University of East Anglia

Financial Statements

2007 - 2008

University of East Anglia

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Introduction

During 2008, the University of East Anglia (the "University") undertook a thorough review of its corporate plan spanning the period 2008 to 2012, updating its mission statement and setting out the strategies needed to deliver this.

Mission
The University's mission 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 21st 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.

The University is currently developing a range of key performance indicators (KPIs) covering both financial and operational activities to support the delivery of the above. It is intended that relevant KPIs will in future be included in the annual financial statements to aid understanding. At this stage, assessment of performance is based on the key highlights considered below.

Financial Highlights

2007/08 proved to be another successful year for the University and its subsidiaries. Key highlights for the year, compared to the previous year are summarised below:-

	2008 £m	2007 £m	Increase/ (decrease) on 2007
Group income	168.3	151.4	11%
Expenditure	163.0	148.2	10%
Surplus for the year transferred to reserves	5.9	3.8	55%
Surplus excluding joint ventures as % of group income	3.9%	2.6%	
Capital expenditure	15.5	26.8	(42%)
Capital grants received	11.5	7.8	47%
Operating cash flow	18.4	26.6	(31%)
Net assets	161.5	157.4	3%
Net debt	36.5	47.4	(23%)

Income & Expenditure

The surplus for the year of £5.9m (2007: £3.8m) is reported after taking into account the University's share of deficits in two joint ventures amounting to £0.6m (2007: £0.2m). Future prospects for these two organisations are considered later in this report. Excluding these deficits shows the underlying surplus on the University's core activities for the year to be £6.5m, compared to £4.0m for 2007.

Group income, excluding joint ventures, increased by £16.9m (11%) over the year, primarily as a result of increases in funding council grants of £4.5m (9% up on last year); tuition fees and contracts income of £7.9m (19%); and residences, catering and conferences income of £2.0m (15%). Other group income increased by £2.5m (6% up on last year). The increase in funding council grant income included additional funding of £1.4m for growth in the number of students, principally in medicine, and an increase of £2.3m in the release of capital grant funding previously received. Adjusting for these factors reveals an underlying increase of 2%, reflecting inflation and other adjustments. In relation to tuition fees and contracts income, Home and EU full-time student fees increased by £4.3m (29% up on last year) and Overseas student fees increased by £2.3m (up by 21% on last year). The increase in Home/EU fee income reflects the second 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 new INTO joint venture and, secondly, through direct recruitment of students overseas. Direct recruitment has also benefited from the joint marketing efforts with INTO. The increase in residences, catering and conferences income reflects the benefits flowing through from the major investment in new and refurbished residential accommodation over the last four years; a programme which was essentially completed during the year.

It is not surprising, with group income growing at such a high rate over the year, that expenditure has also increased markedly. Many costs, for example related to funding council project grants or research project funding, are directly related to income. Other costs, for example teaching staff costs are indirectly linked to the increases in numbers of students recruited. However, it is pleasing to note that overall expenditure has increased by only 10%, compared to the 11% growth in income.

Staff costs increased by 8% in the year to £89.9m. This included the impact of the second year of the three year pay settlement (equivalent to approx. 4.3% increase on last year), together with the cost of annual increments and impact of additional staff. Other operating expenses amounted to £50.8m, an increase of £6.5m (15%) on last year. Significant changes, in addition to general inflationary increases, included the increase in bursary costs following the introduction of variable fees, higher energy costs, increased costs relating to residences, and higher revenue equipment costs resulting from the change in capitalisation threshold in the year from £1,000 to £10,000. Depreciation costs also increased significantly in the year, up by £2.0m to £17.5m; although this is offset by an increase of £2.4m in the overall level of capital grants released as income in the year. The increase in depreciation reflects the completion of the residences investment programme, including the refurbishment of the Ziggurats accommodation, together with significant investment in renewal and refurbishment across the University.

Reserves

Reporting requirements for Universities are laid out in the 'Statement of Recommended Practice ("SORP"): Accounting for Further and Higher Education'. The SORP was revised in 2007 with changes becoming effective in 2007/08. Whilst the SORP did not introduce any fundamental changes, it nevertheless did set out new requirements for accounting for endowments, clarifying the treatment and reporting of restricted or permanent endowments. As a result of a detailed review of the University's endowments, funds amounting to £1.7m which had previously been reported as specific endowments at the beginning of 2006/07 have been transferred to the income and expenditure reserve. Together with a minor change in the basis of valuation of pension scheme assets, the effect of these changes is to increase the previously reported reserves from £51.2m to £52.8m at the start of the year.

Reserves increased in the year by £2.1m to £54.9m as a result of the retained surplus from activities of £5.9m, less an actuarial loss of £3.8m in the pension scheme. The actuarial loss represents a combination of a worse than expected return on pension scheme assets during the year, partly mitigated by a reduction in the actuarial valuation of scheme liabilities.

Capital Expenditure

Total capital additions of £15.5m (2007: £26.8m) were partly funded by external capital grants of £11.5m (2007: £7.8m), leaving £4.0m (2007: £19.0m) to be funded from internal resources. The major areas of expenditure during the year included:-

	£m
Refurbishment, including laboratory upgrades and minor works	4.3
Faculty equipment, including research funded equipment	2.5
Teaching accommodation; major scheme due to be completed in Sept 2009	1.6
Site infrastructure (including roads, car parks, major service changes)	2.0
Sportspark; new sports hall extension, due for completion in January 2009	1.4
IT investments	1.3
Completion of residences programme and other projects	2.4
Total	15.5

Cash and Debt

Net operating cash flow
Cash inflow from operating activities for the year was £18.4m (2007: £26.6m). Total debt service costs, relating to both bank loans and finance lease commitments was £6.5m (unchanged from 2007). Operating cash flow 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 reflects three key elements:-

- surplus for the year before taxation, excluding investment income and interest, of £7.3m; up from £6.2m last year;
- adjustments to exclude non cash items included within the surplus (e.g. depreciation, capital grant release, share of loss in joint ventures and pension scheme provision) amounting to £8.8m; down from £10.0m last year;
- reduction in working capital (stocks, debtors and creditors) of £2.3m; compared to a reduction of £10.4m last year. The large reduction in 2007 included the temporary effect of certain grant funding received in advance. The further reduction in the current year reflects the fact that the bulk of these grants have yet to be either repaid or released, together with the general impact of inflation on payroll and other creditors.

