University of East Anglia

Financial Statements

2011 - 2012

University of East Anglia

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Contents

	Page
Charity Trustees and Members of Council	2
Treasurer's report	4
Corporate governance statement	9
Public benefit statement	13
Independent auditors' report	15
Statement of accounting policies	17
Consolidated income and expenditure account	21
Statement of consolidated total recognised gains and losses	22
Consolidated balance sheet	23
University balance sheet	24
Consolidated cash flow statement	25
Notes to the financial statements	26

Charity Trustees and Members of Council

	Appointments/resignations	Term of Office ends
Ex-officio Members		
Richard Jewson (Chair)		31 July 2016
Edward Acton (Vice-Chancellor)		31 July 2014
Jonathan Sisson (Treasurer)		31 July 2016
David Richardson (Pro-Vice-Chancellor)	Appointed 1 August 2011	31 July 2014
Tom Ward (Pro-Vice-Chancellor)	Resigned 31 July 2012	-
Nigel Norris (Acting Pro-Vice-Chancellor)	Appointed 1 August 2012	-
Appointed by Senate		
Mark Blyth	Appointed 1 August 2012	31 July 2015
Nigel Norris	Seconded as ex-officio member until PVC appointment made	31 July 2013
Catherine Waddams	Resigned 31 July 2012	-
Elected by the support staff		
Stewart Thompson	Resigned 31 July 2012	-
Eve Slaymaker	Appointed 1 August 2012	31 July 2015
Independent Members		
Richard Dales		31 July 2013
David Edwards		31 July 2014
Graham Jones		31 July 2014
Vicki Keller Dorsey		31 July 2016
Laura McGillivray		31 July 2015
Kathryn Skoyles		31 July 2014
David White		31 July 2016
Student Members		
Joe Levell	Appointed 1 August 2012	31 July 2013
Rob Bloomer	Resigned 31 July 2012	-
Matthew Myles		31 July 2013

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

Vice-Chancellor
Professor Edward Acton, BA, PhD (York)

Treasurer
Jonathan Sisson, FCA

Director of Finance
Stephen Donaldson, BSc, ACA

Bankers

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

NatWest Bank plc
Norfolk House
Exchange Street
Norwich
NR2 1DD

Investment Managers

Barclays Wealth
1 Colmore Square
Birmingham
B4 6ES

Schroder Investment Management Limited
31 Gresham Street
London
EC2V 7QA

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

Treasurer's report

Introduction

The trustees present their report and the audited consolidated financial statements of the University and its subsidiaries for the year ended 31 July 2012.

During 2012, the University prepared a new Corporate Plan for 2012-16 ('the Plan'). This period coincides with a time of economic uncertainty and profound changes in the way that English Higher Education is funded and the Plan is designed to guide the University through these turbulent times, securing the necessary funding and attracting the necessary talent, to consolidate its position in the sector. The Plan is based on four guiding precepts:

- To foster interdisciplinary research from which we promote and disseminate the most advanced human understanding, capability and creativity.
- To promote the principles of fairness and equality and to nurture a collegial, socially inclusive environment for both students and staff (in profile, selection and career paths) to help fulfil their potential.
- To provide a constantly developing campus of outstanding, sustainable quality.
- To serve as a powerful cultural and economic stimulant in the region and beyond, through intelligent enterprise and vigorous public engagement.

The Plan then sets out more detailed objectives and priorities under nine broad headings:-

Core Agenda
- The Student Educational Experience
- Research with Impact
- Employability and Graduate Career Development

Supporting Agenda
- Enterprise and Entrepreneurship
- Engagement, Communication and Advancement
- Internationalisation

Resources
- Staff Career Development, Academic Time and Administrative Support
- Finance
- The Estate

Annual operational plans and targets translate these broad objectives into measurable activities, allowing Council to monitor progress against the Plan in a more meaningful way through relevant performance indicators. The University has developed a range of key performance indicators (KPIs) covering both financial and operational activities to support the delivery of the Plan. The annual report to Court incorporates a summary of overall performance against these broader measures and the Vice-Chancellor provides regular updates on progress in his reports to Council. In this report, assessment of performance is based primarily on the key financial highlights considered below.

During the year, the University has continued to make progress in implementing the key priorities included in the 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. As noted in last year's report, the restructure of administrative support functions became operational from the start of 2012, delivering approximately £1m p.a. of cost savings. Investments in academic staff and facilities continue to be priorities for the University in the coming year, and the introduction of the new fee regime for undergraduates from September 2012 provides a sharp focus on further improving the student experience.

Key Financial Highlights

2012 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:-

	2012 £m	2011 £m	Increase/ (decrease) on 2011
Group income (excluding joint ventures)	204.5	204.4	0.1%
Expenditure	205.1	203.1	1%
Surplus for the year transferred to reserves	1.5	2.6	(42%)
Surplus excluding joint ventures as % of group income	0.4%	1.1%	
Capital expenditure	11.2	14.4	(22%)
Capital grants received (excluding joint ventures and the Low Carbon Fund)	4.3	2.6	65%
Operating cash flow before endowment expenditure	14.3	16.5	(13%)
Net debt (excluding the Low Carbon Venture Capital Fund)	32.3	36.5	(12%)
Net assets (excluding joint ventures)	177.4	176.3	1%

Treasurer's report (continued)

Income & Expenditure

The surplus for the year of £1.5m (2011: £2.6m) is reported after taking into account the University's share of surpluses in joint ventures amounting to £0.6m (2011: £0.3m). Future prospects for the joint ventures are considered later in this report. Excluding joint ventures shows the surplus on the University's core activities for the year to be £0.9m, compared to £2.3m for 2011.

Group income, excluding joint ventures, increased by just £0.1m (0.1%) over the year, with the falls in funding council grants offset by increases in other areas.

As expected, the basic teaching grant from the Higher Education Funding Council for England ("HEFCE") fell in 2012, one year in advance of the introduction of the new fees regime for Home and EU students. Together with a reduction in other specific grants from HEFCE, including the release of capital grants, this resulted in a fall in funding body grants of £5.9m in the year, reducing from £61.9m to £56.0m.

Within tuition fees and contracts income, Home and EU full-time student fees increased by £1.7m (5.9% up on last year) and Overseas student fees increased by £3.2m (up by 14% on last year). The increase in Overseas student fee income includes the annual uplift in fee rates together with increased numbers of students. Growth in overseas student numbers arises for two reasons; firstly, from the transfer of greater numbers of students completing their studies at the INTO joint ventures and, secondly, through increased direct recruitment of students overseas. Direct recruitment also benefits from the joint marketing efforts with INTO.

