

**University of East Anglia**  
**Financial Statements**  
**1998 - 1999**



University of East Anglia  
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**Vice-Chancellor**

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**Treasurer**

Stuart Holmes, FCA

**Director of Finance**

Charles W Morland, CPFA

**Deputy Director of Finance**

Roger A Pipes, FCA

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**Auditors**

RSM Robson Rhodes  
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# Treasurer's report

## Outturn on Activities

The University ended the year with an operating surplus of £1.11 million (1997-98, £0.268 million). Some £0.83 million of this surplus arose as a consequence of a change in accounting policy for capitalising small works which were previously expensed. Had we followed the former policy our results would have showed a surplus of £0.28 million. The thin underlying margins are in line with our operating plans which recognised both the restraints on government funding and the need to invest our resources in the University's people. Some £450,000 of expenditure incurred during 1998-99 in preparing bids against the Joint Infrastructure Fund was, as a matter of prudence, charged to revenue during the year. As and when bids prove successful the relevant costs will be reimbursed to the University.

Income year on year increased by £2.34 million (3.2%), while revenue expenditure increased by £1.50 million (2.1 %). The basic recurrent grant from the Funding Council was £0.82 million and from the TTA £0.26 million higher than the previous year, while fee income rose by £0.45 million. Income from external research grants and contracts increased by £1.05 million. Costs remain under tight control with investments restricted to those areas where realistic opportunities exist to grow revenue.

Staff costs were the largest single item of revenue expenditure and these rose by £1.62 million (3.8 %) Of this increase £0.68 million related to the increased volume of research grants and contracts activity and was matched by additional income. The balance of £0.94 million related to the net effects of annual pay awards, which averaged over the year 3.5% and the cost of incremental salary progression offset by staff turnover. Year on year staff numbers remained almost constant in aggregate, although there were some changes in the distribution of numbers between different categories of staff. All other costs were, in overall terms, managed within budget.

## Reserves

Our reserves increased by £1.11 million to £22.58 million. At first sight this may appear healthy. In practice, most of the reserves are either invested in fixed assets used in activities or are earmarked for future use. Our free "rainy day" funds are of the order of £3.0 million. This is a relatively small sum compared to the scale of our activities and the opportunities and risks inherent in these.

## Investment of Resources

The value of fixed tangible assets, namely land, buildings and equipment increased during the year by £5.52 million being the net amount of additions of £10.09 million and a depreciation charge of £4.57 million. A substantial element of the depreciation charge was met from capital grants received in earlier years from external bodies, principally the Funding Council and from Research Councils. We are now required to finance fixed assets from revenue surplus and, as such, continue to look at creative means of generating funds for this purpose.

The principal expenditure on fixed assets related to the construction of the new Sports Park £3.67 million, the Combined Heat and Power Plant £1.89 million, Minor Works £1.35 million and to the acquisition of furniture and equipment of £2.92 million. Furniture and equipment purchased in connection with externally funded research grants and contracts amounted to £0.99 million. Grants received to finance fixed assets amounted to £5.27 million. The Combined Heat and Power plant is a major capital project started during the previous year and brought to completion in 1998/99. The plant has run well since commissioning and is currently delivering the expected saving of circa £0.15 million per annum in energy costs. Substantial progress was also achieved on construction of the new Sports Park which is on target for opening in July 2000. Further expenditure of £3.67 million was incurred on this project during the year in addition to the £1.06 million spent in the previous year.

Net current assets increased by £3.91 million over the year, principally as a result of taking out a long-term loan to fund a substantial part of the costs of a buyback obligation under Business Expansion Scheme transactions entered into in December 1993. The value of this obligation had been included in current liabilities in 1998. These schemes secured advantageous short-term rates of interest for the early years of the Village Residence project and the refinancing is now concluded successfully.

# **Treasurer's report (continued)**

## **Other Investments**

During the year investment continued in the health field. These included assessing the feasibility of a PFI scheme to provide modern teaching facilities for the School of Nursing and substantial work undertaken on the preparation of a bid for a new medical school. The UEA bid is one of two bids being considered by the Department of Health and a final decision is expected in 2000.

During the course of the year the Government in conjunction with the Wellcome Trust made available a major new source of funds termed the Joint Infrastructure Fund. Universities bid competitively against a fund of £700 million for monies to enhance their research infrastructure. As at 31 July 1999, the University has prepared and submitted eight bids totalling in excess of £60 million. Of these, a joint bid between the School of Environmental Sciences and the University of Cambridge was successful. A separate bid by the School of Environmental Sciences was unsuccessful. The remaining bids have already passed a number of key stages in their evaluation and a final decision is expected during 1999.