Net debt
After allowing for investment returns, cost of financing, and net capital expenditure, the increase on net funds amounted to £10.9m, compared to £5.2m for last year. The improvement arises principally as a result of the reduced capital expenditure. Overall net debt,

being loans and finance leases less cash and short term deposits, has therefore decreased during the year by £10.9m, from £47.4m to £36.5m

Cash balances

Readily accessible funds in the form of cash and short term deposits, excluding endowment assets, increased during the year by £9.4m to £41.9m. 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 during the year, when the 'credit crunch' created great uncertainty over the safety of deposits.

In light of the continuing uncertainties over access to future finance, following the end of the year, the University has drawn down additional funds of £15m under its existing loan facility. These loans, combined with existing borrowings, are secured on the group's assets and are repayable over the period to 2034. Interest is payable at a fixed rate. The University is confident that it now has in place adequate funding to support the medium term operational and development plans and to provide a reserve for managing financial risks.

Joint Ventures

The joint ventures, INTO UEA LLP (INTO) and University Campus Suffolk Limited (UCS), referred to in note 12 to the financial statements, are still in the early stages of development and reported losses are broadly in line with expected levels. The University's share of deficits in joint ventures for the year comprises a £0.3m deficit in respect of UCS and a £0.3m deficit in respect of INTO. The University's 50% share of net liabilities for each joint venture is included in the consolidated balance sheet at £1m, comprising £0.3m for UCS and £0.7m for INTO.

UCS, a joint venture with the University of Essex, commenced trading at the beginning of 2007/08. The total income of UCS was £24m and its operating surplus £1.1m. However, after exceptional start-up pension costs relating to transferred staff, it reported an overall deficit of £0.6m; 50% of which is included in the University's income and expenditure account. 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 a guarantee of up to £5m in respect of the bank loan.

INTO, a joint venture with INTO University Partnerships Limited, commenced trading in February 2006 and operated to the end of July 2008 using facilities provided by the University. In September 2008, it moved into new premises on the edge of the campus. The joint venture partners have, to date, each provided loan funding of £0.6m to support the activities of INTO.

Future Outlook

The financial outlook is for a breakeven position on income and expenditure in 2008/09, before returning to a surplus in subsequent years; gradually building to a 3% return on income by 2010/11. Income is expected to continue to grow in the coming year, as the University benefits from the third year's intake under the variable tuition fee regime, together with further growth in overseas student recruitment. In other areas of income, including funding council grants, research income and residences a more modest level of growth is anticipated which we expect to be broadly in line with inflation. However, whilst research funding provided by the Higher Education Funding Council for England (HEFCE) for 2008/09 is now confirmed, the level of income in future years is dependent upon the outcome of the Research Assessment Exercise (RAE), which is currently in progress. Future funding levels should be known in December 2008; in the meantime, our plans assume that funding will continue, in real terms, at current levels.

Cost pressures for 2008/09 are much more of a concern, particularly the impact of the final stage of the three year pay settlement and anticipated increases in pension costs arising from the Universities Superannuation Scheme valuation exercise currently underway. The recent pay award of 5% (which by agreement was linked to RPI), effective from 1 October 2008, was significantly higher than the 3% originally anticipated when the budget for 2008/09 was set in June 2008. The potential impact in 2008/09 of the pay and pension increases could be around £2.3m above the original budget. Despite the magnitude of these additional costs, the University is confident that this can be covered in 2008/09 by a combination of savings and deferral of other expenditure. Financial plans will be reviewed and updated to ensure that the recurrent impact can be managed in future years.

The onset of a global recession and continuing effects of the 'credit crunch' are also causes for some concern. At this stage it is difficult to anticipate how these might impact upon the University, however the effects are potentially far and wide. For example, growth in government grant funding may fall below previously anticipated levels, home and overseas student recruitment may be adversely affected as a result of the effects on individuals and families, and operating costs may continue to come under pressure as a result of exchange rate movements or commodity price changes. The University is carefully reviewing its activities and costs, and monitoring changes in the economic climate, and is prepared for adverse trading conditions. However, it is also important not to over react. The higher education sector is increasingly competitive and future prosperity demands that we continue to provide the best possible facilities and services to maintain and grow our academic activity. The University must therefore continue to invest in core activities for the long term. Fortunately the University has a strong financial base on which to build and is well placed to deal with the potential challenges it faces.

The two existing joint ventures remain a key part of the University's overall strategy. In the case of UCS, whilst this is not expected to impact directly on the University's financial position, it nevertheless provides a valuable opportunity to influence the development of higher education across the region. INTO, on the other hand, has a more direct link with the financial success of the University. It offers both the prospect of a direct financial return from its operations and it is a key plank in the strategy for increasing the recruitment of overseas students to the University. Based on progress to date, we are confident that both joint ventures remain on track for a successful future.

The University is also 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). This investment will directly impact on the University's income and expenditure position over the next five years. 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 significant growth in research activity and income in the future.

JM Gisson

24th November 2008

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 Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006, as appropriate to universities, and specifically complying with guidance issued by the Committee of University Chairmen in November 2004.

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 of 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 has to ensure 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 PRC and 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. 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 risk indicators and relevant 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 relevant 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 will be 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. 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.

Statement of disclosure of information to auditors
The members of Council confirm, so far as they are aware, 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.

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 24 / 11 / 2008:

Edward Acton

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

We have audited the financial statements of University of East Anglia for the year ended 31 July 2008, 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 accounting policies set out therein.

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 United Kingdom Law and 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 Charter and Statutes of the University. 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. We report to you whether, in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University, 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 University's statutes (or equivalent) 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 University has not kept proper accounting records, the accounting records do not agree with the financial statements, 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 within it. The other information comprises only the Treasurer's Report and the Corporate Governance Statement.

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 University and group. 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 group'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 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 Code of 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 governing body 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.

Independent auditors' report to the Council of University of East Anglia (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the University and the group at 31 July 2008, and of the surplus of income over expenditure, recognised gains and losses and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice;
- in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and
- in all material respects, income has been applied in accordance with the University's statutes and where appropriate in accordance with the financial memorandum (2006/24) with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools

PricewaterhouseCoopers
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Norwich

26 November 2008

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 (SORP) and in accordance with applicable accounting standards in the United Kingdom. These policies have been applied consistently except where stated in point 18 below.

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 2008. Intra-group sales and profits between the University and its subsidiaries are eliminated fully on consolidation.

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 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 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 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 accounts 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 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.

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

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.

13 Cash and liquid resources

Cash includes cash in hand, 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.

