University of East Anglia

Financial Statements

2008 - 2009

University of East Anglia

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Treasurer's report

Introduction

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

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

- Understanding. To advance understanding through research, scholarly communication and research-led teaching, underpinned by a commitment to excellence, interdisciplinarity and creativity
- Empowerment. To empower our students by providing an exceptional education – and a wider experience that is second to none – equipping them with marketable skills and preparing them for global citizenship
- Action. To respond to the grand challenges of the 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.

During 2009, the University of East Anglia (the "University") has made significant progress in implementing the key priorities included in the corporate plan. In financial terms the focus has been to improve the efficient management of the University in order to release funds that can be directed towards the improvement of the student experience, particularly the recruitment of additional academic staff, and also to expand the post graduate research base of the University. The results of these efforts will start to be evident in 2010 as we increase investment in these areas.

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. The report to Court each year incorporates a summary of overall performance against these broader measures. At this stage, assessment of performance is based primarily on the key highlights considered below.

Key Financial Highlights

2008/09 proved to be another successful year for the University and its subsidiaries. Key financial highlights for the year, compared to the previous year are summarised below:-

	2009 £m	2008 (restated) £m	Increase/ (decrease) on 2008
Group income excluding share of joint ventures	185.1	168.3	10%
Expenditure	179.8	163.0	10%
Surplus for the year transferred to reserves	4.7	6.0	(22%)
Surplus excluding joint ventures as % of group income	3.1%	3.9%	
Capital expenditure	31.5	15.5	103%
Capital grants received (excluding joint ventures)	11.7	11.5	2%
Operating cash flow before endowment expenditure	16.1	19.8	(19%)
Net debt	42.8	36.5	17%
Net assets	182.8	182.7	-

Income & Expenditure

The surplus for the year of £4.7m (2008: £6.0m) is reported after taking into account the University's share of deficits in two joint ventures amounting to £1.1m (2008: £0.6m). 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 £5.8m, compared to £6.6m for 2008.

Group income, excluding joint ventures, increased by £16.8m (10%) over the year, primarily as a result of increases in funding council grants of £3.7m (7% up on last year); tuition fees and contracts income of £9.3m (19%); and other services rendered and other income of £2.0m (13%). Other group income increased by £1.8m (6% up on last year). The increase in funding council grant income included additional funding of £0.6m for growth in the number of students and an increase of £0.8m in special grants , including £1m funding for Aim Higher, an initiative to further widen participation to higher education. In relation to tuition fees and contracts income, Home and EU full-time student fees increased by £5.0m (26% up on last year) and Overseas student fees increased by £1.4m (up by 11% on last year). The increase in Home/EU fee income reflects the third year impact of the new variable tuition fees introduced for all new students commencing their studies from September 2006. The increase in Overseas student fee income includes the annual uplift in fee rates together with increased numbers of students. Growth in student numbers arises for two reasons; firstly, from the transfer of students completing their studies at the INTO joint venture and, secondly, through direct recruitment of students overseas. Direct recruitment has also benefited from the joint marketing efforts with INTO. Following an exceptional increase in 2008, residences, catering and conferences income has increased by less than 1% during the year. A significant factor affecting both years has been the impact of INTO. In 2008 INTO students were catered for on the main UEA campus, however, upon completion of building works in September 2008 students are now primarily catered for through INTO facilities.

Treasurer's report (continued)

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, and despite significant pay cost increases, it is pleasing to note that growth in overall expenditure at 10% has not exceeded the growth in income.

Staff costs increased by 9% in the year to £98.3m. This included the impact of the final element of the three year pay settlement (being a basic increase of 5% from October 2008), together with the cost of annual increments and impact of additional staff. Other operating expenses amounted to £57.6m, an increase of £7.0m (14%) on last year. Significant changes, in addition to general inflationary increases, included the increase in bursary costs associated with the introduction of variable fees, higher energy costs partly reflecting an under accrual of costs in 2007/08 which has fallen in to 2008/09, increased costs relating to residences, costs of restructuring in research as referred to in the comments on future outlook below, and increased costs of IT and other equipment following the change in capitalisation threshold last year. Depreciation costs increased marginally in the year, up by £0.6m (4%) to £18.1m, with further increases flowing through next year as major building projects are completed.

Reserves

Following a change in the reporting of endowment funds last year, further information came to light after completion of the accounts in respect of the nature of certain endowments, resulting in the transfer of £743k from opening reserves to endowment funds. Opening reserves have been restated at £54.2m. Reserves fell during the year by £4.7m to £49.5m as a result of the retained surplus from activities of £4.7m, less actuarial losses of £9.4m in the pension schemes. Actuarial losses comprise £8.9m in relation to the University's own scheme and £0.5m in respect of the University's share of the actuarial loss reported by University Campus Suffolk Ltd, a joint venture entity. The actuarial losses represent a combination of a worse than expected return on pension scheme assets during the year, and an increase in the actuarial valuation of scheme liabilities arising from changes in assumptions.

Capital Expenditure

Total capital additions in the year amounted to £31.5m (2008: £15.5m) and capital grants receivable in the year (excluding joint ventures) amounted to £11.7m (2008: £11.5m). The major areas of expenditure during the year included:-

	£m
Biomass energy centre, due for completion January 2010	7.7
Teaching accommodation, scheme completed in October 2009	7.8
Sportspark; new sports hall extension, completed in February 2009	2.4
Purchase and refurbishment of Blackdale School	1.4
Science research facilities and laboratory refurbishment	3.2
Faculty equipment, including research funded equipment	1.2
Long term maintenance and site infrastructure work	4.9
IT investments	1.3
Completion of residences programme and works at the Sainsbury Centre	1.6
Total	31.5

Cash and Debt

Net operating cash flow

Cash inflow from operating activities before endowment expenditure for the year was £16.0m (2008: £19.8m). Total debt service costs, relating to both bank loans and finance lease commitments were £7.0m (2008: £6.5m). Net 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 expenditure from endowment funds, investment income and interest of £7.7m; down from £8.8m last year;
- adjustments to exclude non cash items included within the surplus (e.g. depreciation, capital grant release, impairment of investments, share of loss in joint ventures and pension scheme provisions) amounting to £10.1m; up from £8.8m last year;
- less increase in working capital (stocks, debtors and creditors) of £1.8m; compared to a reduction in working capital of £2.3m last year.

Net debt

After allowing for investment returns, cost of financing, and net capital expenditure, the net outflow of funds amounted to £6.3m, compared to £10.9m inflow last year. The change arises principally as a result of the increased capital expenditure. Overall net debt, being loans and finance leases less cash and short term deposits, has therefore increased during the year by £6.3m, from £36.5m to £42.8m.

Treasurer's report (continued)

Cash balances

As reported last year, the University drew down additional funds of £15m under its existing loan facility during the year under review. 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.