## **Conclusion**

Thanks to effective management throughout the University, our financial base is stable in a period of severe pressure on traditional sources of revenue. We lack an inherited depth of financial reserves and need to be, and are, quick to seize opportunities for growth and development. I am heartened by the depth of resolve shown in tackling the challenges we face and in creating a viable future for UEA.

Stuart Holmes

3 December 1999

## Statement of Council's responsibilities

In accordance with the Royal Charter, the Council of the University of East Anglia is responsible for the administration and management of the affairs of the University and group and is required to present audited accounts for each financial year.

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

In causing the accounts to be prepared, the Council has to ensure that:

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

The Council has taken reasonable steps to :

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

Signed on behalf of Council

6 December 1999

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

We have audited the financial statements on pages 6 to 24.

## Respective responsibilities of the Council and Auditors

As described on page 4, the Council is responsible for ensuring that financial statements are prepared. It is our responsibility to form an independent opinion, based on our audit, on those financial statements, and to report our opinion to you.

## Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

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

## Opinion

In our opinion:

- i the financial statements give a true and fair view of the state of the affairs of the University and the group as at 31 July 1999 and of the surplus of income over expenditure of the group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Education Institutions;
- ii income from the Higher Education Funding Council for England ("HEFCE") and the Teacher Training Agency ("TTA"), grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 1999 have been applied only for the purposes for which they were received; and
- iii income during the year ended 31 July 1999 has been applied in accordance with the University's Statutes and where appropriate with the Financial Memorandum dated March 1996 with the HEFCE and the funding agreement dated July 1996 with the TTA.

RSM Robson Rhodes

Chartered Accountants

Registered Auditors

Daedalus House, Station Road, Cambridge, CB1 2RE

6 December 1999

# Statement of accounting policies

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

## 1 Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of endowment asset investments, in accordance with the Statement of Recommended Practice: Accounting in Higher Education Institutions ("the SORP") and in accordance with applicable accounting standards.

## 2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the University and all subsidiary undertakings for the year ended 31 July 1999. The University does not exercise a dominant influence on the Union of UEA Students and therefore the accounts of that body are not consolidated.

## 3 Recognition of income

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

## 4 Pension costs

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

## 5 Fixed tangible assets and depreciation

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

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

## 6 Library books and periodicals

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

## 7 Investments

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



# Statement of accounting policies (continued)

## 8 Change in accounting policy

Adaptions and remodelling of buildings are now capitalised to ensure consistency in treatment with FRS12 on provisions.

## 9 Deferred capital grants

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

## 10 Specific endowments

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

## 11 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.

## 12 Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988. The University receives no similar exemption in respect of Value Added Tax.

## 13 Stock valuation

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

## 14 Cash flows and liquid resources

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

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

## 15 Leases

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

## Consolidated income and expenditure account for the year ended 31 July 1999

	<i>Note</i>	1999 £000	1998 restated £000
<b>Income</b>			
Funding council grants	1	27,330	26,982
Academic fees and support grants	2	20,086	19,632
Research grants and contracts	3	13,234	12,180
Other operating income	4	13,042	12,845
Endowment income and interest receivable	5	1,650	1,360
Total income		<u>75,342</u>	<u>72,999</u>
<b>Expenditure</b>			
Staff costs	6	43,950	42,328
Depreciation	11	4,573	4,478
Other operating expenses	7	23,303	23,433
Interest payable	8	2,407	2,497
Total expenditure		<u>74,233</u>	<u>72,736</u>
<b>Surplus/(Deficit) before tax</b>		1,109	263
Taxation	10	(2)	5
<b>Surplus/(Deficit) for the financial year</b>		<u>1,107</u>	<u>268</u>

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

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

The notes on pages 13 to 24 form part of these financial statements.