18 Changes in accounting policies

During the year the University has made the following changes to its accounting policies:

a. The University has adopted the amendment to FRS 17, ‘Retirement benefits’. As a result of this, quoted securities held as plan assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is set out in note 27 and note 23.

b. The revised SORP issued in 2007 introduced a change in the way the University accounts for specific endowments. The effect of this change is set out in notes 22 and 23.

c. Other income of and share in joint ventures' and associates' has been adjusted to include that from Carbon Connections UK Limited. This has no impact on the surplus for the year.

d. Notes 1-5 have been restated to reflect the share of joint venture income. This has no impact on the surplus or net assets for the year.

Consolidated income and expenditure account for the year ended 31 July 2008

	Note	2008 £000	2007 £000 (restated)
Income			
Funding body grants	1	**64,377**	53,449
Tuition fees and education contracts	2	**57,043**	42,850
Research grants and contracts	3	**27,621**	26,338
Other income	4	**34,895**	30,173
Endowment and investment income	5	**2,254**	1,704
Total income: group and share of joint ventures' and associates' income		**186,190**	154,514
Less: share of joint ventures' and associates' income		**(17,915)**	(3,132)
Group income		**168,275**	151,382
Expenditure			
Staff costs	6	**89,942**	83,573
Other operating expenses	7	**50,766**	44,226
Depreciation	11	**17,500**	15,511
Interest payable	8	**4,807**	4,847
Total expenditure	9	**163,015**	148,157
Group surplus before exceptional items and tax		**5,260**	3,225
Share of operating profit/(loss) in joint ventures and associates before exceptional items		**255**	(187)
Surplus before taxation and exceptional items		**5,515**	3,038
Share of exceptional items in joint ventures and associates	12	**(878)**	-
Surplus before taxation		**4,637**	3,038
Taxation	10	**61**	(101)
Surplus after taxation		**4,698**	2,937
Deficit for the year transferred to endowment funds	22	**1,169**	829
Surplus for the year retained within general reserves	23	**5,867**	3,766

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 2008

	Note	2008 £000	2007 £000 (restated)
Surplus for the financial year (before endowment transfer)		**4,698**	2,937
(Decrease)/increase in value of current asset investments	23	**(50)**	92
(Decrease)/increase in value of endowment asset investments	22	**(224)**	73
New endowments	22	**1,026**	1,167
Actuarial (loss)/gain in respect of pension schemes	27	**(3,808)**	5,115
Total recognised gains for the year		**1,642**	9,384
Prior year adjustment for adoption of amendment to FRS17		**(145)**	
Total recognised gains since 2007 financial statements		**1,497**	

	2008	2007
Opening reserves and endowments as previously stated	**56,825**	47,427
Prior year adjustment for adoption of amendment to FRS17	**(145)**	(131)
Opening reserves and endowments as restated	**56,680**	47,296
Total recognised gains for the year (as above)	**1,642**	9,384
Closing reserves and endowments	**58,322**	56,680

Consolidated balance sheet as at 31 July 2008

	Note	2008 £000	2007 £000 (restated)
Fixed assets			
Tangible assets	11	**219,291**	221,660
Investments in joint ventures	12		
Share of gross assets		**31,717**	11,985
Share of gross liabilities		**(32,772)**	(12,417)
Other investments	13	**211**	75
		218,447	221,303
Endowment assets	15	**3,377**	3,744
Current assets			
Stocks: raw materials and consumables		**382**	407
Debtors	16	**14,420**	14,599
Investments	17	**39,248**	31,498
Cash at bank and in hand		**4,572**	3,252
		58,622	49,756
Creditors: Amounts falling due within one year	18	**(34,560)**	(33,870)
Net current assets		**24,062**	15,886
Total assets less current liabilities		**245,886**	240,933
Creditors: Amounts falling due after more than one year	19	**(78,131)**	(79,814)
Provisions for liabilities and charges	20	**(437)**	(786)
Net assets excluding pension liability		**167,318**	160,333
Pension liability	27	**(5,836)**	(2,930)
Net assets including pension liability		**161,482**	157,403
Deferred capital grants	21	**103,160**	100,723
Specific endowments			
Expendable	22	**1,556**	1,822
Permanent	22	**1,821**	1,922
		3,377	3,744
Reserves			
Income and expenditure account excluding pension reserve		**60,781**	55,816
Pension reserve	27	**(5,836)**	(2,930)
Income and expenditure account including pension reserve	23	**54,945**	52,886
Revaluation reserve	23	**-**	50
Total reserves		**54,945**	52,936
Total funds		**161,482**	157,403

The financial statements on pages 11 to 43 were approved by the Council on 24/11/08 and have been signed on its behalf by:

Edward Acton	Jonathan Sisson	Stephen Donaldson
Pro-Vice-Chancellor	Treasurer	Director of Finance
Edward Acton	JM Sisson	S Donaldson

University balance sheet as at 31 July 2008

	Note	2008 £000	2007 £000 (restated)
Fixed assets			
Tangible assets	11	**216,900**	219,258
Investments in subsidiaries and joint ventures	14	**14,987**	7,487
Other investments	13	**36**	36
		231,923	226,781
Endowment assets	15	**3,377**	3,744
Current assets			
Stocks: raw materials and consumables		**382**	407
Debtors	16	**16,035**	17,934
Investments	17	**39,248**	30,998
Cash at bank and in hand		**3,649**	926
		59,314	50,265
Creditors: Amounts falling due within one year	18	**(42,044)**	(34,766)
Net current assets		**17,270**	15,499
Total assets less current liabilities		**252,570**	246,024
Creditors: Amounts falling due after more than one year	19	**(77,708)**	(79,146)
Provisions for liabilities and charges	20	**(437)**	(786)
Net assets excluding pension liability		**174,425**	166,092
Pension liability	27	**(5,836)**	(2,930)
Net assets including pension liability		**168,589**	163,162
Deferred capital grants	21	**103,003**	100,527
Specific endowments			
Expendable	22	**1,556**	1,822
Permanent	22	**1,821**	1,922
		3,377	3,744
Reserves			
Income and expenditure account excluding pension reserve		**68,045**	61,770
Pension reserve	27	**(5,836)**	(2,930)
Income and expenditure account including pension reserve	23	**62,209**	58,840
Revaluation reserve	23	**-**	50
Total reserves		**62,209**	58,890
Total funds		**168,589**	163,161

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Edward Acton	Jonathan Sisson	Stephen Donaldson
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Consolidated cash flow statement for the year ended 31 July 2008