Readily accessible funds in the form of cash and short term deposits, excluding endowment assets, increased during the year by £6.6m to £48.5m. A prudent policy is applied to the investment of short term deposits. In particular, the University regards the security of deposits as being far more important than the marginally better interest rates that may be available from certain overseas or lower rated banks. This has been particularly important over the last couple of years which has seen great uncertainty over the safety of deposits.

Net Assets

Net assets are reported at £182.8m on the balance sheet against the restated figure of £182.7m for 2008, previously reported at £161.5m. Net assets include the University's share of net assets of joint ventures. The restated figure reflects a change in reporting for the University's joint venture, University Campus Suffolk Ltd ("UCS"), whereby deferred capital grants are now reported as an element of total funds rather than liabilities. Opening net assets also include the adjustment to opening reserves in respect of the nature of certain endowment funds as noted above.

Joint Ventures

The joint ventures, INTO UEA LLP ("INTO") and 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 £0.5m deficit in respect of UCS and a £0.6m deficit in respect of INTO.

UCS, a joint venture with the University of Essex, provides higher education, applied research and consultancy services with delivery of services in Ipswich and through other independent centres across Suffolk and Norfolk. UCS commenced trading at the beginning of 2007/08. The total income of UCS for the year was £31m (2008: £24m) and its operating surplus before exceptional items £0.6m (2008: £1.1m). However, after exceptional costs in respect of restructuring and pension costs relating to transferred staff, it reported an overall deficit of £1.0m (2008: £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 and has agreed to provide a further guarantee of up to £4m for future loans to fund new buildings.

INTO, a joint venture with INTO University Partnerships Limited, provides educational services. The company 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. Following a period of trading losses during the early stages of development, the most recent accounts for the period November 2008 to July 2009 show a very small loss (less than £50k) on turnover of £7.2m. The joint venture partners have, to date, each provided loan funding of £1m to support the activities of INTO.

Future Outlook

The financial outlook, by reference to financial plans considered by Council, is for a modest deficit on income and expenditure in 2009/10, before returning to a breakeven position in 2010/11. The principal causes for concern going forward relate to the anticipated cut backs in public spending and the seemingly inexorable rise in pension costs.

Income is expected to continue to grow in the coming year, primarily from further growth in overseas student recruitment including students transferring from INTO. Funding Council core teaching and research grants for 2009/10 are increasing by only c1.6%, the provisional grant figure being cut by £0.5m when confirmed in July 2009. In other areas of income, including research income and residences a modest level of growth is anticipated which the University expects to be broadly in line with inflation.

Last year's report highlighted that core research funding provided by the Higher Education Funding Council for England ("HEFCE") from 2009/10 was dependent upon the outcome of the Research Assessment Exercise ("RAE"). The outcome of this exercise provided a very small increase in overall funding to the University, however the impact on individual Faculties was much more significant, with reductions in the Science Faculty matched by increases in Health and Social Sciences. In order to transfer resources from Science it has therefore been necessary to restructure activities in certain Schools, with costs being incurred in both 2008/09 and 2009/10. Other cost pressures in the coming year include the full year effect of the pay award in October 2008 and the increase in USS employer pension contributions, from 14% to 16%, from October 2009. Fortunately, the cost of the pay award due from August 2009, whilst not yet finalised and implemented, appears to have been held at a realistic level in the current climate; the final offer from employers being an increase of 0.5%.

Treasurer's report (continued)

Looking further forward, the effects of the recession and resulting cuts in public spending continue to give cause for concern. Forward plans include assumptions for future cuts in funding council grants and work is already in hand to identify opportunities for savings and efficiency improvements to mitigate the effects of this.

However, despite these difficulties the University remains determined to invest additional resources to improve the student experience and the post graduate research base. The higher education sector will become 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 first phase of this investment is an investment of £1.8m in additional academic staff in 2009/10 with further investment in 2010/11. Plans are also being developed to fund up to around 65 additional post graduate research students in 2010/11.

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. Although INTO has taken a little longer to deliver financial returns than was originally envisaged, we remain confident in the business and are about to embark on a new joint venture with the same partner. Known as UEA London the college is due to commence activity early in 2010, operating from premises in the City of London. The operation will be similar in many ways to INTO based in Norwich but will gradually introduce graduate and post graduate courses taught by UEA academics. In addition to the direct financial benefits this offers, the new college will also provide further opportunities to attract students to Norwich and provide a London base for Norwich run courses where appropriate.

The University also remains committed to investment in joint initiatives with the John Innes Centre and the Institute of Food Research, two local research institutes funded by the Biotechnology and Biological Sciences Research Council ("BBSRC"). The long-term goal is to develop an internationally acclaimed centre of research in Norwich, within the related areas of expertise; which will lead to potentially significant growth in research activity and income in the future.

M Sisson

23rd November 2009.

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 2008, 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 its subsidiaries ("the Group") and enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Statement of Recommended Practice: Accounting for Further and Higher Education, the Accounts Direction and other guidance issued by the Higher Education Funding Council for England ("HEFCE") and relevant accounting standards in the United Kingdom. In addition, within the terms and conditions of a Financial Memorandum agreed between HEFCE and the Council, the Council, through its Vice-Chancellor (the designated office holder), is required to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the University and group and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council ensures that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University and group will continue in operation.

The Council has taken reasonable steps to:

- ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and any other conditions which HEFCE may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and group and to prevent and detect fraud and other irregularities;
- secure the economic, efficient and effective management of the University's and group's resources and expenditure.

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

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

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

Corporate governance statement (continued)

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

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

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

Statement on Internal Control

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

The Audit Committee reviews the process for identifying and managing risk and undertakes an annual programme of activity, designed to provide assurance to Council on the effectiveness of risk management arrangements. At each meeting a key risk contained within the risk register is reviewed with the attendance of the officer responsible for managing the risk. The Audit Committee is assisted in its work by the internal and external auditors.

Principal risks and uncertainties and financial risk management

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

Government funding

The University has considerable reliance on continued government funding, primarily through HEFCE. In 2008/09, 33% of the University's revenue related to Funding Council income and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light of the current economic environment. There are strong indications that significant cut backs are likely from 2011 in line with universal public sector expenditure reductions.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- By ensuring the University is rigorous in delivering high quality education and training;
- Considerable focus and investment is placed on maintaining and managing key relationships with senior management at the various funding bodies and lobby groups such as the 1994 group; and
- Ensuring the University is focused on those priority sectors which will continue to benefit from public funding.

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

Student recruitment

The University is dependent upon its reputation and recruitment policies in maintaining a critical mass of students and meeting overseas student number targets. Failure to maintain a sufficiently attractive offer to prospective students and therefore meet student number targets would also impact on the University's ability to secure future funding from HEFCE. Failure to meet planned student numbers could therefore lead to short-term revenue problems, and longer term strategic finance issues.

