finance</b>			
Interest and dividends received		903	1,173
Interest paid		(2,494)	(2,360)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(1,591)	(1,187)
<b>Taxation</b>		(6)	(2)
<b>Capital expenditure and financial investment</b>			
Payments to acquire fixed tangible assets		(16,692)	(7,813)
Payments to acquire endowment assets		(23)	(59)
Proceeds from sale of endowment assets		-	-
Capital grants received		11,784	5,265
Endowments received		622	845
<b>Net cash outflow from capital expenditure and financial investment</b>		(4,309)	(1,762)
<b>Cash inflow before use of liquid resources and financing</b>		1,708	2,875
<b>Management of liquid resources</b>			
Increase in short term deposits maturing within three months	23	(340)	(1,016)
Decrease/(Increase) in short term deposits held as endowment funds	23	110	(309)
Decrease in other short term deposits	23	-	2,917
		(230)	1,592
<b>Financing</b>			
Capital element of finance lease rental payments	24	(265)	(195)
Loans acquired	25	-	5,300
Loans repaid	25	(978)	(8,229)
		(1,243)	(3,124)
<b>Increase in cash</b>	23	235	1,343

Liquid resources include term deposits of less than a year, government securities and AA rated corporate bonds.

## Reconciliation of net cash flow to movement in net debt

Increase in cash in the period	235	1,343
Cash outflow from decrease in debt	1,243	3,124
Cash outflow/(inflow) from increase/(decrease) in liquid resources	230	(1,592)
Change in net funds	1,708	2,875
Interest accrued	-	(47)
Finance lease obligations entered into	(485)	(1,493)
Net debt at beginning of year	(13,890)	(15,225)
Net debt at end of year	(12,667)	(13,890)

The notes on pages 14 to 25 form part of these financial statements.

# **Statement of consolidated total recognised gains and losses for the year ended 31 July 2000**

	2000 £000	1999 £000
<b>Surplus for the year</b>	3,891	1,107
<b>(Depreciation)/appreciation of endowment asset investments</b>	(3)	64
<b>Endowments and endowment income (disbursed)/retained for the year</b>	(87)	368
<b>Total recognised gains relating to the year</b>	<u>3,801</u>	<u>1,539</u>
<b>Prior year adjustments:</b>		
Minor Works previously treated as other operating expenses	-	1,799
Stocks previously treated as other operating expenses	-	200
	<u>3,801</u>	<u>3,538</u>
<b>Funds at the beginning of the year as shown in the last annual report</b>	26,659	23,121
<b>Net gains as above</b>	3,801	3,538
<b>Funds carried forward at the end of the year</b>	<u>30,460</u>	<u>26,659</u>

The notes on pages 14 to 25 form part of these financial statements.

# Notes to the financial statements

		Consolidated	
		2000	1999
		£000	£000
<b>1 Funding council grants</b>			
Basic recurrent grant (HEFCE)		25,328	24,563
Basic recurrent grant (TTA)		1,435	1,336
Special grants (HEFCE)		342	162
Special grants (TTA)		213	106
Deferred capital grants released in the year (note 18)		802	1,163
		<u>28,120</u>	<u>27,330</u>
<b>2 Tuition fees and education contracts</b>			
Full-time students		7,560	7,127
Full-time students charged overseas fees		4,927	4,603
Part-time fees		1,469	1,311
Short course fees		1,505	1,453
Other Teaching Contracts		6,037	5,442
Research Training Support Grants		136	150
		<u>21,634</u>	<u>20,086</u>
<b>3 Research grants and contracts</b>			
Grants from research councils		5,618	4,610
Grants from UK charities		3,117	2,740
Other grants		6,971	5,884
		<u>15,706</u>	<u>13,234</u>
This income includes deferred capital grants released in the year.			
<b>4 Other income</b>			
Residences, catering and conferences		7,599	7,772
Other services rendered		1,986	1,907
Deferred capital grants released in the year		336	336
Donations received		154	46
Other income		3,753	2,981
		<u>13,828</u>	<u>13,042</u>
<b>5 Endowment and investment income</b>			
Transferred from specific endowments (note 19)		922	714
Income from current asset investments and cash balances		690	936
		<u>1,612</u>	<u>1,650</u>
<b>6 Staff costs</b>			
Wages and salaries		40,108	37,517
Social security costs		3,021	2,756
Other pension costs		4,071	3,677
		<u>47,200</u>	<u>43,950</u>
Emoluments of the Vice-Chancellor		122	120
		<u>122</u>	<u>120</u>

The emoluments of the Vice-Chancellors exclude the University's related pension contributions  
No pension contributions were paid during 1999 or 2000.