Income from research grants and contracts increased only marginally in the year, from £29.7m to £29.9m, with falls in UK research council grants of £2.2m offset by increases in grants from other sources, including EU grants. Other income at £38.9m represented an increase of £1.7m (4.7%) on last year, primarily as a result of recharges for services supplied to the joint ventures. Despite continuing low interest rates during the year, endowment and investment income increased by £0.2m (14.5%), including interest on the Low Carbon Investment Fund, used to cover running costs of the fund.

Total expenditure increased by £2.0m (1%) in the year. Staff costs increased by £3.7m (3.3%), reflecting the impact of pay awards, comprising the annual uplift in pay scales (equivalent to approx. 0.5%) and the cost of annual increments where applicable, together with the impact of increasing numbers of academic staff and reductions in administrative staff arising as a result of the restructure. Other operating expenses amounted to £66.6m, a fall of £0.9m (1.4%) from last year. This fall reflects the relatively high level of costs in 2011 due to a number of significant items which led to an increase of 7% increase in costs compared to 2010. Depreciation charges fell by £0.8m (4%) in the year, reflecting the recent slowdown in the capital programme compared to several years ago. Interest payable costs remained virtually unchanged in the year, with a small fall in bank interest matched by an increase in the net interest cost on the pension liability.

Reserves

Reserves increased in the year by £1.4m to £60.4m. The increase includes the retained surplus for the year of £1.5m, together with net actuarial losses on the pension schemes of £0.1m. The actuarial gain on the University's scheme of £0.3m reflects £1.4m in respect of better than expected returns on the pension scheme assets during the year, less the £1.1m negative impact of changes in assumptions used to calculate liabilities, notably improvements in longevity and a lower discount rate.

Capital Expenditure and Grants

Total tangible fixed asset additions in the year amounted to £11.2m (2011: £14.4m) and capital grants receivable in the year (excluding joint ventures) relating to tangible fixed asset expenditure amounted to £4.3m (2011: £2.6m). The major areas of expenditure during the year included:-

	£m
Sportspark – completion of new gym and sports pitches	0.6
Science research facilities and laboratory refurbishment	1.0
Extension to temporary teaching space	0.9
Biomass energy centre	0.5
Commencement of several major projects:	
Earlham Hall purchase/refurbishment	1.0
Enterprise Centre	0.7
New permanent teaching building	0.4
Works to main car park	1.0
Faculty equipment, including research grant funded equipment	0.7
IT investments	1.1
Long term maintenance, site infrastructure and DDA Act works	2.1
Other, including minor works	1.2
	11.2

Treasurer's report (continued)

Cash and Debt

Net operating cash flow
Cash inflow from operating activities before endowment expenditure for the year was £14.3m (2011: £16.5m). Interest received on invested funds, excluding endowment funds, amounted to £1.6m (2011: £1.4m). Total debt service costs, relating to both loans and finance lease commitments were £7.4m (2011: £7.6m). Net operating cash flow before endowment expenditure plus investment income, totalling £15.9m (2011: £17.9m), therefore comfortably exceeds the debt service costs, which represents the principal financial covenant required under the terms of the University's banking facility.

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

- surplus for the year before taxation, excluding expenditure from endowment funds, bank interest payable, investment income and interest receivable of £5.2m; down from £6.2m last year;
- adjustments to exclude non operating cash items included within the surplus (e.g. depreciation; capital grant release; profits, losses and impairment of fixed assets; share of profits/losses in joint ventures and pension scheme provisions) amounting to £8.8m; marginally down from £9.0m last year;
- a decrease in working capital (stocks, debtors and creditors) of £0.3m; compared to £1.3m last year.

Net debt
After allowing for investment returns, cost of financing, and net capital expenditure, the net inflow of funds amounted to £7.3m, compared to £2.1m inflow last year. The change arises principally as a result of the receipt of the Low Carbon Venture Capital Fund of £4.5m in 2012. As a result of the net inflow of funds, consolidated net debt, being loans and finance leases less cash and short term deposits, has fallen during the year by £7.3m to £21.5m.

Cash balances
The University remains confident that it has in place adequate funding to support the operational and development plans, and to provide a reserve for managing financial risks, over the next two years.

Readily accessible funds in the form of cash and short term deposits, excluding endowment assets and also excluding the Low Carbon Venture Capital Fund, increased during the year by £1.6m to £53.4m. A prudent policy is applied to the investment of short term deposits. In particular, the University regards the security of deposits as being far more important than the marginally better interest rates that may be available from certain overseas or lower rated banks. This has been particularly important over the last couple of years which has seen great uncertainty over the safety of deposits.

Joint Ventures

The joint ventures, University Campus Suffolk Limited ("UCS") and INTO UEA LLP ("INTO UEA Norwich"), referred to in note 11 to the financial statements, are becoming well established following their set up a few years ago and progress is broadly in line with original expectations. The University's share of surpluses/deficits in joint ventures for the year includes a £0.7m surplus (2011: £1.3m) in respect of UCS and a £0.8m surplus (2011: £0.7m) in respect of INTO UEA Norwich.

UCS, a joint venture with the University of Essex, provides higher education, applied research and consultancy services with delivery of services in Ipswich and through other independent centres across Suffolk and Norfolk. The total income of UCS for the year was £38.8m (2011: £37.2m) and its operating surplus before exceptional items and taxation £1.8m (2011: £2.7m). UCS has not required any direct financial support from the joint venture partners and is funded through its operations and bank loans. The University has however provided guarantees of up to £9m in respect of the bank loans.

INTO UEA Norwich, a joint venture with INTO University Partnerships Limited, provides educational services and operates from premises on the edge of the Norwich campus. The financial statements for the year to July 2012 show a surplus of £1.7m (2011: £1.1m) on turnover of £14.9m (2011: £13.4m). Loan funding, initially provided by the joint venture partners to support the activities of INTO UEA Norwich, was repaid during the year.

The more recent joint venture with INTO University Partnerships Limited, known as INTO UEA (London Campus) LLP ("INTO UEA London"), was formed in 2010 to provide educational services from premises in London. Initially the operation was intended to comprise, predominantly, pre-university courses, with graduate and post-graduate courses taught by UEA academics. In addition to the direct financial benefits this offers to the University, 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 financial statements for the year 31 July 2012 show a loss of £1.8m (2011: loss of £2.6m) on turnover of £10.7m (2011: £4.5m). Trading to date is slightly down on the original plan, reflecting a slower build up in student numbers than originally anticipated. The operation is still at a relatively early stage of development and as it becomes more established the mix of activity now appears likely to involve a much greater proportion of UEA delivered post-graduate courses. The joint venture partners have, to date, each provided loan funding to support the activities of INTO UEA London and £0.9m remains owed to the University at 31 July 2012.