Corporate governance statement (continued)

This risk is mitigated in a number of ways:

- Continuing to develop the relationship with INTO UEA LLP, which in the past year has led to exceptional growth in the Diploma cohort progression to year 2 of study at the University.
- Frequent and continual review of the offer to prospective students to ensure that the University remains attractive;
- Targeted marketing based upon recruitment information and market information;
- Appropriate contingency planning in financial modelling to allow for minor fluctuations in actual levels of student recruitment compared to planned levels; and
- Further investment in the international office to meet targets for recruitment of international students.

Staff recruitment and retention
The University's ability to recruit high quality academic staff is key to future growth and so the University places a significant emphasis on the recruitment, retention and performance of academic staff. A significant increase in academic staff during 2009 is in progress with faculties establishing appointment strategies to ensure that appointments are only made at the highest level of quality. Further expansion is planned in 2010. Furthermore the University is investing heavily in new research programmes in collaboration with research institutions on the Norwich Research Park, adding to the attractiveness of the University to leading academics.

Exposure to increase in pension costs
The University faces significant pressure on pension costs for both the national scheme (USS) and the University's local scheme (UEASSS). Such pressures arise from a number of issues, particularly the continuing turmoil in the financial markets and increasing longevity, which lead to past service deficits and increase future employer contribution rates. Following the 2008 valuation, USS recently implemented an increase in employer contributions, from 14% to 16% effective from October 2009. UEASSS is currently undergoing a valuation and a significant deterioration in the deficit position is anticipated, leading to additional employer contributions in respect of past service and an increase in future contribution rate. The University's five year financial plan includes provision for increased contributions and other contingencies. Pension cost pressures affect the whole sector and a consultation exercise is currently underway in relation to USS, led by the National Employers Pension Forum, in discussion with UCU. The Employers Pension Forum is also reviewing options for small local schemes and the University is actively engaged in both exercises to help deliver sustainable pension provision in the future.

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

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

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

Statement of disclosure of information to auditors
The members of Council confirm, so far as they are each aware, 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 2009:

Edward Acton

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

We have audited the group financial statements of University of East Anglia for the year ended 31 July 2009, the “financial statements”, 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 the Council.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Council of the institution in accordance with the Charters and Statutes of the institution. 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, and United Kingdom Generally Accepted Accounting Practice.

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 institution, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the institution’s statutes and where appropriate with the financial memorandum with the Higher Education Funding Council for England (HEFCE) and with the funding agreement with the Training and Development Agency for Schools. In addition we report to you if, in our opinion, the institution has not kept adequate accounting records, if the financial statements are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it. The other information comprises only the Treasurer's Report, the Corporate Governance Statement and the information on page 1.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and with the HEFCE Accountability and Audit Code of Practice contained in the Financial Memorandum 2008/19. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the institution’s circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the institution at 31 July 2009, and of the group's income and expenditure, recognised gains and losses, and statement of cash flows for the year then ended;
- the information given in the Treasurer's Report, the Corporate Governance Statement and the information on page 1 is consistent with the financial statements;
- 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 institution 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 institution's statutes and where appropriate in accordance with the Financial Memorandum 2008/19 with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Norwich
24 November 2009

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 2009. 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 and joint ventures are included in the balance sheet at cost, subject to reviews for impairment.

8 Deferred capital grants

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

9 Accounting for charitable donations

Unrestricted donations

Charitable donations are recognised in the 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. The difference between purchase price of stocks and its replacement cost is not material.

13 Cash and liquid resources

Cash includes cash in hand and deposits repayable on demand without penalty and overdrafts. No investments, however liquid, are included as cash.

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

14 Leases

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

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

15 Finance costs

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

16 Provisions

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

17 Repairs and maintenance

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

18 Changes to accounting policies and prior year adjustments

a. There has been a prior year adjustment in respect of deferred capital grants held by a joint venture entity, University Campus Suffolk Ltd (“UCS”). In prior years, the University classified deferred capital grants held by UCS within investments in joint ventures: share of gross liabilities. During the year under review clarification has been obtained from the Higher Education Funding Council for England that UCS, a company limited by guarantee, was required to apply the SORP. As a result of this, the University has reclassified deferred capital grants held by UCS from investments in joint ventures: share of gross liabilities, to deferred capital grants. The impact of this adjustment in respect of the comparatives for the year ended 31 July 2008 is an increase of £21.2m in net assets. The impact on the surplus after taxation for the prior year is £nil.

b. There has been a prior year adjustment in respect of endowments due to further information having come to light. This has resulted in transferring £909,000 as at 1 August 2007 (£743,000 as at 31 July 2008) from reserves into endowment funds. The impact on the income and expenditure account for the year ended 31 July 2008 is an increase of £128,000 with a gain of £38,000 being recognised in the statement of consolidated recognised gains and losses. See notes 15 and 22 to the financial statements for further details.

Consolidated income and expenditure account for the year ended 31 July 2009

	Note	2009 £000	2008 £000 (restated)
Income			
Funding body grants	1	**67,991**	64,377
Tuition fees and education contracts	2	**67,439**	57,043
Research grants and contracts	3	**29,406**	27,621
Other income	4	**37,487**	34,895
Endowment and investment income	5	**2,476**	2,254
Total income: group and share of joint ventures' and associates' income		**204,799**	186,190
Less: share of joint ventures' and associates' income		**(19,731)**	(17,915)
Group income		**185,068**	168,275
Expenditure			
Staff costs	6	**98,280**	89,942
Other operating expenses	7	**57,649**	50,687
Depreciation	11	**18,119**	17,500
Interest payable	8	**5,753**	4,807
Total expenditure	9	**179,801**	162,936
Group surplus before exceptional items and tax		**5,267**	5,339
Share of operating profit/(loss) in joint ventures and associates before exceptional items		**(316)**	255
Surplus before taxation and exceptional items		**4,951**	5,594
Share of exceptional items in joint ventures and associates	12	**(775)**	(878)
Surplus before taxation		**4,176**	4,716
Taxation	10	**5**	61
Surplus after taxation		**4,181**	4,777
Deficit for the year transferred to endowment funds	22	**539**	1,218
Surplus for the year retained within general reserves	23	**4,720**	5,995

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 2009

	Note	2009 £000	2008 £000 (restated)
Surplus for the financial year (before endowment transfer)		**4,181**	4,777
(Decrease)/increase in value of current asset investments	23	**-**	(12)
(Decrease)/increase in value of endowment asset investments	22	**(231)**	(341)
New endowments	22	**927**	1,026
Actuarial (loss)/gain in respect of pension schemes	27	**(8,864)**	(3,808)
Group total recognised gains since 2008 financial statements		**(3,987)**	1,642
Share of actuarial loss on respect of pension schemes in joint ventures and associates		**(544)**	-
Total recognised gains since 2008 financial statements		**(4,531)**	1,642
Opening reserves and endowments as previously stated		**58,322**	56,680
Total recognised gains for the year (as above)		**(4,531)**	1,642
Closing reserves and endowments		**53,791**	58,322