# Notes to the financial statements (continued)

## 6 Staff costs (continued)

The remuneration of other staff paid more than £50,000 in the year, excluding employer's pension contributions, fell in the following bands:

	Number of staff	
	2000	1999
£50,000 - £59,999	27	15
£60,000 - £69,999	9	5

Average number of staff employed by category:

Academic	488	482
Research and analogous	322	296
Secretarial and clerical	470	460
Technical	147	139
Other related	126	113
Admin, senior library and computing	154	140
Others	426	421
	<u>2,133</u>	<u>2,051</u>

## 7 Other operating expenses

	Consolidated	
	2000 £000	1999 £000
Residences, catering and conferences	2,373	2,620
Fellowships, scholarships and prizes	328	274
Library books and periodicals	918	978
Heat, light, water and power	900	1,135
Long-term maintenance	433	533
Grant to Union of UEA Students	318	316
Auditors' remuneration	46	30
Auditors' remuneration in respect of non-audit services	15	64
Other expenses	<u>19,049</u>	<u>17,353</u>
	<u>24,380</u>	<u>23,303</u>

Other operating expenses are analysed in more detail at Note 9 below.

## 8 Interest payable

Bank and other loans wholly repayable within five years	5	6
Loans not wholly repayable within five years	2,489	2,401
	<u>2,494</u>	<u>2,407</u>

## 9 Analysis of consolidated expenditure by activity

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	Total £000
Academic departments	25,785	1,197	7,247	-	34,229
Academic services	3,135	650	2,163	-	5,948
Research grants and contracts	7,880	665	4,761	-	13,306
Residences, catering and conferences	2,091	769	2,373	2,288	7,521
Other services rendered	783	5	1,223	-	2,011
Premises	2,436	1,376	2,629	206	6,647
Administration and central services	4,994	123	3,784	-	8,901
Other expenses	96	2	200	-	298
Total	<u>47,200</u>	<u>4,787</u>	<u>24,380</u>	<u>2,494</u>	<u>78,861</u>

# Notes to the financial statements (continued)

## 9 Analysis of consolidated expenditure by activity continued (1999)

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	Total £000
Academic departments	24,553	1,169	6,434	-	32,156
Academic services	2,669	605	1,924	-	5,198
Research grants and contracts	6,736	720	3,712	-	11,168
Residences, catering and conferences	2,101	741	2,620	2,218	7,680
Other services rendered	621	4	858	-	1,483
Premises	2,375	1,231	3,273	189	7,068
Administration and central services	4,779	93	3,540	-	8,412
Other expenses	116	10	942	-	1,068
Total	<u>43,950</u>	<u>4,573</u>	<u>23,303</u>	<u>2,407</u>	<u>74,233</u>

The depreciation charge has been funded by:  
Deferred capital grants released (Note 18)  
General income

Consolidated	
2000 £000	1999 £000
1,807	2,222
<u>2,980</u>	<u>2,351</u>
<u>4,787</u>	<u>4,573</u>

## 10 Taxation

UK Corporation Tax charge on the profits of subsidiary companies

Consolidated	
2000 £000	1999 £000
(6)	(2)

## 11 Fixed tangible assets

	Consolidated				
	Freehold land and buildings £000	Assets in the course of construction £000	Furniture and equipment £000	Art collections £000	Total £000
<b>Cost or valuation</b>					
At the beginning of the year	74,997	6,029	26,438	6,124	113,588
Additions at cost	1,738	11,082	3,813	325	16,958
Disposals	-	-	(1,314)	-	(1,314)
At the end of the year	<u>76,735</u>	<u>17,111</u>	<u>28,937</u>	<u>6,449</u>	<u>129,232</u>
<b>Depreciation</b>					
At the beginning of the year	18,819	-	19,963	-	38,782
Charge for the year	1,737	-	3,050	-	4,787
Eliminated on disposals	-	-	(1,314)	-	(1,314)
At the end of the year	<u>20,556</u>	<u>-</u>	<u>21,699</u>	<u>-</u>	<u>42,255</u>
<b>Net book value</b>					
At the end of the year	<u>56,179</u>	<u>17,111</u>	<u>7,238</u>	<u>6,449</u>	<u>86,977</u>
At the beginning of the year	<u>56,178</u>	<u>6,029</u>	<u>6,475</u>	<u>6,124</u>	<u>74,806</u>

Included in furniture and equipment are leased assets. The net book value of these assets at 31 July 2000 was £2,122,000 (1999 £1,800,000) and depreciation during the period on these assets was £151,000 (1999 £76,000).