# Consolidated balance sheet as at 31 July 1999

	Note	1999 £000	1998 restated £000
<b>Fixed assets</b>			
Tangible assets	11	74,806	69,289
Other investments	21	35	35
		<u>74,841</u>	<u>69,324</u>
<b>Endowment asset investments</b>	12	<u>4,084</u>	<u>3,652</u>
<b>Current assets</b>			
Stocks		453	406
Debtors	13	7,206	6,903
Investments	14	12,052	13,953
Cash at bank and in hand		2,609	2,347
		<u>22,320</u>	<u>23,609</u>
<b>Creditors : Amounts falling due within one year</b>	15	<u>(13,619)</u>	<u>(18,821)</u>
<b>Net current assets</b>		8,701	4,788
<b>Total assets less current liabilities</b>		<u>87,626</u>	<u>77,764</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	(28,570)	(23,254)
<b>Provisions for liabilities and charges</b>	17	(1,315)	(1,351)
<b>Total assets less liabilities</b>		<u>57,741</u>	<u>53,159</u>
<b>Deferred capital grants</b>	18	(31,082)	(28,039)
<b>Total net assets</b>		<u>26,659</u>	<u>25,120</u>
<b>Represented by:</b>			
<b>Specific endowments</b>	19	4,084	3,652
<b>Reserves</b>			
Income and expenditure account	20	22,575	21,468
<b>Total funds</b>		<u>26,659</u>	<u>25,120</u>

The financial statements were approved by the Council on 6 December 1999 and have been signed on its behalf by:

Vincent Watts

Vice-Chancellor

Stuart Holmes

Treasurer

Charles W Morland

Director of Finance

The notes on pages 13 to 24 form part of these financial statements.

# University balance sheet as at 31 July 1999

	Note	1999 £000	1998 restated £000
<b>Fixed assets</b>			
Tangible assets	11	66,649	68,232
Investments in subsidiaries	27	6,071	659
Other investments	21	35	35
		<u>72,755</u>	<u>68,926</u>
<b>Endowment asset investments</b>	12	<u>4,084</u>	<u>3,652</u>
<b>Current assets</b>			
Stocks		453	406
Debtors	13	7,868	7,374
Investments	14	12,052	13,953
Cash at bank and in hand		1,675	1,038
		<u>22,048</u>	<u>22,771</u>
<b>Creditors : Amounts falling due within one year</b>	15	<u>(12,948)</u>	<u>(18,083)</u>
<b>Net current assets</b>		9,100	4,688
<b>Total assets less current liabilities</b>		<u>85,939</u>	<u>77,266</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	(27,053)	(22,940)
<b>Provisions for liabilities and charges</b>	17	(1,315)	(1,351)
<b>Total assets less liabilities</b>		<u>57,571</u>	<u>52,975</u>
<b>Deferred capital grants</b>	18	(31,082)	(28,039)
<b>Total net assets</b>		<u>26,489</u>	<u>24,936</u>
<b>Represented by:</b>			
<b>Specific endowments</b>	19	4,084	3,652
<b>Reserves</b>			
Income and expenditure account	20	22,405	21,284
<b>Total funds</b>		<u>26,489</u>	<u>24,936</u>

The financial statements were approved by the Council on 6 December 1999 and have been signed on its behalf by:

Vincent Watts

Vice-Chancellor

Stuart Holmes

Treasurer

Charles W Morland

Director of Finance

The notes on pages 13 to 24 form part of these financial statements.

# Consolidated cash flow statement for the year ended 31 July 1999

	Note	1999 £000	1998 £000
<b>Net cash inflow from operating activities:</b>	22	5,826	4,429
<b>Returns on investments and servicing of finance</b>			
Interest and dividends received		1,173	1,207
Interest paid		(2,360)	(2,129)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(1,187)	(922)
<b>Taxation</b>		(2)	5
<b>Capital expenditure and financial investment</b>			
Payments to acquire fixed tangible assets		(7,813)	(4,684)
Payments to acquire endowment assets		(59)	(40)
Proceeds from sale of endowment assets		-	-
Capital grants received		5,265	1,280
Endowments received		845	499
<b>Net cash outflow from capital expenditure and financial investment</b>		(1,762)	(2,945)
<b>Cash inflow before use of liquid resources and financing</b>		2,875	567
<b>Management of liquid resources</b>			
(Increase)/decrease in short term deposits maturing within three months	23	(1,016)	2,917
Increase in short term deposits held as endowment funds	23	(309)	(306)
Decrease/(increase) in other short term deposits	23	2,917	(2,836)
		1,592	(225)
<b>Financing</b>			
Capital element of finance lease rental payments	24	(195)	(46)
Loans acquired	25	5,300	-
Loans repaid	25	(8,229)	(452)
		(3,124)	(498)
<b>Increase/(decrease) in cash</b>	23	1,343	(156)

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

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

Increase/(decrease) in cash in the period	1,343	(156)
Cash outflow from decrease in debt	3,124	498
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(1,592)	225
Change in net funds	2,875	567
Interest accrued	(47)	(368)
Finance lease obligations entered into	(1,493)	(382)
Net debt at beginning of year	(15,225)	(15,042)
Net debt at end of year	(13,890)	(15,225)

The notes on pages 13 to 24 form part of these financial statements.