Treasurer's report (continued)

Outlook

The financial outlook, by reference to financial plans considered by Council, shows a potential deficit arising in 2012/13. 2012/13 represents a particularly difficult year for the University, and the sector in general, as institutions adjust to the impact of the new funding regime for UK and EU under-graduate recruitment. The early indications of student admissions in September 2012 suggest a fall against last year (in Home/EU under-graduate students) of around 14% across English universities. Fortunately UEA recorded only a 4.8% fall from last year, almost meeting its recruitment target, but clearly needs to focus hard on maintaining this achievement in future years. At this stage, it is too early to analyse the reasons for the fall in recruitment across the sector. One factor is the unexpected fall in the numbers of grade A A-level results in 2012 and the combined impact of this alongside the removal of recruitment restrictions for students achieving grades of AAB or better in the recent examinations. In 2013, the restrictions will be further relaxed to students achieving grades of ABB or better, which will potentially increase opportunities for the University to attract increasing numbers of students, albeit in competition with other institutions.

As a consequence of the increased fees for undergraduates there is also increasing concern over the future pattern of post-graduate taught study. Potential post-graduate students do not have access to loan finance arrangements that are available to under-graduates and will also, in future, generally have much higher student debts. This issue is likely to become much more acute from 2015 when the first cohort of students charged at the higher fee level graduate, but already, with no clear policy from government on this issue, it represents a real concern for medium term planning. Indeed, there are worrying signs from the 2012 recruitment cycle that a fall in recruitment is starting to happen already. There also remains considerable uncertainty over the level and distribution of residual public sector teaching funding for high cost or vulnerable subjects; mainly laboratory based science subjects.

In relation to International students, there remain serious concerns over the negative impact of changes in immigration regulations and the University's intake for 2012 continues to highlight the depressed demand from certain countries which appears to be linked directly to the new regulations. The recent high profile case of a London-based institution that failed to comply with the new requirements, and the consequent impact on its students, has only served to heighten concerns in this area. The University continues to monitor developments and to lobby for the introduction of arrangements that do not penalise and threaten this crucial source of funding for bona fide institutions.

In order to meet the financial challenges going forward, the University continues to develop other sources of (non government) funding and to improve efficiency. Partly as a result of concerns over immigration regulations, growth and diversification of overseas student fee income remains a focus for attention and involves both direct recruitment to the University and the development of the INTO joint venture activities. Growth in the last two years has been encouraging and despite the current political climate, we remain confident of meeting future planned levels of activity. In terms of efficiencies, the recently completed restructuring of support services has released annual savings in excess of £1m and reviews of other areas will be progressed. Here again the aims are twofold; to reduce costs and improve effectiveness.

With pay costs representing around 63% of total expenditure excluding depreciation and interest, pay increases are of particular concern. Fortunately pay settlements for the last three years have been contained at affordable levels and this is expected to continue to be the case in 2012/13. There has also been concern in recent years over the seemingly inexorable rise in pension costs. Reforms to the national Universities Superannuation Scheme (USS) in 2011 will help to alleviate future funding pressures on the scheme and any future increases in contributions that may be necessary will be shared between employees and employers. However, rather worryingly, the on-going turmoil in financial markets and the impact of low interest rates on the valuation of pension liabilities is driving schemes such as USS further into deficit and there remains a risk that the scheme trustees may yet be forced to call on employers to make further contributions to meet such past service deficits.

In setting financial plans, the University has needed to make assumptions for future income and cost changes at a time of great uncertainty. Nevertheless, future prosperity relies on being attractive to highly qualified students and so the University continues to prioritise significant investment in enhancing the student experience, developing the post-graduate research base, and protecting the capital investment needed to deliver high quality services. In order to fund the essential investments in the campus the University is seeking additional long term loan finance from the European Investment Bank and hopes to have these facilities in place during 2012/13.

Furthermore, the University remains committed to investment in joint initiatives with the John Innes Centre and the Institute of Food Research, two local research institutes funded by the Biotechnology and Biological Sciences Research Council ("BBSRC"). The long-term goal to develop the Norwich Research Park as an internationally acclaimed centre of research remains on track, and a joint venture involving the three organisations, along with the Sainsbury Laboratory and the Norfolk & Norwich University Hospital NHS Foundation Trust, has recently been formed to take this initiative forward.

Treasurer's report (continued)

Based on the latest information available, and taking a reasonably prudent approach, the University anticipates the possible need to run an operating deficit for the next two or three years as it seeks to secure its position as one of the country's leading universities through the delivery of excellent teaching and research. Throughout this period, the University will continue to generate positive cash flows to meet its bank loan covenants and is confident that it has the financial resources to manage this period of transition without deviating from its current investment plans as outlined above.

Jonathan Sisson
19th November 2012

Corporate governance statement

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

Principles and ethos of the University

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

Statement of the responsibilities of Council

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

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

In preparing the financial statements, the Council ensures that:

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

The Council has taken reasonable steps to:

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

University constitution and structural organisation

The Council meets at least four times a year and has several committees, including the Finance Group, 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 Finance Group, which includes two lay members appointed by the Council from amongst its members. The Finance Group, inter alia, recommends to Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

Corporate governance statement (continued)

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

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

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

Statement on Internal Control

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

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

Principal risks and uncertainties and financial risk management

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

Significant changes in funding of Home and EU under-graduate students

There will be very deep cuts in teaching grant funding from HEFCE together with substantial cuts in capital grants, which began to take effect from 2011. Student tuition fees are increasing to compensate for these cuts in grant funding and the University has secured approval from the Office for Fair Access (OFFA) to increase fees to £9,000 p.a. from 2012 on condition that approximately 25% of fee income in excess of £6,000 is invested in widening participation, including fee waivers and bursaries for under-represented groups. If student numbers are maintained through the period of transition to the new regime then the increased fee will fully compensate for loss of grant however, there is a risk of a fall in student numbers as follows:

- Despite student loan support, the significant increase in tuition fees may result in an overall fall in level of demand for university places.
- New measures to increase student choice and apply downward pressure on fee levels are being introduced which could affect recruitment at individual institutions. These measures, as currently proposed, comprise two distinct elements:
    - Universities were given unlimited ability to recruit students achieving A level grades AAB (or equivalent) from 2012; this relaxation extends to ABB from 2013 entry.