	Note	2008 £000	2008 £000	2007 £000 (restated)	2007 £000 (restated)
Net cash inflow from operating activities	24		**18,415**		26,589
Returns on investments and servicing of finance					
Interest and dividends received		**2,136**		1,658	
Bank interest paid		**(4,747)**		(4,763)	
Interest element of finance leaases		**(60)**		(84)	
			(2,671)		(3,189)
Taxation					
Taxation refunded			**-**		7
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		**(17,160)**		(27,157)	
Payments to acquire fixed asset investments		**(136)**		(37)	
Payments to acquire endowment assets		**(25)**		(40)	
Capital grants received		**11,474**		7,824	
Endowments received		**1,026**		1,167	
			(4,821)		(18,243)
Cash inflow before use of liquid resources and financing			**10,923**		5,164
Management of liquid resources			**(8,064)**		(6,204)
Financing					
Capital element of finance lease payments		**(451)**		(426)	
Loans repaid		**(1,256)**		(1,196)	
			(1,707)		(1,622)
Increase/(decrease) in cash for the year	25		**1,152**		(2,662)

	Note	2008 £000	2007 £000 (restated)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash for the year		**1,152**	(2,662)
Cash to repay loans		**1,256**	1,196
Capital element of hire purchase payments		**451**	426
Increase in short term deposits		**8,064**	6,204
Change in net funds		**10,923**	5,164
Net debt at beginning of year		**(47,434)**	(52,598)
Net debt at end of year	25	**(36,511)**	(47,434)

Notes to the financial statements

	Consolidated 2008 £000	2007 £000 (restated)
1 Funding body grants		
Basic recurrent grant - Higher Education Funding Council for England ("HEFCE")	**46,412**	43,770
Basic recurrent grant - Training Development Agency for Schools ("TDA")	**1,893**	1,960
Special grants (HEFCE)	**3,403**	3,724
Special grants (TDA)	**84**	88
Deferred capital grants released in the year (note 21)	**5,099**	2,818
Included in group income	**56,891**	52,360
Share of joint ventures' and associate's income	**7,486**	1,089
	64,377	53,449

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

	2008 £000	2007 £000
2 Tuition fees and education contracts		
Full-time students	**19,471**	15,148
Full-time students charged overseas fees	**13,264**	10,955
Part-time fees	**1,502**	1,313
Short course fees	**2,492**	1,900
Other teaching contracts	**10,738**	10,514
Research training support grants	**1,261**	1,033
Included in group income	**48,728**	40,863
Share of joint ventures' and associate's income	**8,315**	1,987
	57,043	42,850

3 Research grants and contracts	**2008 £000**	2007 £000
Grants from research councils	**15,734**	14,964
Grants from UK charities	**4,386**	3,343
Other grants	**7,501**	8,031
	27,621	26,338

Included above are deferred capital grants released in the year of £1,690,000 (2007 £1,628,000).

Notes to the financial statements (continued)

		Consolidated 2008 £000	2007 £000 (restated)
4	**Other income**		
	Residences, catering and conferences	**15,161**	13,199
	Other services rendered	**3,236**	3,369
	Deferred capital grants released in the year - residences, catering and conferences	**13**	23
	Deferred capital grants released in the year - other	**2,235**	2,199
	Donations received	**93**	430
	Other finance income (note 27)	**346**	186
	Other income	**11,815**	10,757
	Included in group income	**32,899**	30,163
	Share of joint ventures' and associate's income	**1,996**	10
		34,895	30,173
5	**Endowment and investment income**		
	Income from expendable endowment assets (note 22)	**89**	88
	Income from permanent endowment assets (note 22)	**76**	92
	Other investment income and interest receivable	**1,971**	1,478
	Share of joint ventures' and associate's income	**118**	46
		2,254	1,704
6	**Staff costs**		
	Wages and salaries	**74,080**	68,297
	Social security costs	**5,953**	5,593
	Other pension costs (note 27)	**9,909**	9,683
		89,942	83,573
	Staff costs are analysed by activity in Note 9 below.		
	Emoluments of the Vice-Chancellors		
	August 2006	**-**	16
	September 2006 - July 2007	**-**	180
	August 2007 - July 2008	**213**	-
		213	196

The emoluments of the Vice-Chancellors exclude the University's related pension contributions. Pension contributions paid to the USS scheme during 2008 were £28,500 (2007 £25,900). The above emoluments include benefits in kind of £9,100 (2007 £10,500).

Compensation for loss of office paid to staff earning more than £100,000 during the year was £nil (2007 £nil).

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	
	2008	2007
£100,000 - £109,999	**3**	6
£110,000 - £119,999	**4**	-
£120,000 - £129,999	**-**	1
£130,000 - £139,999	**2**	1
£140,000 - £149,999	**1**	3
£150,000 - £159,999	**2**	-
£160,000 - £169,999	**-**	1
£170,000 - £179,999	**1**	1
£180,000 - £189,999	**-**	-
£190,000 - £199,999	**1**	1
£200,000 - £209,999	**2**	-
	16	14

Average number of staff employed by category:

Academic	**678**	641
Research and analogous	**360**	351
Secretarial and clerical	**549**	511
Technical	**136**	133
Admin, senior library and computing	**385**	372
Others	**478**	473
	2,586	2,481

7 Other operating expenses

	Consolidated	
	2008	2007
	£000	£000
Residences, catering and conferences	**4,467**	3,314
Library books and periodicals	**2,075**	1,953
Heat, light, water and power	**2,261**	1,967
Long-term maintenance	**873**	1,471
Grant to Union of UEA Students	**389**	379
Auditors' remuneration	**62**	75
Auditors' remuneration in respect of non-audit services : taxation and corporate advisory	**18**	28
Other expenses	**40,621**	35,039
	50,766	44,226

Other operating expenses are analysed by activity at Note 9 below.

Notes to the financial statements (continued)

8	Interest and other finance costs	Consolidated 2008	2007
		£000	£000
	Bank interest	**4,747**	4,763
	Finance lease interest	**60**	84
		4,807	4,847

9 Analysis of total expenditure by activity

	Staff costs	Depreciation	Other operating expenses	Interest payable	Total
	£000	£000	£000	£000	£000
2008					
Academic departments	**49,195**	**552**	**15,172**	**-**	**64,919**
Academic services	**5,263**	**1,833**	**5,760**	**-**	**12,856**
Research grants and contracts	**13,295**	**1,694**	**6,647**	**-**	**21,636**
Residences, catering and conferences	**4,172**	**3,584**	**3,999**	**3,283**	**15,038**
Other services rendered	**679**	**-**	**1,270**	**-**	**1,949**
Premises	**5,060**	**9,756**	**7,350**	**1,524**	**23,690**
Administration and central services	**12,233**	**81**	**8,900**	**-**	**21,214**
Other expenses	**45**	**-**	**1,668**		**1,713**
Total	**89,942**	**17,500**	**50,766**	**4,807**	**163,015**
2007					
Academic departments	45,038	860	13,596	-	59,494
Academic services	4,812	1,724	4,499	-	11,035
Research grants and contracts	13,153	1,631	5,969	-	20,753
Residences, catering and conferences	3,966	3,461	3,314	3,289	14,030
Other services rendered	847	6	1,439	-	2,292
Premises	5,082	7,656	6,026	1,558	20,322
Administration and central services	10,329	173	7,441	-	17,943
Other expenses	346	-	1,942	-	2,288
Total	83,573	15,511	44,226	4,847	148,157