Consolidated balance sheet as at 31 July 2009

	Note	2009 £000	2008 £000 (restated)
Fixed assets			
Tangible assets	11	**232,700**	219,291
Investments in joint ventures	12		
Share of gross assets		**37,716**	31,717
Share of gross liabilities		**(17,264)**	(11,538)
		20,452	20,179
Other investments	13	**111**	211
		253,263	239,681
Endowment assets	15	**4,277**	4,120
Current assets			
Stocks: raw materials and consumables		**385**	382
Debtors	16	**20,118**	14,420
Investments	17	**45,028**	38,550
Cash at bank and in hand		**4,462**	4,527
		69,993	57,879
Creditors: Amounts falling due within one year	18	**(39,006)**	(34,560)
Net current assets		**30,987**	23,319
Total assets less current liabilities		**288,527**	267,120
Creditors: Amounts falling due after more than one year	19	**(91,335)**	(78,131)
Provisions for liabilities	20	**(109)**	(437)
Net assets excluding pension liability		**197,083**	188,552
Pension liability	27	**(14,305)**	(5,836)
Net assets including pension liability		**182,778**	182,716
Deferred capital grants	21	**128,987**	124,394
Specific endowments			
Expendable	22	**1,793**	1,556
Permanent	22	**2,484**	2,564
		4,277	4,120
Reserves			
Income and expenditure account excluding pension reserve		**63,819**	60,038
Pension reserve	27	**(14,305)**	(5,836)
Income and expenditure account including pension reserve	23	**49,514**	54,202
Revaluation reserve	23	**-**	-
Total reserves		**49,514**	54,202
Total funds		**182,778**	182,716

The financial statements on pages 12 to 45 were approved by the Council on 23 | 11 | 09 and have been signed on its behalf by:

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

University balance sheet as at 31 July 2009

	Note	2009 £000	2008 £000 (restated)
Fixed assets			
Tangible assets	11	**222,694**	216,900
Investments in subsidiaries and joint ventures	14	**14,987**	14,987
Other investments	13	**36**	36
		237,717	231,923
Endowment assets	15	**4,277**	4,120
Current assets			
Stocks: raw materials and consumables		**385**	382
Debtors	16	**22,370**	16,035
Investments	17	**45,028**	38,550
Cash at bank and in hand		**3,193**	3,604
		70,976	58,571
Creditors: Amounts falling due within one year	18	**(41,247)**	(42,044)
Net current assets		**29,729**	16,527
Total assets less current liabilities		**271,723**	252,570
Creditors: Amounts falling due after more than one year	19	**(91,032)**	(77,708)
Provisions for liabilities	20	**(109)**	(437)
Net assets excluding pension liability		**180,582**	174,425
Pension liability	27	**(14,305)**	(5,836)
Net assets including pension liability		**166,277**	168,589
Deferred capital grants	21	**105,076**	103,003
Specific endowments			
Expendable	22	**1,793**	1,556
Permanent	22	**2,484**	2,564
		4,277	4,120
Reserves			
Income and expenditure account excluding pension reserve		**71,229**	67,302
Pension reserve	27	**(14,305)**	(5,836)
Income and expenditure account including pension reserve	23	**56,924**	61,466
Revaluation reserve	23	**-**	-
Total reserves		**56,924**	61,466
Total funds		**166,277**	168,589

The financial statements on pages 12 to 45 were approved by the Council on 23/11/09 and have been signed on its behalf by:

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

Consolidated cash flow statement for the year ended 31 July 2009

	Note	2009 £000	2009 £000	2008 £000 (restated)	2008 £000 (restated)
Net cash inflow from operating activities before endowment expenditure			**16,059**		19,827
Endowment expenditure			**(702)**		(1,411)
Net cash inflow from operating activities after endowment expenditure	24		**15,357**		18,416
Returns on investments and servicing of finance					
Interest and dividends received		**2,442**		2,136	
Bank interest paid		**(5,272)**		(4,747)	
Interest element of finance leaases		**(37)**		(60)	
			(2,867)		(2,671)
Taxation					
Taxation refunded			**37**		-
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		**(31,479)**		(17,160)	
Payments to acquire fixed asset investments		**-**		(136)	
Net payments to acquire endowment assets		**(7)**		(25)	
Capital grants received (excluding joint ventures)		**11,694**		11,474	
Endowments received		**927**		1,026	
			(18,865)		(4,821)
Cash (outflow)/inflow before use of liquid resources and financing			**(6,338)**		10,924
Management of liquid resources			**(6,664)**		(8,064)
Financing					
Capital element of finance lease payments		**(337)**		(451)	
Loans advanced		**15,001**		-	
Loans repaid		**(1,346)**		(1,256)	
			13,318		(1,707)
Increase in cash for the year	25		**316**		1,153

Reconciliation of net cash flow to movement in net debt

	Note	2009 £000	2008 £000
Increase in cash for the year		**316**	1,153
Loans advanced during the year net of repayments		**(13,655)**	1,256
Capital element of hire purchase payments		**337**	451
Increase in short term deposits		**6,664**	8,064
Change in net funds		**(6,338)**	10,924
Net debt at beginning of year		**(36,510)**	(47,434)
Net debt at end of year	25	**(42,848)**	(36,510)

Notes to the financial statements

		Consolidated 2009 £000	2008 £000
1	**Funding body grants**		
	Basic recurrent grant - Higher Education Funding Council for England ("HEFCE")	**49,069**	46,412
	Basic recurrent grant - Training Development Agency for Schools ("TDA")	**1,978**	1,893
	Special grants (HEFCE)	**4,180**	3,403
	Special grants (TDA)	**132**	84
	Deferred capital grants released in the year (note 21)	**5,504**	5,141
	Included in group income	**60,863**	56,933
	Share of joint ventures' and associate's income	**7,128**	7,444
		67,991	64,377

Deferred capital grants released in the year includes £251,000 relating to joint ventures (2008: £42,000).
HEFCE capital grants received are transferred to the deferred capital grant fund (note 21) and released to income as explained in the statement of accounting policies.

		2009 £000	2008 £000
2	**Tuition fees and education contracts**		
	Full-time students	**24,507**	19,471
	Full-time students charged overseas fees	**14,667**	13,264
	Part-time fees	**1,743**	1,502
	Short course fees	**2,457**	2,492
	Other teaching contracts	**12,308**	10,738
	Research training support grants	**2,303**	1,261
	Included in group income	**57,985**	48,728
	Share of joint ventures' and associate's income	**9,454**	8,315
		67,439	57,043

		2009 £000	2008 £000
3	**Research grants and contracts**		
	Grants from research councils	**17,138**	15,734
	Grants from UK charities	**4,407**	4,386
	Other grants	**7,861**	7,501
		29,406	27,621

Included above are deferred capital grants released in the year of £1,394,000 (2008 £1,690,000).