Corporate governance statement (continued)

  - The numbers of students achieving below these grades continue to be subject to a cap for each university, based on previous recruitment of students achieving these grades. The adjustment for AAB was based on 2010 entry and the ABB adjustment is expected to be based on 2011 entry. Further detailed rules apply to certain vulnerable subject areas. The overall reduction in capped numbers generated in this way creates a pool of student places available, subject to a bidding process, to those universities charging an average fee of no more than £7,500 p.a.

This risk of a fall in student numbers below planned levels is mitigated in a number of ways:

- The 2011/12 intake included a significantly higher proportion of AAB+ students than was recruited in 2010 (the base year) and maintaining this trend in 2012/13 has helped to compensate for the reduction in number of other students the University is able to recruit. The early indications are that the University has met its target for admissions in September 2012, despite a fall in overall admissions to English HEIs of 14% compared to 2011.
- Continuing to promote applications and conversions through well-resourced open and visit days and by improving the University's position in the league tables.
- 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.
- By maintaining sufficient headroom on the banking covenant together with significant cash balances to guard against any short-term impact on operating cash flow that might arise.

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.

Significant failure to meet overseas targets
The constant changes in immigration regulations and tightening of English language qualification requirements has introduced a great deal of uncertainty for overseas students. The removal of post study work visas has also deterred students, particularly South Asian students, from choosing the UK as their study destination. Furthermore, the growth of HE courses delivered in English around the world has increased competition for overseas students, although demand is currently thought to be growing faster than the supply of such provision.

Failure to meet planned overseas student numbers could lead to significant short-term revenue problems, and longer term strategic financial issues since this represents a major income stream for the University.

This risk is mitigated in a number of ways:

- Continuing to develop the relationship with INTO UEA LLP and INTO UEA (London Campus) LLP, which continue to provide significant numbers of students into first year and second year level studies at the University;
- Frequent and continual review of the offer to prospective students to ensure that the University remains attractive;
- Targeted marketing based upon recruitment information and market information;
- Appropriate contingency planning in financial modelling to allow for minor fluctuations in actual levels of student recruitment compared to planned levels;
- Further investment in the international office to meet targets for recruitment of international students and to support students in complying with visa regulations;
- Plans to establish overseas recruitment offices to improve contact and support for potential students;
- Continuing efforts through Universities UK to persuade government to take students out of net migration statistics for policy purposes.

Failure to secure a place in the Top 20
The University's position in main league tables remains crucial to the success of both home and overseas student recruitment and also to the recruitment of staff and growth in research contracts. The Times League Table is the principal reference point and the University has recently slipped slightly from 27 to 28. Although the recent investment in academic staffing has led to an improved performance against that measure, improvements in other areas such as entry grades, graduate employability, and good honours results take time to have an impact on league table performance. The University continues to drive hard on all of these priorities and, as the Research Excellence Framework (REF) exercise approaches efforts to improve the research performance also intensify.

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. The significant increase in academic staff, first initiated in 2010, continued through 2012 and will be maintained going forward, with faculties establishing appointment strategies to ensure that appointments are only made at the highest level of quality. Furthermore, the University is investing heavily in new research programmes in collaboration with research institutions on the Norwich Research Park, adding to the attractiveness of the University to leading academics. The forthcoming Research Excellence Framework (REF) exercise has created some

Corporate governance statement (continued)

difficulties in retaining and appointing high calibre staff with the potential to be returned under the REF, as competition for such staff has increased significantly over the last year or so. In order to manage these risks, the University has invested in additional temporary resources and uses external advisers and search committees to ensure recruitment activity is focused and effective.

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

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

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

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

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.

Richard Jewson
Signed on behalf of Council on 19 | 11 | 2012:

Public benefit statement

The University of East Anglia (the "University") is an exempt charity under the Charities Act 2011 and as such is regulated by HEFCE on behalf of the Charity Commission for England and Wales. The members of the Council, who are trustees of the charity, are disclosed on page 1.

The University's mission statement is set out on page 4.

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

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

Examples of the charitable nature of the University's activities are set out below:

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

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

The University's direct beneficiaries are the students, both undergraduate and postgraduate, enrolled at the University; and, ultimately, those who benefit from the research undertaken at the University.

In relation to the core teaching role fulfilled by the University, the advancement of education is promoted across a wide range of subject areas. The structure of the University is based around four Faculties, namely; Arts and Humanities; Medicine and Health Sciences; Social Sciences; and Science and incorporates 25 separate Schools of study as listed below:

Public benefit statement (continued)

Arts and Humanities	Medicine and Health Sciences	Science	Social Sciences
American Studies	Allied Health Professions	Biological Sciences	Economics
Film, Television and Media Studies	Norwich Medical School	Chemistry	Education & Lifelong Learning
History	Nursing Sciences	Computing Sciences	International Development
Language & Communication Studies		Environmental Sciences	Law
Literature, Drama & Creative Writing		Mathematics	Norwich Business School
Music		Pharmacy	Psychology
Philosophy			Social Work
Political, Social & International Studies			
World Art Studies & Museology			

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

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

- Summer Schools – targeted at students from low participation neighbourhoods, less advantaged communities, low income households and other under-represented groups.
- Mentoring scheme – using current UEA students to work with school pupils to help raise both aspirations and attainment.
- Challenge Badge for Guides and Scouts – to promote Higher Education to young people.
- Outreach activities (both in school and on campus) – targeted at schools with a high proportion of students from Widening Participation groups and providing information about university life and the cost of university.

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

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

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

We have audited the group and parent institution financial statements (the ''financial statements'') of University of East Anglia for the year ended 31 July 2012 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the Council and auditors

As explained more fully in the Statement of the responsibilities of Council set out on page 8, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with statute 5.6 of the Charters and Statutes of the institution and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and institution's affairs as at 31 July 2012 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich

22 November 2012

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 on a going concern basis and under the historical cost convention, modified by the revaluation of endowment asset investments and certain current asset investments, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (SORP) and in accordance with applicable accounting standards in the United Kingdom.

2 Basis of consolidation

The consolidated financial statements incorporate the University and all of its subsidiary undertakings and joint ventures for the year ended 31 July 2012. Intra-group sales and profits between the University and its subsidiaries are eliminated fully on consolidation. Consistent accounting policies are applied across the group.