# **Statement of consolidated total recognised gains and losses for the year ended 31 July 1999**

	1999 £000	1998 restated £000
<b>Surplus/(Deficit) for the year</b>	1,107	268
<b>Appreciation of endowment asset investments</b>	64	228
<b>Endowments and endowment income retained for the year</b>	368	346
<b>Total recognised gains/(losses) relating to the year</b>	<u>1,539</u>	<u>842</u>
<b>Prior year adjustments:</b>		
University funds previously stated as provisions.	-	1,593
Minor Works previously treated as other operating expenses	1,799	1,600
Stocks previously treated as other operating expenses	200	219
	<u>3,538</u>	<u>4,254</u>
<b>Funds at the beginning of the year as shown in the last annual report</b>	23,121	20,866
<b>Net gains as above</b>	3,538	4,254
<b>Funds carried forward at the end of the year</b>	<u>26,659</u>	<u>25,120</u>

The notes on pages 13 to 24 form part of these financial statements.

# Notes to the financial statements

		Consolidated	
		1999	1998
		£000	£000
<b>1 Funding council grants</b>			
Basic recurrent grant (HEFCE)		24,563	23,739
Basic recurrent grant (TTA)		1,336	1,075
Special grants (HEFCE)		162	477
Special grants (TTA)		106	103
Deferred capital grants released in the year (note 18)		1,163	1,588
		<u>27,330</u>	<u>26,982</u>
<b>2 Academic fees and support grants</b>			
Full-time students		7,127	7,252
Full-time students charged overseas fees		4,603	4,768
Part-time fees		1,311	1,074
Short course fees		1,453	1,249
Other Teaching Contracts		5,442	5,131
Research Training Support Grants		150	158
		<u>20,086</u>	<u>19,632</u>
<b>3 Research grants and contracts</b>			
Grants from research councils		4,610	4,402
Grants from UK charities		2,740	2,050
Other grants		5,884	5,728
		<u>13,234</u>	<u>12,180</u>
This income includes deferred capital grants released in the year.			
<b>4 Other operating income</b>			
Residences, catering and conferences		7,772	7,257
Other services rendered		1,907	1,763
Deferred capital grants released in the year		336	336
Exceptional VAT refund		-	482
Donations received		46	255
Other income		2,981	2,752
		<u>13,042</u>	<u>12,845</u>
<b>5 Endowment income and interest receivable</b>			
Transferred from specific endowments (note 19)		714	388
Income from current asset investments and cash balances		936	972
		<u>1,650</u>	<u>1,360</u>
<b>6 Staff costs</b>			
Wages and salaries		37,517	36,127
Social security costs		2,756	2,681
Other pension costs		3,677	3,520
		<u>43,950</u>	<u>42,328</u>
Emoluments of the Vice-Chancellors (a new Vice-Chancellor was appointed with effect from October 1997)			
August 1998 to July 1999		120	-
August 1997 to September 1997		-	17
October 1997 to July 1998		-	88
		<u>120</u>	<u>105</u>

The emoluments of the Vice-Chancellors exclude the University's related pension contributions. No pension contributions were paid during 1998 or 1999.

# Notes to the financial statements (continued)

## 6 Staff costs (continued)

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

	Number of staff	
	1999	1998
£50,000 - £59,999	15	11
£60,000 - £69,999	5	-

Average number of staff employed by category:

Academic/Clinical	482	482
Administrative	253	231
Technical	139	141
Other	1,177	1,196
	<u>2,051</u>	<u>2,050</u>

## 7 Other operating expenses

	Consolidated	
	1999 £000	1998 restated £000
Residences, catering and conferences	2,620	3,356
Fellowships, scholarships and prizes	274	271
Library books and periodicals	978	757
Heat, light, water and power	1,135	965
Long-term maintenance	533	416
Grant to Union of UEA Students	316	301
Auditors' remuneration	30	35
Auditors' remuneration in respect of non-audit services	64	45
Other expenses	17,353	17,287
	<u>23,303</u>	<u>23,433</u>

## 8 Interest payable

Bank and other loans wholly repayable within five years  
Loans not wholly repayable within five years