# Notes to the financial statements (continued)

## 11 Fixed tangible assets (continued)

	University				
	Freehold land and buildings £000	Assets in the course of construction £000	Furniture and equipment £000	Art collections £000	Total £000
<b>Cost or valuation</b>					
At the beginning of the year	68,227	6,029	24,054	6,124	104,434
Additions at cost	1,894	11,082	3,719	325	17,020
Disposals	-	-	(1,289)	-	(1,289)
At the end of the year	<u>70,121</u>	<u>17,111</u>	<u>26,484</u>	<u>6,449</u>	<u>120,165</u>
<b>Depreciation</b>					
At the beginning of the year	18,001	-	19,784	-	37,785
Charge for the year	1,669	-	2,888	-	4,557
Eliminated on disposals	-	-	(1,289)	-	(1,289)
At the end of the year	<u>19,670</u>	<u>-</u>	<u>21,383</u>	<u>-</u>	<u>41,053</u>
<b>Net book value</b>					
At the end of the year	<u>50,451</u>	<u>17,111</u>	<u>5,101</u>	<u>6,449</u>	<u>79,112</u>
At the beginning of the year	<u>50,226</u>	<u>6,029</u>	<u>4,270</u>	<u>6,124</u>	<u>66,649</u>

The acquisition and construction of buildings with cost totalling £22,579,000 and net book value (after depreciation) £13,111,000 was funded, in whole or in part, by grants totalling £14,873,000 from the Higher Education Funding Council for England ("HEFCE") and its predecessor councils. Under the terms of the Financial Memorandum between the HEFCE and the University, should any of these buildings be sold the University may have to pay to the HEFCE a proportion of the proceeds equal to the proportion of the cost which was grant-funded.

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

The major element (£16,134,000) of 'assets in the course of construction' relates to a building funded in part by grants of £13,481,000 from the Sports Lottery Fund. As a condition of grant the operation of the building will be regulated by a Community Use Agreement for a period of years expiring in August 2018.

## 12 Endowment assets

	Consolidated & University	
	2000 £000	1999 £000
Balance at beginning of year	4,084	3,652
Movement in funds held within UEA short term deposits	(110)	309
Additions	23	59
Appreciation, depreciation on disposal or revaluation	<u>(3)</u>	<u>64</u>
	<u>3,994</u>	<u>4,084</u>
Consisting of:		
UK equities	1,645	1,662
Fixed interest securities	1,195	1,194
Overseas funds	135	134
Other	310	262
Cash in hand and short term deposits	<u>709</u>	<u>832</u>
	<u>3,994</u>	<u>4,084</u>

# Notes to the financial statements (continued)

## 13 Debtors

	Consolidated	
	2000	1999
	£000	£000
Debtors, advances and prepayments	<u>9,410</u>	<u>7,206</u>
	<u>9,410</u>	<u>7,206</u>

	University	
	2000	1999
	£000	£000
Debtors, advances and prepayments	8,583	6,617
Amounts due from subsidiary undertakings	<u>1,214</u>	<u>1,251</u>
	<u>9,797</u>	<u>7,868</u>

## 14 Current asset investments

	Consolidated & University	
	2000	1999
	£000	£000
Short term deposits maturing within three months	10,158	9,818
Other short term deposits	2,000	2,000
Other investments	<u>234</u>	<u>234</u>
	<u>12,392</u>	<u>12,052</u>

## 15 Creditors: amounts falling due within one year

	Consolidated	
	2000	1999
	£000	£000
Revenue creditors, accruals and receipts in advance	12,087	10,575
Capital creditors	565	784
Tax and social security	1,145	953
Current portion of long term secured loans	1,209	1,010
Obligations under finance leases	149	117
Bank overdraft	<u>30</u>	<u>180</u>
	<u>15,185</u>	<u>13,619</u>