The University does not have direct control 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 in the consolidated balance sheet. The share of each joint venture'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 tangible 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. Similarly grants received for investment are also treated as deferred capital grants. If the value of such investments is subsequently reduced as a result of impairment then a transfer is made to the income and expenditure account to compensate.

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.

All material income originates from activities undertaken in the United Kingdom.

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 institution's share of the underlying assets and liabilities of the scheme and hence contributions are accounted for as if it were a defined contribution scheme. The cost recognised in the income and expenditure account represents the contributions payable in the year.

UEASSS

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

The amounts charged to the income and expenditure account are as follows. The current service costs and gains and losses on settlements and curtailments are included as part of staff costs. The expected return on assets, net of the impact of the unwinding of the discounts on the scheme's liabilities, is shown within interest payable or other finance income. Actuarial gains and losses, including differences between expected and actual return on assets, are recognised immediately in the statement of total recognised gains and losses. Further details regarding the scheme are contained in note 25 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.

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

Heritage assets

Heritage assets held by the University represent art collections. Art collections donated to the University are stated at estimated valuation at the date of receipt (their "deemed cost") 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.

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. Provision is made for any permanent diminution in the value of these investments.

8 Deferred capital grants

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

9 Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

a. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

b. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

c. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations for fixed assets

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

10 Foreign currencies

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

11 Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 2010 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.

Commercial trading activities undertaken by the University are operated through its subsidiary companies. This income will attract applicable Value Added Tax and the profits are liable to Corporation Tax. However, the taxable profits made by these companies are covenanted to the University and paid under Gift Aid which mitigates that liability.

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 the 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 Repairs and maintenance

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

Consolidated income and expenditure account for the year ended 31 July 2012

	Note	2012 £000	2011 £000
Income			
Funding body grants	1	63,031	69,298
Tuition fees and education contracts	2	97,286	89,482
Research grants and contracts	3	30,085	29,844
Other income	4	44,532	41,790
Endowment and investment income	5	1,793	1,549
Total income: group and share of joint ventures' income		236,727	231,963
Less: share of joint ventures' income		(32,192)	(27,535)
Group income		204,535	204,428
Expenditure			
Staff costs	6	114,013	110,319
Other operating expenses	7	66,552	67,495
Depreciation	10	18,728	19,517
Interest payable and other finance costs	8	5,764	5,752
Total expenditure	7	205,057	203,083
Group (deficit)/surplus before tax		(522)	1,345
Share of operating profit in joint ventures		663	333
Surplus before taxation		141	1,678
Taxation	9	(25)	244
Surplus after taxation		116	1,922
Transfers from endowment funds	20	1,405	681
Surplus for the year retained within general reserves	21	1,521	2,603

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 2012

	Note	2012 £000	2011 £000
Surplus for the financial year (before endowment transfer)		116	1,922
Increase in value of endowment asset investments	20	72	241
New endowments	20	1,009	1,841
Actuarial gains in respect of pension schemes	25	352	1,338
Group total recognised gains relating to the year		1,549	5,342
Share of actuarial (losses)/gains in respect of pension schemes in joint ventures		(425)	20
Share of new endowments in respect of joint ventures		20	-
Total recognised gains relating to the year		1,144	5,362

Opening reserves and endowments	65,323
Total recognised gains for the year (as above)	1,144
Closing reserves and endowments	66,467

Consolidated balance sheet as at 31 July 2012

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	10	**222,243**	229,790
Investments in joint ventures	11		
Share of gross assets		**50,176**	49,018
Share of gross liabilities		**(27,518)**	(25,243)
		22,658	23,775
Other investments	12	**2,628**	941
		247,529	254,506
Endowment assets	14	**6,018**	6,342
Current assets			
Stocks		**185**	202
Debtors	15	**23,823**	22,186
Investments	16	**60,500**	57,034
Cash at bank and in hand		**3,754**	2,265
		88,262	81,687
Creditors: amounts falling due within one year	17	**(45,640)**	(42,815)
Net current assets		**42,622**	38,872
Total assets less current liabilities		**296,169**	299,720
Creditors: amounts falling due after more than one year	18	**(86,739)**	(89,116)
Net assets excluding pension liability		**209,430**	210,604
Pension liability	25	**(9,415)**	(10,481)
Net assets including pension liability		**200,015**	200,123
Deferred capital grants	19	**133,548**	134,800
Endowment funds			
Expendable	20	**3,514**	3,998
Permanent	20	**2,504**	2,344
		6,018	6,342
Reserves			
Income and expenditure account excluding pension reserve		**69,864**	69,462
Pension reserve	25	**(9,415)**	(10,481)
Income and expenditure account including pension reserve	21	**60,449**	58,981
Total funds		**200,015**	200,123

The financial statements on pages 17 to 51 were approved by the Council on 19 November 2012 and have been signed on its behalf

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 2012

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	10	**215,459**	218,833
Investments in subsidiary undertakings	13	**15,287**	15,287
Other investments	12	**2,108**	36
		232,854	234,156
Endowment assets	14	**6,018**	6,342
Current assets			
Stocks		**185**	203
Debtors	15	**27,552**	25,926
Investments	16	**60,500**	57,034
Cash at bank and in hand		**686**	-
		88,923	83,163
Creditors: amounts falling due within one year	17	**(55,231)**	(45,881)
Net current assets		**33,692**	37,282
Total assets less current liabilities		**272,564**	277,780
Creditors: amounts falling due after more than one year	18	**(86,578)**	(88,929)
Net assets excluding pension liability		**185,986**	188,851
Pension liability	25	**(9,415)**	(10,481)
Net assets including pension liability		**176,571**	178,370
Deferred capital grants	19	**107,935**	107,275
Endowment funds			
Expendable	20	**3,514**	3,998
Permanent	20	**2,504**	2,344
		6,018	6,342
Reserves			
Income and expenditure account excluding pension reserve		**72,033**	75,234
Pension reserve	25	**(9,415)**	(10,481)
Income and expenditure account including pension reserve	21	**62,618**	64,753
Total funds		**176,571**	178,370

The financial statements on pages 17 to 51 were approved by the Council on 19 November 2012 and have been signed on its behalf