Notes to the financial statements (continued)

		Consolidated	
		2009	2008
		£000	£000
4	**Other income**		
	Residences, catering and conferences	**15,269**	15,161
	Other services rendered	**3,821**	3,236
	Deferred capital grants released in the year - residences, catering and conferences	**23**	13
	Deferred capital grants released in the year - other	**3,039**	2,235
	Donations received	**83**	93
	Other finance income (note 27)	**-**	346
	Other income	**13,088**	11,815
	Included in group income	**35,323**	32,899
	Share of joint ventures' and associate's income	**2,164**	1,996
		37,487	34,895

Deferred capital grants (other) released in the year includes £700,000 relating to joint ventures (2008: £354,000).

5	**Endowment and investment income**		restated
	Income from expendable endowment assets (note 22)	**67**	89
	Income from permanent endowment assets (note 22)	**96**	104
	Other investment income and interest receivable	**2,279**	1,943
	Share of joint ventures' and associate's income	**34**	118
		2,476	2,254

6	**Staff costs**		
	Wages and salaries	**81,111**	74,080
	Social security costs	**6,326**	5,953
	Other pension costs (note 27)	**10,843**	9,909
		98,280	89,942

Staff costs are analysed by activity in Note 9 below.

Emoluments of the Vice-Chancellor

Salary including benefits in kind	**224**	213
Pension contributions	**30**	28
	254	241

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

Notes to the financial statements (continued)

6 Staff costs (continued)

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

	Number of staff 2009	2008
£100,000 - £109,999	**3**	3
£110,000 - £119,999	**4**	4
£120,000 - £129,999	**2**	-
£130,000 - £139,999	**1**	2
£140,000 - £149,999	**1**	1
£150,000 - £159,999	**1**	2
£160,000 - £169,999	**2**	-
£170,000 - £179,999	**-**	1
£180,000 - £189,999	**1**	-
£190,000 - £199,999	**2**	1
£200,000 - £209,999	**-**	2
£210,000 - £219,999	**1**	-
	18	16

Average number of staff employed by category:

	2009	2008
Academic	**717**	678
Research and analogous	**334**	360
Secretarial and clerical	**574**	549
Technical	**143**	136
Admin, senior library and computing	**404**	385
Others	**475**	478
	2,647	2,586

7 Other operating expenses

	Consolidated 2009 £000	2008 £000 restated
Residences, catering and conferences	**4,770**	4,467
Library books and periodicals	**2,287**	2,075
Heat, light, water and power	**3,614**	2,091
Long-term maintenance	**728**	873
Grant to Union of UEA Students	**431**	389
Auditors' remuneration	**52**	62
Auditors' remuneration in respect of non-audit services : taxation and corporate advisory	**23**	18
Other expenses	**45,744**	40,712
	57,649	50,687

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

Notes to the financial statements (continued)

8 Interest and other finance costs

	Consolidated **2009**	2008
	£000	£000
Bank interest	**5,272**	4,747
Finance lease interest	**37**	60
Interest payable excluding pension scheme	**5,309**	4,807
Net interest charge on pension liability (note 27)	**444**	-
	5,753	4,807

9 Analysis of total expenditure by activity

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

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	Total £000
2008					
Academic departments	49,195	552	15,093	-	64,840
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	9 *	11,764
Other services rendered	679	-	1,270	-	1,949
Premises	5,060	9,756	7,350	4,798 *	26,964
Administration and central services	12,233	81	8,900	-	21,214
Other expenses	45	-	1,668	-	1,713
Total	89,942	17,500	50,687	4,807	162,936

* Restated to ensure comparability with current year classification.

	Consolidated **2009**	2008
	£000	£000
The depreciation charge has been funded by:		
Deferred capital grants released excluding joint ventures (note 21)	**9,009**	9,037
General income	**9,110**	8,463
	18,119	17,500

Notes to the financial statements (continued)

10 Taxation

	Consolidated 2009 £000	2008 £000
(a) Analysis of credit in the year		
Corporation tax at 20% (2008: 20%) on profit of subsidiaries		
Current - current period	**(66)**	40
- adjustments in respect of prior periods	**61**	(101)
	(5)	(61)

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

(b) Factors affecting tax credit in the year

	2009 £000	2008 £000
Surplus before taxation	**4,951**	5,594
UK corporation tax at 20% (2008: 20%)	**990**	1,063
Effects of :		
Adjustments in respect of prior periods	**61**	(101)
Surpluses not subject to corporation tax	**(1,056)**	(1,023)
	(5)	(61)

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 (P&E) £000	Art collections £000	Total £000
Cost						
At 1 August 2008	267,792	4,100	50,007	-	9,859	331,758
Opening balance reclassification	(5,427)	-	5,426	-	1	-
Additions at cost	9,227	18,701	2,881	719	-	31,528
Transfers	2,522	(2,522)	-	-	-	-
Disposals	-	-	(2,994)	-	-	(2,994)
At 31 July 2009	274,114	20,279	55,320	719	9,860	360,292
Depreciation						
At 1 August 2008	73,062	-	39,405	-	-	112,467
Opening balance reclassification	(4,079)	-	4,079	-	-	-
Charge for the year	11,961	-	6,158	-	-	18,119
Eliminated on disposals	-	-	(2,994)	-	-	(2,994)
At 31 July 2009	80,944	-	46,648	-	-	127,592
Net book value						
At 31 July 2009	193,170	20,279	8,672	719	9,860	232,700
At 31 July 2008	194,730	4,100	10,602	-	9,859	219,291

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2009 was £1,961,000 (2008: £2,253,000) and depreciation during the period on these assets was £292,000 (2008: £292,000).

Notes to the financial statements (continued)

11 Tangible fixed assets (continued)

University	Freehold land and buildings	Assets in the course of construction (L&B)	Plant and equipment	Assets in the course of construction (F&E)	Art collections	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2008	265,831	3,849	46,606	-	9,859	326,145
Opening balance reclassificatior	(5,427)	-	5,426	-	1	-
Additions at cost	9,228	10,930	2,880	719	-	23,757
Transfers	2,522	(2,522)	-	-	-	-
Disposals	-	-	(2,990)	-	-	(2,990)
At 31 July 2009	272,154	12,257	51,922	719	9,860	346,912
Depreciation						
At 1 August 2008	71,557	-	37,688	-	-	109,245
Opening balance reclassificatior	(4,079)	-	4,079	-	-	-
Charge for the year	12,033	-	5,930	-	-	17,963
Eliminated on disposals	-	-	(2,990)	-	-	(2,990)
At 31 July 2009	79,511	-	44,707	-	-	124,218
Net book value						
At 31 July 2009	192,643	12,257	7,215	719	9,860	222,694
At 1 August 2008	194,274	3,849	8,918	-	9,859	216,900

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2009 was £538,000 (2008: £616,000) and depreciation during the period on these assets was £78,000 (2008: £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 Carbon Connections UK Limited.