	6	368
	2,401	2,129
	<u>2,407</u>	<u>2,497</u>

## 9 Analysis of consolidated expenditure by activity

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



# Notes to the financial statements (continued)

## 9 Analysis of consolidated expenditure by activity continued (1998)

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	Total £000
Academic departments	23,818	1,135	5,926	-	30,879
Academic services	2,546	634	1,655	-	4,835
Research grants and contracts	6,054	667	3,575	-	10,296
Residences, catering and conferences	2,166	789	3,356	2,366	8,677
Other services rendered	683	1	669	-	1,353
Premises	2,589	1,168	3,046	131	6,934
Administration and central services	4,472	84	3,752	-	8,308
Other expenses	-	-	1,454	-	1,454
<b>Total</b>	<b>42,328</b>	<b>4,478</b>	<b>23,433</b>	<b>2,497</b>	<b>72,736</b>

	Consolidated	
	1999 £000	1998 £000
The depreciation charge has been funded by:		
Deferred capital grants released (Note 18)	2,222	2,592
General income	2,351	1,931
	<b>4,573</b>	<b>4,523</b>

## 10 Taxation

	Consolidated	
	1999 £000	1998 £000
UK Corporation Tax credit/(charge) on the profits of subsidiary companies	(2)	5

## 11 Fixed tangible assets

	Consolidated				
	Freehold land and buildings £000	Assets in the course of construction £000	Furniture and equipment £000	Art collections £000	Total £000
<b>Cost or valuation</b>					
At the beginning of the year	74,997	1,303	23,028	5,571	104,899
Additions at cost	-	4,726	4,811	553	10,090
Disposals	-	-	(1,401)	-	(1,401)
At the end of the year	<b>74,997</b>	<b>6,029</b>	<b>26,438</b>	<b>6,124</b>	<b>113,588</b>
<b>Depreciation</b>					
At the beginning of the year	17,185	-	18,425	-	35,610
Charge for the year	1,634	-	2,939	-	4,573
Eliminated on disposals	-	-	(1,401)	-	(1,401)
At the end of the year	<b>18,819</b>	<b>-</b>	<b>19,963</b>	<b>-</b>	<b>38,782</b>
<b>Net book value</b>					
At the end of the year	<b>56,178</b>	<b>6,029</b>	<b>6,475</b>	<b>6,124</b>	<b>74,806</b>
At the beginning of the year	<b>57,812</b>	<b>1,303</b>	<b>4,603</b>	<b>5,571</b>	<b>69,289</b>

Included in furniture and equipment are leased assets. The net book value of these assets at 31 July 1999 was £1,800,000 (1998 £382,000) and depreciation during the period on these assets was £76,000 (1998 £nil).

# Notes to the financial statements (continued)

## 11 Fixed tangible assets (continued)

	University				
	Freehold land and buildings £000	Assets in the course of construction £000	Furniture and equipment £000	Art collections £000	Total £000
<b>Cost or valuation</b>					
At the beginning of the year	74,129	1,303	22,533	5,571	103,536
Additions at cost	-	4,726	2,922	553	8,201
Disposals	-	-	(1,401)	-	(1,401)
Reclassification on purchase of BESCO	(5,902)	-	-	-	(5,902)
At the end of the year	<u>68,227</u>	<u>6,029</u>	<u>24,054</u>	<u>6,124</u>	<u>104,434</u>
<b>Depreciation</b>					
At the beginning of the year	16,974	-	18,330	-	35,304
Charge for the year	1,499	-	2,855	-	4,354
Eliminated on disposals	-	-	(1,401)	-	(1,401)
Reclassification on purchase of BESCO	(472)	-	-	-	(472)
At the end of the year	<u>18,001</u>	<u>-</u>	<u>19,784</u>	<u>-</u>	<u>37,785</u>
<b>Net book value</b>					
At the end of the year	<u>50,226</u>	<u>6,029</u>	<u>4,270</u>	<u>6,124</u>	<u>66,649</u>
At the beginning of the year	<u>57,155</u>	<u>1,303</u>	<u>4,203</u>	<u>5,571</u>	<u>68,232</u>

The acquisition and construction of buildings with cost totalling £22,579,000 and net book value (after depreciation) £13,563,000 was funded, in whole or in part, by grants totalling £14,873,000 from the Higher Education Funding Council for England ("HEFCE") and its predecessor councils. Under the terms of the Financial Memorandum between the HEFCE and the University, should any of these buildings be sold the University may have to pay to the HEFCE a proportion of the proceeds equal to the proportion of the cost which was grant-funded.