	Consolidated 2008	2007
	£000	£000
The depreciation charge has been funded by:		
Deferred capital grants released (note 21)	**9,037**	6,668
General income	**8,463**	8,843
	17,500	15,511

Notes to the financial statements (continued)

10 Taxation

	Consolidated 2008 £000	2007 £000
(a) Analysis of (credit)/charge in year		
Corporation tax at 20% (2007: 19%) on profit of subsidiaries		
Current - current period	**40**	101
- prior period	**(101)**	-
	(61)	101

The surpluses of the University are not subject to Corporation Tax. The current tax liability represents corporation tax on the surpluses remaining in subsidiaries after gift aid relief.

(b) Factors affecting tax (credit)/charges in year

	2008 £000	restated 2007 £000
Surplus before taxation	**5,515**	3,038
UK corporation tax at 20% (2007: 19%)	**1,103**	577
Effects of :		
Prior period adjustment	**(101)**	-
Surpluses not subject to corporation tax	**(1,063)**	(476)
	(61)	101

11 Tangible fixed assets

Consolidated	Freehold land and buildings £000	Assets in the course of construction (L&B) £000	Plant and equipment £000	Assets in the course of construction (F&E) £000	Art collections £000	Total £000
Cost						
At 1 August 2007	248,774	15,539	45,338	25	9,859	319,535
Additions at cost	7,984	4,010	3,521	-	-	15,515
Transfers	11,050	(15,066)	4,041	(25)	-	-
Disposals	(16)	(383)	(2,893)	-	-	(3,292)
At 31 July 2008	267,792	4,100	50,007	-	9,859	331,758
Depreciation						
At 1 August 2007	60,738	-	37,137	-	-	97,875
Charge for the year	12,340	-	5,160	-	-	17,500
Eliminated on disposals	(16)	-	(2,892)	-	-	(2,908)
At 31 July 2008	73,062	-	39,405	-	-	112,467
Net book value						
At 31 July 2008	194,730	4,100	10,602	-	9,859	219,291
At 1 August 2007	188,036	15,539	8,201	25	9,859	221,660

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2008 was £2,253,000 (2007: £2,545,000) and depreciation during the period on these assets was £292,000 (2007: £299,000).

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
Cost						
At 1 August 2007	246,349	15,936	41,933	25	9,859	314,102
Additions at cost	8,038	3,760	3,519	-	-	15,317
Transfers	11,444	(15,460)	4,041	(25)	-	-
Disposals	-	(387)	(2,887)	-	-	(3,274)
At 31 July 2008	265,831	3,849	46,606	-	9,859	326,145
Depreciation						
At 1 August 2007	59,204	-	35,640	-	-	94,844
Charge for the year	12,353	-	4,935	-	-	17,288
Eliminated on disposals	-	-	(2,887)	-	-	(2,887)
At 31 July 2008	71,557	-	37,688	-	-	109,245
Net book value						
At 31 July 2008	194,274	3,849	8,918	-	9,859	216,900
At 1 August 2007	187,145	15,936	6,293	25	9,859	219,258

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2008 was £616,000 (2007: £693,000) and depreciation during the period on these assets was £77,000 (2007: £77,000).

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 two joint venture arrangements, University Campus Suffolk Ltd and INTO University of East Anglia LLP, and one associated undertaking.

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. UCS's principal activity is the provision of education and research services. An amount of £nil was due to UCS at the year end (2007: £109,000). For the year ended 31 July 2008 UCS reported an exceptional item as a result of the transfer of the Suffolk New College pension scheme. 50% of this exceptional item is reported in the Consolidated income and expenditure account. As at 31 July 2008, UCS had deferred capital grants amounting to £42,000,000 (2007: £13,000,000). 50% of these deferred capital grants is reported within Investement in joint ventures share of gross liability in the balance sheet.

INTO UEA LLP (a limited company until December 2007), 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 the 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. An amount of £695,000 (2007: £235,000) was due from INTO UEA LLP at the year end, including loans due in more than one year of £600,000 (2007: £150,000).

Carbon Connections UK Limited is a company limited by guarantee of which the University is the sole member. As the company is not under the sole control of the University but that of an advisory board, over which the University does not have an ability to control, the company has not been accounted for as a subsidiary. Given the composition of the advisory board, the University has a 'significant influence' and the company is therefore treated as an associate for consolidation purposes.

The principal activity of Carbon Connections UK Limited is the development of carbon reduction initiatives. An amount of £183,000 was due from Carbon Connections UK Limited at the year end (2007: £521,000).

A 100% share of the company's net assets is included in the Consolidated balance sheet and 100% of its net income is reported in the Consolidated income and expenditure account.

13 Other fixed asset investments

	Consolidated £000	University £000
Cost		
At 1 August 2007	435	336
Additions in period	136	-
At 31 July 2008	571	336
Provision for diminution in value		
At 1 August 2007 and 31 July 2008	360	300
Net book value		
At 31 July 2008	211	36
At 1 August 2007	75	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	-
Syrinix Limited	96	-
Im-Sense Limited	40	-
Other	2	1
	571	336

The University's investment 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, comprises 34,824 ordinary shares of £1 each fully paid.

The University's investment in ICENI Seedcorn Fund comprises a £150,000 capital contribution and £150,000 interest free loan. ICENI Seedcorn Fund was established under the second round of the Office of Science and Technology's University Challenge Fund programme. The other partners are: University of Essex, John Innes Centre, The Sainsbury Laboratory, Institute of Food Research Limited, Plant Bioscience Limited, and HSBC Bank plc.The loan is repayable subject to the Fund achieving a specified performance benchmark, namely increasing from its initial starting level of £4m to £12m. After repayment of partnership loans partners will share any excess returns in agreed proportions which, for the University, vary between 28.89% and 30.15%. The investment has been fully impaired.