University Campus Suffolk Ltd ("UCS"), a company limited by guarantee, is a joint venture between the University and the University of Essex. A 50% share of the company's gross assets and liabilities is included in the University's consolidated balance sheet and 50% of its income and net result are reported in the University's consolidated income and expenditure account. UCS's principal activity is the provision of education and research services. An amount of £4,000 was due from UCS at the year end (2008: £1,000). For the year ended 31 July 2009 UCS reported an exceptional item of £1,550,000 (2008: £1,757,000) as a result partly of a restucturing exercise and partly the bulk transfer of the employees pension scheme to USS. 50% of this exceptional item is reported in the Consolidated income and expenditure account.

INTO UEA LLP is a joint venture between the University and INTO University Partnerships Limited. The University's 50% interest is held by UEA INTO Holdings Limited, a wholly owned subsidiary of the University. A 50% share of INTO UEA LLP's gross assets and liabilities are included in the University's consolidated balance sheet and 50% of its income and net result are reported in the University's consolidated income and expenditure account. INTO UEA LLP's principal activity is the provision of pre-University education for international students. An amount of £555,000 (2008: £695,000) was due from INTO UEA LLP at the year end, including loans due in more than one year of £950,000 (2008: £600,000).

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 £188,000 was due from Carbon Connections UK Limited at the year end (2008: £183,000).

A 100% share of the company's net assets, which at 31 July 2009 amounted to £nil (2008: £nil), 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 2008 and 31 July 2009	571	336
Provision for diminution in value		
At 1 August 2008	360	300
Provision made in period	100	-
At 31 July 2009	460	300
Net book value		
At 31 July 2009	111	36
At 31 July 2008	211	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 2008 and 31 July 2009	14,987

Notes to the financial statements (continued)

14 Subsidiary undertakings (continued)

The following companies, all registered in England and Wales, were 100% owned subsidiary undertakings at 31 July 2009:

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	Consultancy
Low Carbon Innovation Centre Limited	Consultancy

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, Enventure Associates Limited and UEA INTO Holdings Limited. It holds all 50 pence ordinary shares in East Anglian University Residences Limited. UEA Enterprises Limited holds all of the issued £1 ordinary shares in Credibility Limited.

In March 2009 the University acquired all of the £1 issued share capital in UEA Consulting Limited. In January 2009 UEA Enterprises Limited acquired all the issued £1 share capital in Low Carbon Innovation Centre Limited. All subsidiary undertakings are included in the consolidated financial statements.

15 Endowment assets

	Consolidated & University	
	2009	2008
	£000	£000
		(restated)
At 1 August 2008	**4,120**	4,653
New endowments invested	**28**	25
Disposals	**(21)**	(27)
Decrease in market value of investments	**(231)**	(341)
Increase/(decrease) in cash balances	**381**	(190)
At 31 July 2009	**4,277**	4,120
Represented by:		(restated)
UK equities	**1,006**	1,215
Fixed interest securities	**1,175**	1,093
Other	**274**	371
Cash in hand and short term deposits	**1,822**	1,441
	4,277	4,120

The previous balance for 2008 of £3,377,000 has been restated in accordance with new information that has come to light. The assets associated with £743,000 of restricted expendable endowments have been transferred from current asset investments.

Notes to the financial statements (continued)

16 Debtors

	Consolidated	
	2009	2008
	£000	£000
Debtors	**8,025**	4,528
Prepayments and accrued income	**12,093**	9,892
	20,118	14,420

	University	
	2009	2008
	£000	£000
Debtors	**6,631**	4,454
Prepayments and accrued income	**11,415**	10,438
Amounts due from subsidiary companies	**4,324**	1,143
	22,370	16,035

Included in the above are balances for both the Group and the University due in more than one year of £1,179,000 (2008: £600,000), which relate to a loan from the University to INTO UEA LLP of £950,000 (2008: £600,000) and matched funding due from HEFCE of £229,000 (2008: £nil).

17 Current asset investments

	Consolidated and University	
	2009	2008
	£000	£000
		(restated)
Short term deposits maturing within three months	**33,000**	28,000
Other short term deposits	**11,000**	9,336
Other investments	**1,028**	1,214
	45,028	38,550

Notes to the financial statements (continued)

18 Creditors: amounts falling due within one year

	Consolidated	
	2009	2008
	£000	£000
Bank loans	**1,678**	1,346
Obligations under finance leases	**119**	337
Trade creditors	**7,882**	6,519
Capital creditors	**633**	584
Corporation tax	**72**	40
Other taxation and social security	**2,179**	2,378
Accruals and deferred income	**26,443**	23,356
	39,006	34,560

	University	
	2009	2008
	£000	£000
Bank loans	**1,678**	1,346
Obligations under finance leases	**24**	92
Trade creditors	**6,904**	6,307
Capital creditors	**633**	584
Other taxation and social security	**2,123**	2,037
Amounts due to subsidiary undertakings	**3,462**	8,117
Accruals and deferred income	**26,423**	23,561
	41,247	42,044

For details of security over bank loans see note 19.

19 Creditors: amounts falling due after more than one year

	Consolidated	
	2009	2008
	£000	£000
Bank loans	**90,993**	77,670
Obligations under finance leases	**342**	461
	91,335	78,131

	University	
	2009	2008
	£000	£000
Bank loans	**90,993**	77,670
Obligations under finance leases	**39**	38
	91,032	77,708

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	
	2009	2008
	£000	£000
Due within one year or less	**1,678**	1,346
Due between one and two years	**1,857**	1,439
Due between two and five years	**6,181**	4,807
Due in five years or more	**82,955**	71,424
	92,671	79,016

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 fixed rates.

The net finance lease obligations are as follows :

	Consolidated	
	2009	2008
	£000	£000
Due within one year or less	**119**	337
Due between one and two years	**71**	119
Due between two and five years	**156**	181
Due in five years or more	**115**	161
	461	798

	University	
	2009	2008
	£000	£000
Due within one year or less	**24**	92
Due between one and two years	**13**	24
Due between two and five years	**7**	14
Due in five years or more	**19**	-
	63	130

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 2008	Utilised in year	31 July 2009
	£000	£000	£000
Framework agreement	115	(6)	109
Pension transfers	322	(322)	-
	437	(328)	109

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

The pension transfers provision related to sums due in respect of members transferring to other schemes.

21 Deferred capital grants

	Consolidated		
	Funding Council £000	Other £000	Total £000
At 1 August 2008 (restated)			
Buildings	49,727	56,572	106,299
Equipment and other fixed tangible assets	4,893	13,202	18,095
	54,620	69,774	124,394
Opening balance reclassification			
Buildings	(950)	(91)	(1,041)
Equipment and other fixed tangible assets	950	91	1,041
	-	-	-
Grants receivable in the year			
Buildings	7,494	4,890	12,384
Equipment and other fixed tangible assets	1,737	1,482	3,219
	9,231	6,372	15,603
Released to income and expenditure			
Buildings	(2,941)	(3,346)	(6,287)
Equipment and other fixed tangible assets	(2,563)	(1,110)	(3,673)
	(5,504)	(4,456)	(9,960)
UCS reclassification as provision	(1,050)	-	(1,050)
At 31 July 2009			
Buildings	52,280	58,025	110,305
Equipment and other fixed tangible assets	5,017	13,665	18,682
	57,297	71,690	128,987

*The transfer to provision refers to UCS, a joint venture entity. The University's share of the provision is included in gross liabilities recognised in relation to joint ventures on the balance sheet.