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

The major element (£4,734,000) of 'assets in the course of construction' relates to a building funded in part by grants of £3,419,000 from the Sports Lottery Fund. As a condition of grant the operation of the building will be regulated by a Community Use Agreement for a period of years expiring in August 2018.

## 12 Endowment asset investments

	Consolidated & University	
	1999	1998
	£000	£000
Balance at beginning of year	3,652	3,078
Movement in funds held within UEA short term deposits	309	306
Additions	59	40
Appreciation, depreciation on disposal or revaluation	64	228
	<u>4,084</u>	<u>3,652</u>
Consisting of:		
UK equities	1,662	1,360
Fixed interest securities	1,194	850
Overseas funds	134	-
Other	262	62
Cash in hand and short term deposits	832	1,380
	<u>4,084</u>	<u>3,652</u>

# Notes to the financial statements (continued)

## 13 Debtors

	Consolidated	
	1999	1998
	£000	£000
Debtors, advances and prepayments	7,206	6,903
	<u>7,206</u>	<u>6,903</u>

Included in the above are balances due in more than one year of £nil (1998 £280,000)

	University	
	1999	1998
	£000	£000
Debtors, advances and prepayments	6,617	6,200
Amounts due from subsidiary undertakings	1,251	1,174
	<u>7,868</u>	<u>7,374</u>

Included in the above are balances due in more than one year of £nil (1998 £280,000)

## 14 Current asset investments

	Consolidated & University	
	1999	1998
	£000	£000
Short term deposits maturing within three months	9,818	8,802
Other short term deposits	2,000	4,917
Other investments	234	234
	<u>12,052</u>	<u>13,953</u>

## 15 Creditors: amounts falling due within one year

	Consolidated	
	1999	1998
	£000	£000
Revenue creditors, accruals and receipts in advance	10,575	8,587
Capital creditors	784	-
Tax and social security	953	946
Current portion of long term secured loans	1,010	632
Business Expansion Scheme (see note 11)	-	7,372
Obligations under finance leases	117	23
Bank overdraft	180	1,261
	<u>13,619</u>	<u>18,821</u>

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

	University	
	1999	1998
	£000	£000
Revenue creditors, accruals and receipts in advance	9,883	7,791
Capital creditors	784	-
Tax and social security	953	946
Amounts due to subsidiary undertakings	138	81
Current portion of long term secured loans	1,010	632
Business Expansion Scheme (see note 11)	-	7,372
Bank overdraft	180	1,261
	<u>12,948</u>	<u>18,083</u>

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

## Notes to the financial statements (continued)

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

	Consolidated	
	1999 £000	1998 £000
Secured bank loans	27,016	22,887
Other secured loan	37	54
Obligations under finance leases	1,517	313
	<u>28,570</u>	<u>23,254</u>

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

	Consolidated	
	1999 £000	1998 £000
Due 1 - 2 years	1,386	827
Due 2 - 5 years	5,079	3,888
Due after more than 5 years	22,105	18,539
	<u>28,570</u>	<u>23,254</u>

	University	
	1999 £000	1998 £000
Secured bank loans	27,016	22,886
Other secured loan	37	54
	<u>27,053</u>	<u>22,940</u>

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

	University	
	1999 £000	1998 £000
Due 1 - 2 years	1,261	802
Due 2 - 5 years	4,656	3,804
Due after more than 5 years	21,136	18,334
	<u>27,053</u>	<u>22,940</u>

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

### 17 Provisions for liabilities and charges

	Consolidated			
	31.7.98 £000	Provided £000	Utilised £000	31.7.99 £000
Residences - village	500	-	(500)	-
Premises - Fifers Lane	600	-	(92)	508
Pensions - SSAP24	251	426	-	677
Physics closure	-	130	-	130
	<u>1,351</u>	<u>556</u>	<u>(592)</u>	<u>1,315</u>

	University			
	31.7.98 £000	Provided £000	Utilised £000	31.7.99 £000
Residences - village	500	-	(500)	-
Premises - Fifers Lane	600	-	(92)	508
Pensions - SSAP24	251	426	-	677
Physics closure	-	130	-	130
	<u>1,351</u>	<u>556</u>	<u>(592)</u>	<u>1,315</u>