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

Consolidated cash flow statement for the year ended 31 July 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Net cash inflow from operating activities before endowment expenditure			14,332		16,517
Endowment expenditure			(1,587)		(805)
Net cash inflow from operating activities after endowment expenditure	22		12,745		15,712
Returns on investments and servicing of finance					
Interest and dividends received		1,764		1,540	
Bank interest paid		(5,162)		(5,211)	
Interest element of finance leases		(20)		(24)	
			(3,418)		(3,695)
Taxation					
Taxation (paid)/refunded			(25)		244
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(10,460)		(14,863)	
Net payments to acquire fixed asset investments		(2,324)		(1,005)	
Net receipts to divest endowment assets		496		277	
Capital grants received (excluding joint ventures)		8,845		2,579	
Receipts from sales of investments		461		1,000	
Endowments received		1,009		1,841	
			(1,973)		(10,171)
Cash inflow before use of liquid resources and financing			7,329		2,090
Management of liquid resources			(3,500)		2,000
Financing					
Capital element of finance lease payments		(63)		(71)	
Loans repaid		(2,177)		(2,248)	
			(2,240)		(2,319)
Increase in cash for the year	23		1,589		1,771

Reconciliation of net cash flow to movement in net debt

	Note	2012 £000	2011 £000
Increase in cash for the year		1,589	1,771
Loans advanced during the year net of repayments		2,177	2,248
Capital element of finance lease payments		63	71
Increase/(decrease) in short term deposits		3,500	(2,000)
Change in net debt		7,329	2,090
Net debt at beginning of year		(28,806)	(30,896)
Net debt at end of year	23	(21,477)	(28,806)

Notes to the financial statements

		Consolidated	
		2012	2011
		£000	£000
1	**Funding body grants**		
	Basic recurrent grant - Higher Education Funding Council for England ("HEFCE")	45,378	47,478
	Basic recurrent grant - Training Development Agency for Schools ("TDA")	1,991	2,009
	Special grants (HEFCE)	3,202	5,918
	Special grants (TDA)	92	192
	Deferred capital grants released in the year (note 19)	5,336	6,288
	Included in group income	55,999	61,885
	Share of joint ventures' income	6,566	6,969
	Share of joint ventures' deferred capital grants released in the year	466	444
		63,031	69,298

HEFCE capital grants received are transferred to the deferred capital grant fund (note 19) and released to income as explained in the statement of accounting policies.

		2012	2011
2	**Tuition fees and education contracts**	£000	£000
	Full-time students	**30,822**	29,104
	Full-time students charged overseas fees	**26,011**	22,779
	Part-time fees	**1,700**	1,489
	Short course fees	**914**	1,340
	Other teaching contracts	**15,227**	16,079
	Research training support grants	**3,323**	3,386
	Included in group income	77,997	74,177
	Share of joint ventures' income	19,289	15,305
		97,286	89,482

		2012	2011
3	**Research grants and contracts**	£000	£000
	Grants from research councils	13,480	15,651
	Grants from UK charities	4,660	4,460
	Other grants	11,723	9,543
	Included in group income	29,863	29,654
	Share of joint ventures' income	160	149
	Share of joint ventures' deferred capital grants released in the year	62	41
		30,085	29,844

Included in group income above are deferred capital grants released in the year of £975,000 (2011: £1,080,000).

Notes to the financial statements (continued)

4 Other income

	Consolidated 2012 £000	2011 £000
Residences, catering and conferences	16,665	16,577
Other services rendered	3,877	4,584
Deferred capital grants released in the year - residences, catering and conferences	23	23
Deferred capital grants released in the year - other	2,389	2,430
Donations received	139	112
Other income	15,819	13,446
Included in group income	38,912	37,172
Share of joint ventures' income	4,298	3,733
Share of joint ventures' deferred capital grants released in the year	1,322	885
	44,532	41,790

5 Endowment and investment income

	2012 £000	2011 £000
Income from expendable endowment assets (note 20)	99	60
Income from permanent endowment assets (note 20)	83	64
Other investment income and interest receivable	1,582	1,416
Included in group income	1,764	1,540
Share of joint ventures' investment income	29	9
	1,793	1,549

6 Staff costs

	2012 £000	2011 £000
Wages and salaries	92,781	89,889
Social security costs	7,098	6,768
Other pension costs (note 25)	14,134	13,662
	114,013	110,319

Staff costs are analysed by activity in note 7 below.

	2012 £000	2011 £000 restated
Emoluments of the Vice-Chancellor:		
Salary and benefits	209	209
Pension Contributions	21	32
	230	241

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 2012	2011 restated
£100,000 - £109,999	10	5
£110,000 - £119,999	5	5
£120,000 - £129,999	4	3
£130,000 - £139,999	2	3
£140,000 - £149,999	2	2
£160,000 - £169,999	3	2
£170,000 - £179,999	1	1
£180,000 - £189,999	1	3
£190,000 - £199,999	4	1
£220,000 - £229,999	1	-
£250,000 - £259,000	-	1
	33	26

The comparative vice Chancellors emolument and numbers earning more than £100,000 have been restated in accordance with HEFCE guidance.

	2012	2011
Average number of staff employed by category:		
Academic	936	862
Associate tutors	738	763
Research and analogous	329	329
Secretarial and clerical	633	618
Technical	147	145
Admin, senior library and computing	404	424
Others	477	476
	3,664	3,617

7 Analysis of expenditure by activity

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	2012 Total £000	2011 Total £000
Academic departments	61,201	563	18,849	-	80,613	85,403
Academic services	7,318	1,309	8,352	-	16,979	14,846
Research grants and contracts	13,264	977	7,963	-	22,204	21,866
Residences, catering and conferences	4,030	3,560	4,585	-	12,175	12,361
Premises	5,493	11,055	8,948	5,182	30,678	34,087
Administration and central services	21,698	1,166	14,968	-	37,832	29,178
Other expenses	1,009	98	2,887	582	4,576	5,342
Year ended 31 July 2012	114,013	18,728	66,552	5,764	205,057	203,083
Year ended 31 July 2011	110,319	19,517	67,495	5,752	203,083	

Notes to the financial statements (continued)

7 Analysis of expenditure by activity (continued)

The restructuring of support services in August 2011 involved a transfer of administrative functions out of Academic departments and into Administration and central services . As such, the analysis of expenditure in the table above is not directly comparable to the prior year.

	Consolidated 2012 £000	Consolidated 2011 £000
The depreciation charge has been funded by:		
Deferred capital grants released excluding joint ventures (note 19)	10,570	9,821
General income	8,158	9,696
	18,728	19,517

Other expenses

	Consolidated 2012 £000	Consolidated 2011 £000
Included in other operating expenses are:		
External auditors' remuneration - fees payable for the audit of the University and its subsidiary undertakings	63	65
External auditors' remuneration in respect of non-audit services	80	73
Internal auditors' remuneration	62	68
	205	206

Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as trustees (2011: £nil). Expenses paid to members of the Council during the year were £1,000 (2011: £1,000).