The opening balance has been restated by £21,234,000, being the University's share of deferred capital grants held by UCS at 1 August 2008. Refer to the statement of accounting policies for further details.

The above amounts include the following figure relating to UCS:	£
Grants receivable in the year	3,909,000
Released to income and expenditure	951,000
Carried forward deferred capital grants	23,142,000

Notes to the financial statements (continued)

21 Deferred capital grants (continued)

	University		
	Funding Council £000	Other £000	Total £000
At 1 August 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
Opening balance reclassification			
Buildings	(950)	(91)	(1,041)
Equipment and other fixed tangible assets	950	91	1,041
Grants receivable in the year			
Buildings	7,494	1,641	9,135
Equipment and other fixed tangible assets	1,227	705	1,932
	8,721	2,346	11,067
Released to income and expenditure			
Buildings	(2,875)	(2,822)	(5,697)
Equipment and other fixed tangible assets	(2,378)	(919)	(3,297)
	(5,253)	(3,741)	(8,994)
At 31 July 2009			
Buildings	46,226	44,163	90,389
Equipment and other fixed tangible assets	3,661	11,026	14,687
	49,887	55,189	105,076

22 Specific endowments

	Consolidated and University					
	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	**2009 Total £000**	2008 Total £000
Balance at 1 August 2008 (restated)						(restated)
Capital	12	2,306	2,318	1,240	**3,558**	4,232
Accumulated income	-	246	246	316	**562**	421
	12	2,552	2,564	1,556	**4,120**	4,653
New endowments		120	120	807	**927**	1,026
Investment income	-	96	96	67	**163**	193
Expenditure	-	(128)	(128)	(574)	**(702)**	(1,411)
	-	(32)	(32)	(507)	**(539)**	(1,218)
Decrease in market value of investments	(1)	(167)	(168)	(63)	**(231)**	(341)
Balance at 31 July 2009	11	2,473	2,484	1,793	**4,277**	4,120
Represented by						
Capital	10	2,193	2,203	1,451	**3,654**	3,558
Accumulated income	1	280	281	342	**623**	562
	11	2,473	2,484	1,793	**4,277**	4,120

The balance previously reported at 1 August 2008 of £3,744,000 has been restated to reflect information that came to light after the year end in respect of the nature of certain endowments. This has resulted in transferring £743,000 as at 1 August 2008 (£909,000 as at 1 August 2007) from reserves into endowment funds.

Notes to the financial statements (continued)

23 Reserves

Income and expenditure reserve (including pension reserve)	Consolidated	
	2009	2008
	£000	£000
		(restated)
Balance at the beginning of the year as previously stated	**54,945**	52,886
Prior year adjustment (see note 15)	**(743)**	(871)
Balance at the beginning of the year as restated	**54,202**	52,015
Surplus retained for the year	**4,720**	5,995
Actuarial (loss)/gain on pension scheme	**(8,864)**	(3,808)
Share of actuarial loss on pension schemes of joint ventures and associates	**(544)**	-
Balance at the end of the year	**49,514**	54,202

	University	
	2009	2008
	£000	£000
		(restated)
Balance at the beginning of the year as previously stated	**62,209**	58,840
Prior year adjustment (see note 15)	**(743)**	(871)
Balance at the beginning of the year as restated	**61,466**	57,969
Surplus retained for the year	**4,322**	7,305
Actuarial loss on pension scheme	**(8,864)**	(3,808)
Balance at the end of the year	**56,924**	61,466

Revaluation reserve	Consolidated and University	
	2009	2008
	£000	£000
		(restated)
Balance at the beginning of the year	**-**	12
Decrease in value of current asset investments	**-**	(12)
Balance at end of year	**-**	-

Notes to the financial statements (continued)

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

	2009 £000	2008 £000
Surplus after depreciation of fixed assets at cost and before taxation	**4,176**	4,716
Endowment expenditure	**702**	1,411
Endowment income and interest receivable	**(2,442)**	(2,136)
Deferred capital grant release (excluding joint ventures)	**(9,009)**	(9,037)
Depreciation	**18,119**	17,500
Loss on disposal of fixed assets	**-**	384
Devaluation of investments	**186**	186
Impairment of fixed asset investment	**100**	-
Share of operating loss in joint ventures and associates	**1,091**	623
Interest payable	**5,309**	4,807
Pension costs less contributions payable	**(395)**	(902)
Decrease/(increase) in stocks	**(3)**	25
(Increase)/decrease in debtors	**(5,698)**	179
Increase in creditors	**4,251**	2,420
Decrease in provisions	**(328)**	(349)
Net cash inflow from operating activities	**16,059**	19,827
Endowment expenditure	**(702)**	(1,411)
Net cash inflow from operating activities after endowment expenditure	**15,357**	18,416

25 Analysis of changes in consolidated net debt

	1 August 2008 £000 restated	Cash flows £000	Other £000	31 July 2009 £000
Cash at bank and in hand				
Endowment assets	1,441	381	-	1,822
Other	4,527	(65)	-	4,462
	5,968	316	-	6,284
Debts due within 1 year	(1,683)	1,683	(1,797)	(1,797)
Debts due after 1 year	(78,131)	(15,001)	1,797	(91,335)
	(79,814)	(13,318)	-	(93,132)
Short term deposits	37,336	6,664	-	44,000
	(36,510)	(6,338)	-	(42,848)

Notes to the financial statements (continued)

26 Capital commitments

At 31 July 2009 the group had outstanding commitments for capital expenditure of £6,276,000 (2008: £6,130,000).

27 Pensions

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

Universities Superannuation Scheme

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

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

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

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

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables - no age rating

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

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

27 Pensions (continued)

Universities Superannuation Scheme (continued)

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

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

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

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime has fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level measured on a buy-out basis at that date was approximately 46%.

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

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

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

Notes to the financial statements (continued)

27 Pensions (continued)

Universities Superannuation Scheme (continued)

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias 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

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

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

At 31 March 2009, USS had over 130,000 active members and the University had 1,584 active members participating in the scheme.

The total pension cost for the University was £7,886,000 (2008 £7,016,000).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 2009 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 £3,623,000.