# Notes to the financial statements (continued)

## 18 Deferred capital grants

	Consolidated and University		
	Funding Council £000	Other £000	Total £000
At the beginning of the year			
Buildings	8,093	12,264	20,357
Equipment and other fixed tangible assets	1,262	6,420	7,682
	9,355	18,684	28,039
Grants receivable in the year			
Buildings	-	3,419	3,419
Equipment and other fixed tangible assets	300	1,546	1,846
	300	4,965	5,265
Released to income and expenditure			
Buildings	(297)	(336)	(633)
Equipment and other fixed tangible assets	(865)	(724)	(1,589)
	(1,162)	(1,060)	(2,222)
At the end of the year			
Buildings	7,796	15,347	23,143
Equipment and other fixed tangible assets	697	7,242	7,939
	8,493	22,589	31,082

## 19 Specific endowments

	Consolidated & University	
	1999 £000	1998 £000
At the beginning of the year	3,652	3,078
Additions	845	499
Appreciation of endowment asset investments	64	228
Income from endowment asset investments	114	131
Income from current asset investments credited to specific endowments	123	104
Transferred to income and expenditure account (note 5)	(714)	(388)
At the end of the year	4,084	3,652
Representing:		
Trust Funds	1,513	1,173
Zuckerman bequest	1,094	1,037
Sainsbury Endowment Fund	621	630
Sainsbury Unit Fund	402	410
D T K Wong Fellowship	325	282
Arthur Miller Centre	93	87
Development Fund	36	33
	4,084	3,652

# Notes to the financial statements (continued)

## 20 Income and expenditure account

	Consolidated	
	1999 £000	1998 restated £000
Balance at the beginning of the year:		
As previously reported	19,469	17,788
Prior year adjustments	1,999	3,412
As restated	21,468	21,200
Surplus after tax	1,107	268
Balance at the end of the year	22,575	21,468

	University	
	1999 £000	1998 restated £000
Balance at the beginning of the year:		
As previously reported	19,285	17,696
Prior year adjustments	1,999	3,380
As restated	21,284	21,076
Surplus after tax	1,121	208
Balance at the end of the year	22,405	21,284

### Analysis of Surplus/(Deficit)

	1999 £000	1998 restated £000
Surplus for University	1,121	208
(Deficit)/surplus retained by subsidiary undertakings arising from consolidation	(14)	60
	1,107	268

Depreciation to be charged to the income and expenditure account in future years, less elements to be funded by the release of deferred capital grant, amounts to £43,660,000 (1998: £41,186,000)

### Prior year adjustments

	Consolidated	
	1999 £000	1998 restated £000
University funds previously stated as provisions	-	1,593
Minor Works previously treated as other operating expenses	199	1,600
Stocks previously treated as other operating expenses	(19)	219
	180	3,412

	University	
	1999 £000	1998 restated £000
University funds previously stated as provisions	-	1,561
Minor Works previously treated as other operating expenses	199	1,600
Stocks previously treated as other operating expenses	(19)	219
	180	3,380

Prior year adjustments are due to a change in accounting policy in respect of provisions to reflect FRS12, a change in accounting policy in respect of adaptations and remodelling of buildings and the revised treatment of Science School Stores.

## 21 Other investments

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

## Notes to the financial statements (continued)

	1999 £000	1998 £000
<b>22 Reconciliation of consolidated surplus to net cash inflow from operating activities</b>		
Surplus before taxation	1,109	263
Endowment income and interest receivable	(1,650)	(1,360)
Deferred capital grant release	(2,222)	(2,592)
Depreciation	4,573	4,478
Interest payable	2,407	2,497
(Increase)/decrease in stocks	(47)	50
Increase in debtors	(303)	(919)
Increase in creditors	1,995	661
(Decrease)/increase in provisions	(36)	1,351
Net cash inflow from operating activities	<u>5,826</u>	<u>4,429</u>

	31 Jul 98 £000	Cash flows £000	Other non-cash £000	31 Jul 99 £000
<b>23 Analysis of changes in consolidated net debt</b>				
Cash at bank and in hand	2,347	262	-	2,609
Overdrafts	(1,261)	1,081	-	(180)
		<u>1,343</u>		
Debt due within 1 year	(8,027)	3,124	3,776	(1,127)
Debt due after 1 year	(23,254)	-	(5,316)	(28,570)
		<u>3,124</u>		
Short term deposits	8,802	1,016		9,818
Short term deposits held as endowment assets	1,251	309		1,560
Other short term deposits	4,917	(2,917)		2,000
		<u>(1,592)</u>		
	<u>(15,225)</u>	<u>2,875</u>	<u>(1,540)</u>	<u>(13,890)</u>