8 Interest payable and other finance costs

	Consolidated 2012 £000	Consolidated 2011 £000
Bank interest	5,162	5,211
Finance lease interest	20	24
Interest payable excluding pension scheme	5,182	5,235
Net interest charge on pension liability (note 25)	582	517
	5,764	5,752

9 Taxation

	Consolidated 2012 £000	Consolidated 2011 £000
(a) Analysis of charge/(credit) in the year		
Corporation tax at 20.7% (2011: 20.7%) on profit of subsidiaries		
Current - current period	(219)	(131)
- adjustments in respect of prior periods	244	(113)
	25	(244)

Notes to the financial statements (continued)

9 Taxation (continued)

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

(b) Factors affecting tax charge/(credit) in the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for the year of 20.7% (2011: 20.7%). The differences are explained below:

		2012 £000	2011 £000
Surplus before taxation		141	1,678
UK corporation tax at 20.7% (2011: 20.7%)		29	347
Effects of :			
	Adjustments in respect of prior periods	244	(113)
	Surpluses not subject to corporation tax	(248)	(478)
		25	(244)

10 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	Heritage assets £000	Total £000
Cost						
At 1 August 2011	318,228	3,141	55,609	4	9,860	386,842
Additions at cost	5,334	3,094	2,737	16	-	11,181
Transfers	2,833	(2,833)	3	(3)	-	-
Disposals	-	-	(6,061)	-	-	(6,061)
At 31 July 2012	326,395	3,402	52,288	17	9,860	391,962
Depreciation						
At 1 August 2011	108,849	-	48,203	-	-	157,052
Charge for the year	14,791	-	3,937	-	-	18,728
Eliminated on disposals	-	-	(6,061)	-	-	(6,061)
At 31 July 2012	123,640	-	46,079	-	-	169,719
Net book value						
At 31 July 2012	202,755	3,402	6,209	17	9,860	222,243
At 31 July 2011	209,379	3,141	7,406	4	9,860	229,790

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2012 was £1,085,000 (2011: £1,377,000) and depreciation during the year on these assets was £292,000 (2011: £292,000).

Notes to the financial statements (continued)

10 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 (P&E)	Heritage assets	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2011	305,819	3,141	52,157	4	9,860	370,981
Additions at cost	4,873	3,094	2,737	16	-	10,720
Transfers	2,833	(2,833)	3	(3)	-	-
Transfer in from subsidaries	3,777	-	-	-	-	3,777
Disposals	-	-	(6,041)	-	-	(6,041)
At 31 July 2012	317,302	3,402	48,856	17	9,860	379,437
Depreciation						
At 1 August 2011	106,303	-	45,845	-	-	152,148
Charge for the year	14,206	-	3,665	-	-	17,871
Eliminated on disposals	-	-	(6,041)	-	-	(6,041)
At 31 July 2012	120,509	-	43,469	-	-	163,978
Net book value						
At 31 July 2012	196,793	3,402	5,387	17	9,860	215,459
At 31 July 2011	199,516	3,141	6,312	4	9,860	218,833

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2012 was £306,000 (2011: £384,000) and depreciation during the year on these assets was £78,000 (2011: £77,000).

Consolidated and University

The acquisition and construction of buildings with cost totalling £115,429,000 and net book value of £68,100,000 was funded, in whole or in part, by grants totalling £41,527,000 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.

Heritage assets

Heritage assets represent art collections held by the University, which are maintained and displayed in the Sainsbury Centre for the Visual Arts (SCVA), situated on the University campus. The collection includes over 3,700 objects, including works dating from prehistory to the late twentieth century from across the globe, encompassing a significant number of works acknowledged as seminal examples of European Modern Art such as Henry Moore, Jean Arp, Eduardo Chillida, Alberto Giacometti, Amedeo Modigliano, Edgar Degas and Francis Bacon. The collection is used as a research resource for a wide range of scholarly users, a facility for interaction between the University and the public and an active contributor to the region's cultural development. Admission to the permanent collections is free. Further information on the collection and the SCVA more widely is available via http://www.scva.ac.uk.

Notes to the financial statements (continued)

10 Tangible fixed assets (continued)
Heritage assets (continued)

As stated in the statement of accounting policies, the University's art collection is stated at cost or deemed cost (estimated value on date of donation). Other than a £1,000 restatement of purchase cost in the year ended 31 July 2009, the carrying value of the art collection has remained unchanged in each of the previous four financial years.

11 Investments in joint ventures

The University has interests in three joint venture arrangements, University Campus Suffolk Ltd, INTO UEA LLP and INTO UEA (London Campus) LLP. The accounting period end for each of the joint ventures is 31 July.

University Campus Suffolk Ltd ("UCS"), a company limited by guarantee, is a joint venture between the University and the University of Essex. A 50% share of the company's gross assets and liabilities is included in the University's consolidated balance sheet and 50% of its income and net result are reported in the University's consolidated income and expenditure account. A 50% share of UCS's deferred capital grants is included in the deferred capital grants recognised in the consolidated balance sheet. UCS's principal activity is the provision of education and research services.

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

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

12 Other investments

	Consolidated £000	University £000
Cost		
At 1 August 2011	2,393	1,136
Additions	2,724	2,709
Disposals	(400)	-
At 31 July 2012	4,717	3,845
Provision for diminution in value		
At 1 August 2011	1,452	1,100
Provision made in year	637	637
At 31 July 2012	2,089	1,737
Net book value		
At 31 July 2012	2,628	2,108
At 31 July 2011	941	36

In accordance with the provisions of FRS 11 “Impairment of fixed assets and goodwill,” the trustees assessed the carrying value of the fixed asset investments at 31 July 2012 and determined that the carrying value of certain fixed asset investments exceeded the fair value. As a result, a provision for impairment, amounting to £637,000 (2011: £608,000) has been recognised in these financial statements.

Notes to the financial statements (continued)

12 Other 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	-
Norwich Powerhouse LLP	1,437	1,437
UEA INTO (London Campus) LLP	51	-
Investments held by Carbon Connections UK Limited	628	-
Investments held for the Low Carbon Innovation Fund	2,071	2,071
Other	1	2
	4,717	3,845

During the year the investments previously held by Low Carbon Innovation Fund Limited were novated to UEA at cost.