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

			31 July 2009	31 July 2008	31 July 2007
Rate of increase in salaries		:	4.70%	5.05%	4.55%
Rate of increase in pensions in payment		:	3.70%	3.80%	3.30%
Discount rate		:	6.20%	6.50%	5.70%
Inflation assumption		:	3.70%	3.80%	3.30%
Assumed life expectancies on retirement at age 62 are:					
Retiring today	Males		24.4	24.4	24.4
	Females		27.2	27.2	27.2
Retiring in 20 years time	Males		25.4	25.4	25.4
	Females		28.2	28.2	28.2

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

Notes to the financial statements (continued)

27 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

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

	Long term rate of return expected at 31 July 2009	Value at 31 July 2009 £000	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
Equities	7.20%	43,416	7.30%	45,003	7.40%	46,689
Bonds	4.00%	17,581	4.10%	18,964	4.20%	20,231
Fair value of plan assets		60,997		63,967		66,920
The actual return on assets over the period was:		(2,850)		(3,032)		6,010
The amounts recognised on the balance sheet are as follows:						
Present value of scheme liabilities		(75,302)		(69,803)		(69,850)
Fair value of scheme assets		60,997		63,967		66,920
Net pension liability		(14,305)		(5,836)		(2,930)

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

Reconciliation of opening and closing balances of the present value of the scheme liabilities	**2009 £000**	2008 £000
Liabilities at the beginning of the year	**69,803**	69,850
Current service cost	**2,768**	2,562
Interest cost	**4,503**	3,961
Contributions by scheme participants	**284**	885
Actuarial loss/(gain)	**1,955**	(3,531)
Benefits paid	**(4,027)**	(4,060)
Past service cost	**16**	136
Liabilities at the end of the year	**75,302**	69,803

Reconciliation of opening and closing balances of the fair value of scheme assets		
Fair value of scheme assets at the beginning of the year	**63,967**	66,920
Expected return on scheme assets	**4,059**	4,307
Actuarial loss	**(6,909)**	(7,339)
Contribution by employers	**3,623**	3,254
Contribution by plan participants	**284**	885
Benefits paid	**(4,027)**	(4,060)
Fair value of scheme assets at the end of the year	**60,997**	63,967

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)	**2009 £000**	2008 £000
Experience adjustments arising on scheme liabilities	**(307)**	(189)
Changes in assumptions underlying the present value of the liabilites	**(1,648)**	3,720
Experience adjustments arising on scheme assets	**(6,909)**	(7,339)
Actuarial losses	**(8,864)**	(3,808)

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

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Present value of scheme liabilities	75,302	69,803	69,850	68,242	59,967
Fair value of scheme assets	60,997	63,967	66,920	61,124	54,141
Deficit in the scheme	(14,305)	(5,836)	(2,930)	(7,118)	(5,826)
Experience:					
Adjustments arising on scheme liabilities	(307)	(189)	677	(150)	183
Adjustments arising on scheme assets	(6,909)	(7,339)	2,324	4,301	7,116
Actuarial loss shown in STRGL	(8,864)	(3,808)	5,115	373	1,041

The cumulative amount of actuarial gains and losses recognised in the statement of gains and losses in the current and previous four years is (£6,143,000).

	2009 £000	2008 £000
Analysis of the amount charged to staff costs within operating surplus:		
Current service cost	**2,768**	2,562
Past service cost	**16**	136
	2,784	2,698

Analysis of the amount credited to other finance income:		
Expected return on pension scheme assets	**4,059**	4,307
Interest on pensions scheme liabilities	**(4,503)**	(3,961)
	(444)	346

Annual contributions for the year beginning 1 August 2009 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 September 2007.

Notes to the financial statements (continued)

27 Pensions (continued)

Other Pension Schemes

The University contributes to the Federated Superannuation System for Universities, a defined contribution pension scheme. Contributions in the year were £5,000 (2008: £7,000). The University also contributed to the National Health Service Pension Scheme, a defined benefit pension scheme. Contributions in the year were £168,000 (2008: £188,000).

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 2009, the group had annual commitments under non-cancellable operating leases expiring as follows:-

	2009	2008
	Other	Other
	£000	£000
Within 1 year	**28**	28
Within two to five years	**27**	27
	55	55

30 The Sainsbury Laboratory

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

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

31 Sainsbury Institute for the Study of Japanese Art and Culture

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

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

Notes to the financial statements (continued)

32 Other Related Party Transactions

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

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

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

University Campus Suffolk Ltd
During the year the University supplied University Campus Suffolk Ltd (UCS) with goods and services to the value of £417,000 (2008: £668,000). At 31 July the balance outstanding was £4,000 (2008: £3,000). The University also received services from UCS to the value of £103,000 (2008: £46,000). At 31 July the balance outstanding was £nil (2008: £2,000).

INTO UEA LLP
During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £595,000 (2008: £1,995,000). At 31 July the balance outstanding was £555,000 (2008: £695,000). The University also received services from INTO to the value of £97,000 (2008: £43,000). At 31 July the balance outstanding was £nil (2008: £nil).

Carbon Connections UK Limited
During the year the University supplied Carbon Connections UK Limited with goods and services to the value of £4,500 (2008: £165,000). At 31 July the balance outstanding was £188,000 (2008: £183,000).

Espalier East Anglia LP
During the year the University supplied Espalier East Anglia LP, a company owned by Andrew Colin (ultimately the controlling party of the vehicle that controls 50% of INTO UEA LLP), with services to the value of £820,000 (2008: £nil). At 31 July the balance outstanding was £820,000 (2008: £nil).

33 Training and Development Agency for Schools Bursaries

	2009	2008
	£000	£000
Funding at the beginning of the year	**160**	148
Training Bursary funds received during the year	**1,887**	2,252
Training Bursary payments during the year	**(1,947)**	(2,240)
Funding at the end of the year	**100**	160

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

	2009	2008
	£000	£000
Funding at the beginning of the year	**18**	78
Funds received during the year	**221**	227
Payments during the year	**(224)**	(287)
Funding at the end of the year	**15**	18

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)

35 Training and Development Agency for Recruitment and Retention Funding

	2009 £000	2008 £000
Funding at the beginning of the year	**14**	5
Funds received during the year	**5**	22
Payments during the year	**(9)**	(13)
Funding at the end of the year	**10**	14

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

36 Access funds

	2009 £000	2008 £000
Balance at the beginning of the year	**145**	8
Funding Council Access Funds	**247**	604
Interest earned	**11**	22
Disbursements to students	**(403)**	(489)
Balance at the end of the year	**-**	145

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

	2009 £000	2008 £000
Balance at the beginning of the year	**-**	-
Funds received during the year	**19,418**	17,283
Payments during the year	**(19,418)**	(17,283)
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

	2009 £000	2008 £000
Balance at the beginning of the year	**-**	134
Funds received during the year	**630**	1,474
Payments during the year	**(630)**	(1,608)
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.

Notes to the financial statements (continued)

39 Contingent liabilities

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

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

40 Post balance sheet events

On 12 November 2009 the University paid £500,000 to INTO UEA (London Campus) LLP under a loan agreement entered into during the year under review. There is no set date of repayment, with the loan being repayable from future profits of the joint venture.