	Consolidated 1999 £000	1998 £000
<b>24 Obligations under finance leases</b>		
Balance at the beginning of the year:	336	-
Obligations entered into during the year	1,493	382
Capital repayments	(195)	(46)
Balance at the end of the year	<u>1,634</u>	<u>336</u>
	Consolidated 1999 £000	1998 £000
Capital obligations payable:		
Due within 1 year	117	23
Due between 1 and 5 years	125	108
Due after more than 5 years	1,392	205
	<u>1,634</u>	<u>336</u>

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

## Notes to the financial statements (continued)

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

	Consolidated	
	1999	1998
	£000	£000
Loans:		
Balance at the beginning of the year	31,281	31,029
Cash inflows from financing	1,493	382
Interest accrued	47	368
Capital acquired in the year - loans	5,300	-
Capital repayments in the year - loans	(8,229)	(452)
Capital repayments in the year - finance leases	(195)	(46)
Balance at the end of the year	<u>29,697</u>	<u>31,281</u>

### 26 Capital commitments

At 31 July 1999 there were outstanding commitments for capital expenditure of £9,999,000 (1998 £1,401,000)

### 27 Subsidiary undertakings

The following companies, all registered in England and Wales, were subsidiary undertakings at 31 July 1999:

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

UEA Overseas Development Group Limited and Overseas Development Group (UEA) are companies limited by guarantee over which the University exercises a dominant influence.

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

The cost of investment of £6,071,000 (1998 £659,000) is in respect of East Anglian University Residences Limited, UEA Accommodation 1 Ltd and UEA Accommodation 2 Ltd.



# Notes to the financial statements (continued)

## 28 Pensions

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

### *Universities Superannuation Scheme*

The total pension cost for the University was £3,240,000 (1998 £3,085,000). The pension cost is assessed using the projected unit method.

The latest published actuarial valuation of the scheme was at 31 March 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salary and pensions. It was assumed that the investment return would be 8.5% per annum, that salary scale increases would be 6.5% per annum and that pensions would increase by 5.0% per annum.

At the date of the last actuarial valuation, the market value of the assets of the scheme was £12,087 million and the actuarial value of the assets was sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The contribution rate payable by the University was 14% of pensionable salaries. The actuary to the Universities Superannuation Scheme has confirmed that it is appropriate to take the pension costs in the institution's accounts to be equal to the actual contributions paid in the year. In particular, the contribution rate recommended following the 1996 valuation has regard to the scheme's surplus, the benefit improvements introduced subsequent to the valuation and the need to spread surpluses in a prudent manner over the future working lifetime of current scheme members.

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

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

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

In accordance with SSAP 24 the surplus of £6.99m has been spread over the estimated working lives of current members of the Scheme, which produces a pension cost for 1999 of £426,000 (1998 £422,000).

## 29 Queen's Building

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

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

## Notes to the financial statements (continued)

### 30 Access funds

	1999 £000	1998 £000
Balance at beginning of year	-	-
Funding Council Access Funds	366	185
Interest earned	9	4
Disbursements to students	(322)	(189)
Balance at end of year	<u>53</u>	<u>-</u>

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

### 31 Sainsbury Laboratory

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

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

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

The Sainsbury Institute for the Study of Japanese Arts and Culture (SISJAC) is an independent Institute affiliated to the University, founded in 1998 and currently located in Norwich in accommodation leased by the University from the Dean and Chapter of Norwich Cathedral. In due course the Institute will move to refurbished accommodation leased from the Dean and Chapter.

Staff of the Institute are employees of the University and their salary costs are fully reimbursed from external sources. Other running costs of the Institute are paid in the first instance by the University and these also are fully reimbursed from external sources.

### 33 Joint Infrastructure Bids

During 1998-1999 the University incurred costs of £449,000 in preparing and submitting bids against the Joint Infrastructure Fund for monies totalling in excess of £60 million to finance significant improvements to the research infrastructure in the Schools of Biological, Chemical and Environmental Sciences.

An element of these costs, amounting to £449,000, is included in the total of the bids and, if these are successful, will be reimbursed in full.

As a matter of prudence and in the absence of a final decision on any of these bids the amount concerned has been charged to the Income and Expenditure Account in 1998/99. If a successful outcome to the bids is announced in the subsequent year, the reimbursement of these costs will be credited to the Income and Expenditure Account in the year in which the announcement is made.