14 Subsidiary undertakings

	University £000
Cost and net book value	
At 1 August 2007	7,487
Purchase of shares in the period	7,500
At 31 July 2008	14,987

14 Subsidiary undertakings (continued)

The following companies, all registered in England and Wales, were 100% owned subsidiary undertakings at 31 July 2008:

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
Overseas Development Group (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	Not trading
Low Carbon Innovation Centre Limited*	Not trading

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

* Indirectly held

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 and Enventure Associates Limited. It holds all 50 pence ordinary shares in East Anglian University Residences Limited. UEA Enterprises Limited holds all issued £1 ordinary shares in Credibility Limited and all the issued £1 ordinary shares in Low Carbon Innovation Centre Limited. All subsidiary undertakings are included in the consolidation.

In December 2007 the University aquired all the issued £1 share capital in UEA INTO Holdings Limited, and in March 2008 all the £1 issued share capital in UEA Consulting Limited. In January 2008 UEA Enterprises Limited acquired all the issued £1 share capital in Low Carbon Innovation Centre Limited.

15 Endowment assets

	Consolidated & University	
	2008	2007
	£000	£000
		(restated)
At 1 August 2007	**3,744**	3,333
New endowments invested	**25**	40
(Decrease)/increase in market value of investments	**(224)**	73
(Decrease)/increase in cash balances	**(168)**	298
At 31 July 2008	**3,377**	3,744
Represented by:		(restated)
UK equities	**779**	896
Fixed interest securities	**847**	840
Other	**356**	445
Cash in hand and short term deposits	**1,395**	1,563
	3,377	3,744

The previous balance for 2007 of £5,010,000 has been restated in accordance with the provisions of the new SORP. The assets associated with £1,677,000 of unrestricted expandable endowments have been transferred to current asset investments.

Notes to the financial statements (continued)

16 Debtors

	Consolidated	
	2008	2007
	£000	£000
Debtors	**4,528**	4,603
Prepayments and accrued income	**9,892**	9,996
	14,420	14,599

	University	
	2008	2007
	£000	£000
Debtors	**4,454**	4,015
Prepayments and accrued income	**10,438**	9,755
Amounts due from subsidiary companies	**1,143**	4,164
	16,035	17,934

Included in the above are balances for both the Group and the University due in more than one year of £600,000 (2007: £150,000), which relates to a loan from the University to INTO UEA LLP.

17 Current asset investments

	Consolidated	
	2008	2007
	£000	£000
		(restated)
Short term deposits maturing within three months	**28,000**	20,772
Other short term deposits	**9,336**	8,500
Other investments	**1,912**	2,226
	39,248	31,498

	University	
	2008	2007
	£000	£000
		(restated)
Short term deposits maturing within three months	**28,000**	20,772
Other short term deposits	**9,336**	8,000
Other investments	**1,912**	2,226
	39,248	30,998

Notes to the financial statements (continued)

18 Creditors: amounts falling due within one year

	Consolidated	
	2008	2007
	£000	£000
Bank loans	**1,346**	1,256
Obligations under finance leases	**337**	451
Trade creditors	**6,519**	5,821
Capital creditors	**584**	2,229
Corporation tax	**40**	101
Other taxation and social security	**2,378**	1,885
Accruals and deferred income	**23,356**	22,127
	34,560	33,870

	University	
	2008	2007
	£000	£000
Bank loans	**1,346**	1,256
Obligations under finance leases	**92**	181
Trade creditors	**6,307**	5,136
Capital creditors	**584**	1,821
Other taxation and social security	**2,037**	1,885
Amounts due to subsidiary undertakings	**8,117**	2,964
Accruals and deferred income	**23,561**	21,523
	42,044	34,766

For details of security on bank loans see note 19

19 Creditors: amounts falling due after more than one year

	Consolidated	
	2008	2007
	£000	£000
Bank loans	**77,670**	79,016
Obligations under finance leases	**461**	798
	78,131	79,814

	University	
	2008	2007
	£000	£000
Bank loans	**77,670**	79,016
Obligations under finance leases	**38**	130
	77,708	79,146

Notes to the financial statements (continued)

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

Bank loans and overdrafts are repayable as follows :	Consolidated and University	
	2008	2007
	£000	£000
Due within one year or less	**1,346**	1,256
Due between one and two years	**1,439**	1,346
Due between two and five years	**4,807**	4,541
Due in five years or more	**71,424**	73,129
	79,016	80,272

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. Interest is payable at a fixed rate.

The net finance lease obligations are as follows :	Consolidated	
	2008	2007
	£000	£000
Due within one year or less	**337**	451
Due between one and two years	**119**	337
Due between two and five years	**181**	252
Due in five years or more	**161**	209
	798	1,249

	University	
	2008	2007
	£000	£000
Due within one year or less	**92**	181
Due between one and two years	**24**	92
Due between two and five years	**14**	38
	130	311

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 2007	Charged in year	Utilised in year	31 July 2008
	£000	£000	£000	£000
Framework agreement	-	118	(3)	115
Pension transfers	786	126	(590)	322
	786	244	(593)	437

The framework agreement provision relates to the unfunded element of staff costs against projects. It will be utilised as individual projects are closed down. This is anticipated to be a period of 3 years ending in 2010.

The pension transfers provision relates to sums due in respect of members transferring to other schemes and is expected to be utilised over a 5 year period ending in 2009.

21 Deferred capital grants

	Consolidated		
	Funding Council	Other	Total
	£000	£000	£000
At 1 August 2007			
Buildings	39,774	45,924	85,698
Equipment and other fixed tangible assets	3,375	11,650	15,025
	43,149	57,574	100,723
Grants receivable in the year			
Buildings	6,560	2,386	8,946
Equipment and other fixed tangible assets	1,809	719	2,528
	8,369	3,105	11,474
Released to income and expenditure			
Buildings	(3,777)	(2,874)	(6,651)
Equipment and other fixed tangible assets	(1,322)	(1,064)	(2,386)
	(5,099)	(3,938)	(9,037)
At 31 July 2008			
Buildings	42,557	45,436	87,993
Equipment and other fixed tangible assets	3,862	11,305	15,167
	46,419	56,741	103,160

Notes to the financial statements (continued)

21 Deferred capital grants (continued)

	University		
	Funding Council £000	Other £000	Total £000
At 1 August 2007			
Buildings	39,774	45,924	85,698
Equipment and other fixed tangible assets	3,375	11,454	14,829
	43,149	57,378	100,527
Grants receivable in the year			
Buildings	6,560	2,386	8,946
Equipment and other fixed tangible assets	1,809	719	2,528
	8,369	3,105	11,474
Released to income and expenditure			
Buildings	(3,777)	(2,875)	(6,652)
Equipment and other fixed tangible assets	(1,322)	(1,024)	(2,346)
	(5,099)	(3,899)	(8,998)
At 31 July 2008			
Buildings	42,557	45,435	87,992
Equipment and other fixed tangible assets	3,862	11,149	15,011
	46,419	56,584	103,003