For details of security on bank and other borrowings see note 16

	University	
	2000	1999
	£000	£000
Revenue creditors, accruals and receipts in advance	11,435	9,883
Capital creditors	565	784
Tax and social security	1,145	953
Amounts due to subsidiary undertakings	938	138
Current portion of long term secured loans	1,209	1,010
Bank overdraft	<u>30</u>	<u>180</u>
	<u>15,322</u>	<u>12,948</u>

For details of security on bank and other borrowings see note 16

## Notes to the financial statements (continued)

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

	Consolidated	
	2000 £000	1999 £000
Secured bank loans	25,856	27,016
Other secured loan	20	37
Obligations under finance leases	1,705	1,517
	<u>27,581</u>	<u>28,570</u>

Debts due after more than one year can be analysed as follows:

	Consolidated	
	2000 £000	1999 £000
Due 1 - 2 years	1,616	1,386
Due 2 - 5 years	5,128	5,079
Due after more than 5 years	20,837	22,105
	<u>27,581</u>	<u>28,570</u>

	University	
	2000 £000	1999 £000
Secured bank loans	25,856	27,016
Other secured loan	20	37
	<u>25,876</u>	<u>27,053</u>

Debts due after more than one year can be analysed as follows:

	University	
	2000 £000	1999 £000
Due 1 - 2 years	1,458	1,261
Due 2 - 5 years	4,593	4,656
Due after more than 5 years	19,825	21,136
	<u>25,876</u>	<u>27,053</u>

Bank loans are secured over University land and buildings and are under various facilities expiring between 2013 and 2021. The other loan is secured on University property and expires 2002.

### 17 Provisions for liabilities and charges

#### Consolidated and University

	31.7.99 £000	Provided £000	Utilised £000	31.7.00 £000
Premises - Fifers Lane	508	-	(100)	408
Pensions - SSAP24	677	478	-	1,155
Physics closure	130	-	(33)	97
	<u>1,315</u>	<u>478</u>	<u>(133)</u>	<u>1,660</u>

# Notes to the financial statements (continued)

## 18 Deferred capital grants

Consolidated and University

	Funding Council £000	Other £000	Total £000
At the beginning of the year			
Buildings	7,796	15,347	23,143
Equipment and other fixed tangible assets	697	7,242	7,939
	8,493	22,589	31,082
Grants receivable in the year			
Buildings	173	10,062	10,235
Equipment and other fixed tangible assets	448	1,101	1,549
	621	11,163	11,784
Released to income and expenditure			
Buildings	(307)	(335)	(642)
Equipment and other fixed tangible assets	(495)	(670)	(1,165)
	(802)	(1,005)	(1,807)
At the end of the year			
Buildings	7,662	25,074	32,736
Equipment and other fixed tangible assets	650	7,673	8,323
	8,312	32,747	41,059

## 19 Specific endowments

Consolidated & University  
2000 1999  
£000 £000

At the beginning of the year	4,084	3,652
Additions	622	845
Appreciation of endowment asset investments	(3)	64
Income from endowment asset investments	108	114
Income from current asset investments credited to specific endowments	105	123
Transferred to income and expenditure account (note 5)	(922)	(714)
At the end of the year	3,994	4,084
Representing:		
Trust Funds	1,532	1,513
Zuckerman bequest	1,089	1,094
Sainsbury Endowment Fund	567	621
Sainsbury Unit Fund	346	402
D T K Wong Fellowship	321	325
Arthur Miller Centre	119	93
Development Fund	20	36
	3,994	4,084

# Notes to the financial statements (continued)

## 20 Movement on general reserves

Income and expenditure account reserve	Consolidated	
	2000 £000	1999 £000
Balance at the beginning of the year:		
As previously reported	22,575	19,469
Prior year adjustments	-	1,999
As restated	22,575	21,468
Surplus after tax	3,891	1,107
Balance at the end of the year	<u>26,466</u>	<u>22,575</u>

	University	
	2000 £000	1999 £000
Balance at the beginning of the year:		
As previously reported	22,405	19,285
Prior year adjustments	-	1,999
As restated	22,405	21,284
Surplus after tax	3,686	1,121
Balance at the end of the year	<u>26,091</u>	<u>22,405</u>

Analysis of Surplus/(Deficit)	2000 £000	1999 £000
Surplus for University	3,686	1,121
Surplus/(deficit) retained by subsidiary undertakings arising from consolidation	205	(14)
	<u>3,891</u>	<u>1,107</u>

Depreciation to be charged to the income and expenditure account in future years, less elements to be funded by the release of deferred capital grant, amounts to £45,851,000 (1999: £43,660,000)

Prior year adjustments	Consolidated & University	
	2000 £000	1999 £000
Minor Works previously treated as other operating expenses	-	199
Stocks previously treated as other operating expenses	-	(19)
	<u>-</u>	<u>180</u>

Prior year adjustments are due to a change in accounting policy in respect of adaptations and remodelling of buildings and the revised treatment of Science School Stores.