22 Specific endowments

	Consolidated and University					
	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	**2008 Total £000**	2007 Total £000 (restated)
Balance at 1 August 2007						
Capital	13	1,685	1,698	1,651	**3,349**	2,979
Accumulated income		224	224	171	**395**	354
	13	1,909	1,922	1,822	**3,744**	3,333
New endowments	-	30	30	996	**1,026**	1,167
Investment income	1	75	76	89	**165**	180
Expenditure	-	(72)	(72)	(1,262)	**(1,334)**	(1,009)
	1	3	4	(1,173)	**(1,169)**	(829)
(Decrease)/increase in market value of investments	(2)	(133)	(135)	(89)	**(224)**	73
Balance at 31 July 2008	12	1,809	1,821	1,556	**3,377**	3,744
Represented by						
Capital	12	1,563	1,575	1,240	**2,815**	3,349
Accumulated income	-	246	246	316	**562**	395
	12	1,809	1,821	1,556	**3,377**	3,744

The balance previously reported at the beginning of 2006/7 of £5,010,000 has been restated in accordance with the provisions of the new SORP. Unrestricted expendable endowments amounting to £1,677,000 have been transferred to the income and expenditure reserve.In previous years, endowments were classified as specific endowments. The revised headings reflect the requirement of the new SORP and are further described in the Statement of accounting policies.

Notes to the financial statements (continued)

23 Reserves

Income and expenditure reserve (including pension reserve)	Consolidated	
	2008	2007
	£000	£000
		(restated)
Balance at the beginning of the year as previously stated	**51,194**	41,648
Prior year adjustment	**1,692**	1,546
Balance at the beginning of the year as restated	**52,886**	43,194
Surplus retained for the year	**5,867**	3,766
Transfer from revaluation reserve	**-**	811
Actuarial (loss)/gain on pension scheme	**(3,808)**	5,115
Balance at the end of the year	**54,945**	52,886

	University	
	2008	2007
	£000	£000
		(restated)
Balance at the beginning of the year as previously stated	**57,148**	47,583
Prior year adjustment	**1,692**	1,545
Balance at the beginning of the year as restated	**58,840**	49,128
Surplus retained for the year	**7,177**	3,786
Transfer from revaluation reserve	**-**	811
Actuarial (loss)/gain on pension scheme	**(3,808)**	5,115
Balance at the end of the year	**62,209**	58,840

Revaluation reserve	Consolidated and University	
	2008	2007
	£000	£000
		(restated)
Balance at the beginning of the year	**50**	769
(Decrease)/increase in value of current asset investments	**(50)**	92
Transfer to income and expenditure reserve	**-**	(811)
Balance at end of year	**-**	50

Notes to the financial statements (continued)

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

	2008 £000	2007 £000
Surplus after depreciation of fixed assets at cost and before taxation	**4,637**	3,038
Endowment income and interest receivable	**(2,136)**	(1,658)
Deferred capital grant release	**(9,037)**	(6,668)
Depreciation	**17,500**	15,511
Loss on disposal of fixed assets	**384**	-
Devaluation of investments	**264**	-
Share of operating loss in joint ventures and associates	**623**	187
Interest payable	**4,807**	4,847
Pension costs less contributions payable	**(902)**	927
Decrease/(increase) in stocks	**25**	(35)
(Increase)/decrease in debtors	**179**	3,401
Increase in creditors	**2,420**	7,218
Decrease in provisions	**(349)**	(179)
Net cash inflow from operating activities	**18,415**	26,589

25 Analysis of changes in consolidated net debt

	1 August 2007 £000 restated	Cash flows £000	Other £000	31 July 2008 £000
Cash at bank and in hand				
Endowment assets	1,563	(168)	-	1,395
Other	3,252	1,320	-	4,572
	4,815	1,152	-	5,967
Debts due within 1 year	(1,707)	1,707	(1,683)	(1,683)
Debts due after 1 year	(79,814)	-	1,683	(78,131)
	(81,521)	1,707	-	(79,814)
Short term deposits	29,272	8,064	-	37,336
	(47,434)	10,923	-	(36,511)

Notes to the financial statements (continued)

26 Capital commitments

At 31 July 2008 the group had outstanding commitments for capital expenditure of £6,130,000 (2007: £7,565,000)

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 2005. 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. In relation to the past service liabilites the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to service and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum.

In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to service and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down 3 years
Post-retirement mortality	PA92 (c=2020) for all retired and non-retired members

Use of these mortality tables reasonably relects the actual USS experience but also provides an element of conservatism to allow for further small improvement in mortality rates. The assumed life expectation on retirement age 65 are:

Males	19.8 years
Females	22.8 years

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% 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. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pension Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 74% of the 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, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the funding level of the scheme has undergone considerable volatility. The actuary has estimated that the funding level has increased to 91% at 31 March 2007 but that at 31 March 2008 it had fallen back to 77%. This fluctuation in the scheme's funding level is due to a combination of the volatility of the investment returns on the scheme's assets in the period since 31 March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme's liabilities. These estimated funding levels are based on the funding levels at 31 March 2005, adjusted to reflect the fund's actual investment performance and changes in gilt yields (ie the valuation rate of interest). On the FRS17 basis, using an AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities 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 £1.7 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.5 billion
Rate of mortality	More prudent assumption (mortality used at last actuarial valuation, rated down by a further year)	Increase by £0.8 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.

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 towards 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.

Notes to the financial statements (continued)

27 Pensions (continued)

Universities Superannuation Scheme (continued)

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 liabilites. 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 liabilites. 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 liabilties. 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 cofirmed 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 2008. The contribution rate will be reviewed as part of that valuation.

The total pension cost for the University was £7,016,000 (2007 £6,408,000).The contribution rate payable by the University was 14% of pensionable salaries.

University of East Anglia Staff Superannuation Scheme

A full actuarial valuation was carried out as at 31 July 2006 and updated to 31 July 2008 by a qualified independent actuary for the purposes of Financial Reporting Standard 17 ("FRS17").

Since 1 November 2007 the scheme has been closed to new members. Contributions made to the scheme by the University in the accounting period were £3,254,000. Annual contributions for the year beginning 1 August 2008 are expected to be 18.6% of pensionable salaries, plus additional annual contributions of £672,000 per annum, payable in equal monthly instalments for a period of 7 years from I September 2007.