## 21 Other investments

The University holds 34,824 ordinary shares of £1 each fully paid in CVCP Properties PLC, a company owned by the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom and its member institutions.

## Notes to the financial statements (continued)

	2000 £000	1999 £000
<b>22 Reconciliation of consolidated surplus to net cash inflow from operating activities</b>		
Surplus before taxation	3,897	1,109
Endowment income and interest receivable	(1,612)	(1,650)
Deferred capital grant release	(1,807)	(2,222)
Depreciation	4,787	4,573
Interest payable	2,494	2,407
Decrease/(increase) in stocks	10	(47)
Increase in debtors	(2,204)	(303)
Increase in creditors	1,704	1,995
Increase/(decrease) in provisions	345	(36)
Net cash inflow from operating activities	<u>7,614</u>	<u>5,826</u>

	31 Jul 99 £000	Cash flows £000	Other non-cash £000	31 Jul 00 £000
<b>23 Analysis of changes in consolidated net debt</b>				
Cash at bank and in hand	2,609	85	-	2,694
Overdrafts	(180)	150	-	(30)
		<u>235</u>		
Debt due within 1 year	(1,127)	66	(297)	(1,358)
Debt due after 1 year	(28,570)	1,177	(188)	(27,581)
		<u>1,243</u>		
Short term deposits	9,818	340		10,158
Short term deposits held as endowment assets	1,560	(110)		1,450
Other short term deposits	2,000	-		2,000
		<u>230</u>		
	<u>(13,890)</u>	<u>1,708</u>	<u>(485)</u>	<u>(12,667)</u>

## 24 Obligations under finance leases

	Consolidated 2000 £000	1999 £000
Balance at the beginning of the year:	1,634	336
Obligations entered into during the year	485	1,493
Capital repayments	(265)	(195)
Balance at the end of the year	<u>1,854</u>	<u>1,634</u>

	Consolidated 2000 £000	1999 £000
Capital obligations payable:		
Due within 1 year	149	117
Due between 1 and 5 years	693	125
Due after more than 5 years	1,012	1,392
	<u>1,854</u>	<u>1,634</u>

The finance lease is secured on the asset to which it relates.



## Notes to the financial statements (continued)

### 25 Analysis of changes in financing during the year

	Consolidated	
	2000	1999
	£000	£000
Loans:		
Balance at the beginning of the year	29,697	31,281
Interest accrued	-	47
Capital acquired in the year - loans	-	5,300
Capital acquired in the year - finance leases	485	1,493
Capital repayments in the year - loans	(978)	(8,229)
Capital repayments in the year - finance leases	(265)	(195)
Balance at the end of the year	<u>28,939</u>	<u>29,697</u>

### 26 Capital commitments

At 31 July 2000 there were outstanding commitments for capital expenditure of £218,000 (1999 £9,999,000)

### 27 Subsidiary undertakings

The following companies, all registered in England and Wales, were subsidiary undertakings at 31 July 2000:

Name	Principal activity
UEA Student Residences Limited	Leasing and operating student residences
UEA Utilities Limited	Provision of gas, electricity and other utilities
UEA Academic Books Limited	Resale of books
UEA Enterprises Limited	Developing intellectual property
Overseas Development Group(UEA)(an exempt charity)	Education and research services
East Anglian University Residences Limited	Property management
UEA Accommodation 1 Ltd	Property management
UEA Accommodation 2 Ltd	Property management

Overseas Development Group (UEA) is a company limited by guarantee over which the University exercises a dominant influence.

The University holds all issued £1 ordinary shares in each of UEA Student Residences Limited, UEA Utilities Limited, UEA Academic Books Limited, UEA Enterprises Limited, UEA Accommodation 1 Ltd and UEA Accommodation 2 Ltd. It holds all issued 50 pence shares in East Anglian University Residences Limited. All subsidiary undertakings are included in the consolidation

The cost of investment of £6,313,000 (1999 £6,071,000) is in respect of East Anglian University Residences Limited, UEA Accommodation 1 Ltd and UEA Accommodation 2 Ltd.