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

			31 July 2008	31 July 2007	31 July 2006
Rate of increase in salaries		:	5.05%	4.55%	4.35%
Rate of increase in pensions in payment		:	3.80%	3.30%	3.10%
Discount rate		:	6.50%	5.70%	5.10%
Inflation assumption		:	3.80%	3.30%	3.10%
Assumed life expectancies on retirement at age 62 are:					
Retiring today	Males		24.4	24.4	20.5
	Females		27.2	27.2	23.5
Retiring in 20 years time	Males		25.4	25.4	23.2
	Females		28.2	28.2	26.2

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.

Notes to the financial statements (continued)

27 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31 July 2008	Value at 31 July 2008 £000	Long term rate of return expected at 31 July 2007	Value at 31 July 2007 £000 restated	Long term rate of return expected at 31 July 2006	Value at 31 July 2006 £000 restated
Equities	7.30%	45,003	7.40%	46,689	7.00%	42,798
Bonds	4.10%	18,964	4.20%	20,231	3.80%	18,326
Fair value of plan assets		63,967		66,920		61,124
The actual return on assets over the period was:		(3,032)		6,010		7,176
The amounts recognised on the balance sheet are as follows:						
Present value of scheme liabilities		(69,803)		(69,850)		(68,242)
Fair value of scheme assets		63,967		66,920		61,124
Net pension liability		(5,836)		(2,930)		(7,118)

The equity instruments and bonds which are held in plan assets are quoted and are valued at the current bid price following the adoption of the amendment to FRS17. Previously these were valued at mid price. The effect of this change is that the value of assets at 31 July 2007 has been restated from £67,065,000 to £66,920,000 a decrease of £145,000 (2006: decrease of £131,000).

Reconciliation of opening and closing balances of the present value of the scheme liabilities	**2008 £000**	2007 £000
Liabilities at the beginning of the year	**69,850**	68,242
Current service cost	**2,562**	2,939
Interest cost	**3,961**	3,500
Contributions by scheme participants	**885**	850
Actuarial gain	**(3,531)**	(2,791)
Benefits paid	**(4,060)**	(2,910)
Past service cost	**136**	20
Liabilities at the end of the year	**69,803**	69,850

Reconciliation of opening and closing balances of the fair value of scheme assets		restated
Fair value of scheme assets at the beginning of the year	**66,920**	61,124
Expected return on scheme assets	**4,307**	3,686
Actuarial (loss)/gain	**(7,339)**	2,324
Contribution by employers	**3,254**	1,846
Contribution by plan participants	**885**	850
Benefits paid	**(4,060)**	(2,910)
Fair value of scheme assets at the end of the year	**63,967**	66,920

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)	**2008**	2007
	£000	£000
Experience adjustments arising on scheme liabilities	**(189)**	677
Changes in assumptions underlying the present value of the liabilites	**3,720**	2,114
Experience adjustments arising on scheme assets	**(7,339)**	2,324
Actuarial (losses)/gains	**(3,808)**	5,115

History of experience gains and losses:-

	2008	2007	2006	2005	2004
	£000	£000	£000	£000	£000
		restated	restated		
Present value of scheme liabilities	69,803	69,850	68,242	59,967	55,140
Fair value of scheme assets *	63,967	66,920	61,124	54,141	48,533
Deficit in the scheme	(5,836)	(2,930)	(7,118)	(5,826)	(6,607)
Experience:					
Adjustments arising on scheme liabilities	(189)	677	(150)	183	900
Item as a percentage of scheme liabilities	-0.3%	1.0%	-0.2%	-0.3%	-1.6%
Changes in assumptions:					
underlying the present value of the liabilites	3,720	2,114	(3,778)	(5,892)	16
as a percentage of scheme liabilites	5.3%	3.0%	-5.5%	-9.8%	0.0%
Experience:					
Adjustments arising on scheme assets	(7,339)	2,324	4,301	7,116	1,157
Item as a percentage of scheme assets	11.5%	3.5%	0.7%	13.1%	2.4%
Cumulative actuarial loss shown in STRGL	(11,500)	(7,692)	(12,807)	(13,180)	(14,221)

*The fair value of scheme assets for the financial year ending 31 July 2005 and 31 July 2004 have not been restated following the amendment to FRS17, as permitted by the amendment.

	2008	2007
	£000	£000
Analysis of the amount charged to staff costs within operating surplus:		
Current service cost	**2,562**	2,939
Past service cost	**136**	20
	2,698	2,959

		restated
Analysis of the amount credited to other finance income:		
Expected return on pension scheme assets	**4,307**	3,686
Interest on pensions scheme liabilities	**(3,961)**	(3,500)
	346	186

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 £7,200 (2007: £10,000). The University also contributed to the National Health Service Pension Scheme, a defined benefit pension scheme. Contributions in the year were £188,000 (2007: £163,000).

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 2008, the group had annual commitments under non-cancellable operating leases expiring as follows:-

	2008 Other £000	2007 Other £000
Within 1 year	**28**	26
Within two to five years	**27**	47
	55	73

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.

33 Training and Development Agency for Schools Bursaries

	2008 £000	2007 £000 Restated
Funding at the beginning of the year	**148**	165
Training Bursary funds received during the year	**2,252**	2,397
Training Bursary payments during the year	**(2,240)**	(2,414)
Funding at the end of the year	**160**	148

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

34 Training and Development Agency for Schools Student Associates Scheme

	2008 £000	2007 £000
Funding at the beginning of the year	**78**	20
Funds received during the year	**227**	226
Payments during the year	**(287)**	(168)
Funding at the end of the year	**18**	78

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

	2008 £000	2007 £000
Funding at the beginning of the year	**5**	5
Funds received during the year	**22**	7
Payments during the year	**(13)**	(7)
Funding at the end of the year	**14**	5

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)

36 Access funds

	2008 £000	2007 £000
Balance at the beginning of the year	**8**	80
Funding Council Access Funds	**604**	562
Interest earned	**22**	1
Disbursements to students	**(489)**	(635)
Balance at the end of the year	**145**	8

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

	2008 £000	2007 £000
Balance at the beginning of the year	**-**	-
Funds received during the year	**17,283**	7,363
Payments during the year	**(17,283)**	(7,363)
Balance at the end of the year	**-**	-

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

38 Grants received on behalf of associate company

	2008 £000	2007 £000 restated
Balance at the beginning of the year	**134**	-
Funds received during the year	**1,474**	637
Payments during the year	**(1,608)**	(503)
Balance at the end of the year	**-**	134

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

39 Contingent liabilities

The University entered into an agreement during the year with the University of Essex and Barclays Bank plc to guarantee the commitments of University Campus Suffolk Ltd up to a maximum of £5,000,000.