# Notes to the financial statements (continued)

## 28 Pensions

The University participates in two defined benefit contracted out pension schemes, the Universities Superannuation Scheme and the University of East Anglia Staff Superannuation Scheme. Both of these schemes provide benefits based on final pensionable salary. The assets of each scheme are held in separate trustee administered funds.

### *Universities Superannuation Scheme*

The total pension cost for the University was £3,576,000 (1999 £3,240,000). The pension cost is assessed using the projected unit method.

The latest published actuarial valuation of the scheme was at 31 March 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salary and pensions. It was assumed that the investment return would be 4.5% per annum, that salary scale increases would be 3.6% per annum and that pensions would increase by 2.6% per annum.

At the date of the last actuarial valuation, the market value of the assets of the scheme was £18,870 million and the actuarial value of the assets was sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The contribution rate payable by the University was 14% of pensionable salaries. The actuary to the Universities Superannuation Scheme has confirmed that it is appropriate to take the pension costs in the institution's accounts to be equal to the actual contributions paid in the year. In particular, the contribution rate recommended following the 1999 valuation has regard to the scheme's surplus, the benefit improvements introduced subsequent to the valuation and the need to spread surpluses in a prudent manner over the future working lifetime of current scheme members.

### *University of East Anglia Staff Superannuation Scheme*

The latest actuarial valuation of the scheme was at 31 July 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salary and pensions. It was assumed that the investment return would be 9.0% per annum, that salary scale increases would be 7.5% per annum and that pensions would increase by 5.0% per annum.

At the date of the last actuarial valuation which was carried out using the projected unit method, the market value of the assets of the Scheme was £42m. On the basis of the Minimum Funds Requirement introduced by the Pensions Act 1995 the funding level exceeded 120% of the amount of the liabilities of the Scheme.

In accordance with SSAP 24 the surplus of £6.99m has been spread over the estimated working lives of current members of the Scheme, which produces a pension cost for 2000 of £478,000 (1999 £426,000).

## 29 Queen's Building

The University has contracted with the East Norfolk and Suffolk Education and Training Consortium (ENSETC) (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 ENSETC. 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.

# Notes to the financial statements (continued)

## 30 Access funds

	2000 £000	1999 £000
Balance at beginning of year	53	-
Funding Council Access Funds	604	366
Interest earned	23	9
Disbursements to students	(528)	(322)
Balance at end of year	152	53

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.

## 31 Sainsbury Laboratory

The Sainsbury Laboratory for molecular plant pathology was created on 12 March 1987 as a joint venture between the Trustees of the Gatsby Charitable Foundation (one of the Sainsbury family charitable trusts), the Trustees of the John Innes Foundation, the Biotechnology and Biological Sciences Research Council and the University of East Anglia. Money to construct the building occupied by the Laboratory and to cover annual running costs has been provided by the Gatsby Charitable Foundation. With effect from 1 April 1997 the joint venture was transferred to a company "the Sainsbury Laboratory", limited by guarantee and registered as a charity.

Staff working at the Laboratory are joint employees of the University of East Anglia and the company and their payroll costs are fully reimbursed. The 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 Laboratory staff and its reimbursement are excluded from the University's financial statements.

## 32 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, founded in 1998 and currently located in Norwich in accommodation leased by the University from the Dean and Chapter of Norwich Cathedral. In due course the Institute will move to refurbished accommodation leased from the Dean and Chapter.

Staff of the Institute are employees of the University and their salary costs are fully reimbursed from external sources. 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.

## 33 Related Party Transactions

Bioscience Partnership Limited (BPL) is a joint venture between the University, Babraham Institute and the University of Newcastle, with the aim of developing intellectual property in the biotechnology field. UEA Enterprises Limited, a wholly owned subsidiary of the University, owns 30% of the issued share capital and Professor Frank Woodhams, the Pro Vice Chancellor (Science), is a director of both companies. During the year BPL contracted with the University for services in connection with the potential exploitation of intellectual property. The sum involved amounted to £30,000. The sums due for these services were charged to the Income and Expenditure Account during the year in the expectation that they would ultimately be reimbursed from royalty and other income.