13 Investments in subsidiary undertakings

	University £000
Cost and net book value	
At 1 August 2011 and 31 July 2012	15,287

The following companies, all registered in England and Wales, were 100% owned subsidiary undertakings at 31 July 2012:

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

* Indirectly held

Notes to the financial statements (continued)

13 Investments in subsidiary undertakings (continued)

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

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

14 Endowment assets

	Consolidated & University	
	2012	2011
	£000	£000
At 1 August	**6,342**	4,941
New endowments invested	**-**	42
Disposals	**(496)**	(319)
Increase in market value of investments	**72**	241
Increase in cash balances	**100**	1,437
At 31 July	6,018	6,342
Represented by:		
UK equities	1,028	1,507
Fixed interest securities	1,121	1,209
Other	224	81
Cash in hand and short term deposits	3,645	3,545
	6,018	6,342

15 Debtors

	Consolidated	
	2012	2011
	£000	£000
Debtors	7,795	7,818
Prepayments and accrued income	16,028	14,368
	23,823	22,186

	University	
	2012	2011
	£000	£000
Debtors	7,113	6,416
Amounts due from subsidiary companies	5,788	5,368
Prepayments and accrued income	14,651	14,142
	27,552	25,926

Notes to the financial statements (continued)

15 Debtors (continued)

Included in the above balances for both the Group and the University is a loan from the University to INTO UEA (London Campus LLP) of £850,000 (2011: £850,000), which is due in more than one year.

16 Current asset investments

	Consolidated and University	
	2012	2011
	£000	£000
Short term deposits maturing within three months	16,000	16,000
Other short term deposits	44,500	41,000
Other investments	-	34
	60,500	57,034

Included in short term deposits maturing within three months is £1,000,000 (2011: £1,000,000) and in other short term deposits £8,500,000 (2011: £6,000,000) from the European Regional Development Fund which is ring-fenced to be used in equity investment for the purpose of supporting a wide range of new and established companies in their low carbon activities and products and does not form part of the 'free cash' available to the University.

17 Creditors: amounts falling due within one year

	Consolidated	
	2012	2011
	£000	£000
Bank loans	2,070	1,918
HEFCE loan	520	520
Obligations under finance leases	47	62
Trade creditors	6,929	4,888
Capital creditors	1,067	346
Corporation tax	172	172
Other taxation and social security	2,942	2,875
Accruals and deferred income	31,893	32,034
	45,640	42,815

Notes to the financial statements (continued)

17 Creditors: amounts falling due within one year (continued)

	University	
	2012	2011
	£000	£000
Bank overdraft	-	139
Bank loans	2,070	1,918
HEFCE loan	520	520
Obligations under finance leases	-	4
Amounts due to subsidiary undertakings	11,238	4,979
Trade creditors	6,880	4,833
Capital creditors	1,067	346
Other taxation and social security	2,942	2,881
Accruals and deferred income	30,514	30,261
	55,231	45,881

For details of security over bank loans see note 18.

18 Creditors: amounts falling due after more than one year

	Consolidated	
	2012	2011
	£000	£000
Bank loans	85,148	87,217
HEFCE loan	1,430	1,690
Obligations under finance leases	161	209
	86,739	89,116

	University	
	2012	2011
	£000	£000
Bank loans	85,148	87,217
HEFCE loan	1,430	1,690
Obligations under finance leases	-	22
	86,578	88,929

Notes to the financial statements (continued)

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

Bank loans and HEFCE loans are repayable as follows :	Consolidated and University	
	2012	2011
	£000	£000
Due within one year or less	2,590	2,438
Due between one and two years	2,713	2,590
Due between two and five years	8,287	8,154
Due in five years or more	75,578	78,163
	89,168	91,345

Bank loans are secured over the Group's freehold land and buildings and are under a facility expiring in 2034. The loans are repayable in quarterly instalments. The HEFCE loan, which is payable in instalments, expires in 2015.

The net finance lease obligations are as follows :	Consolidated	
	2012	2011
	£000	£000
Due within one year or less	47	62
Due between one and two years	49	47
Due between two and five years	106	148
Due in five years or more	6	14
	208	271

	University	
	2012	2011
	£000	£000
Due within one year or less	-	4
Due between one and two years	-	1
Due between two and five years	-	3
Due in five years or more	-	18
	-	26

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

Notes to the financial statements (continued)

19 Deferred capital grants

	Consolidated		
	Funding Council £000	Other £000	Total £000
At 1 August 2011			
Buildings	55,795	55,398	111,193
Equipment and other fixed tangible assets	3,241	20,366	23,607
	59,036	75,764	134,800
Grants receivable in the year			
Buildings	1,743	1,998	3,741
Equipment and other fixed tangible assets	726	4,853	5,579
	2,469	6,851	9,320
Released to income and expenditure			
Buildings	(4,164)	(3,691)	(7,855)
Equipment and other fixed tangible assets	(1,638)	(1,079)	(2,717)
	(5,802)	(4,770)	(10,572)
At 31 July 2012			
Buildings	53,374	53,705	107,079
Equipment and other fixed tangible assets	2,329	24,140	26,469
	55,703	77,845	133,548

The above amounts include the following figure relating to:	University Campus Suffolk	Carbon Connections & Low Carbon Innovation Funds
	£'000	£'000
Grants receivable in the year	475	4,530
Released to income and expenditure	1,850	-
Carried forward deferred capital grants	24,507	12,959

Carbon Connections and Low Carbon Innovation funds are grants received and ring-fenced for use in equity investments.

Notes to the financial statements (continued)

19 Deferred capital grants (continued)

	University		
	Funding Council £000	Other £000	Total £000
At 1 August 2011			
Buildings	48,246	38,491	86,737
Equipment and other fixed tangible assets	2,659	17,879	20,538
	50,905	56,370	107,275
Grants receivable in the year			
Buildings	1,743	1,598	3,341
Equipment and other fixed tangible assets	700	5,239	5,939
	2,443	6,837	9,280
Released to income and expenditure			
Buildings	(3,960)	(2,893)	(6,853)
Equipment and other fixed tangible assets	(1,375)	(392)	(1,767)
	(5,335)	(3,285)	(8,620)
At 31 July 2012			
Buildings	46,029	37,196	83,225
Equipment and other fixed tangible assets	1,984	22,726	24,710
	48,013	59,922	107,935

20 Specific endowments

	Consolidated and University					
	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2012 Total £000	2011 Total £000
Balance at 1 August 2011						
Capital	12	2,033	2,045	3,693	5,738	4,276
Accumulated income	2	297	299	305	604	665
	14	2,330	2,344	3,998	6,342	4,941
New endowments		58	58	951	1,009	1,841
Investment income	-	83	83	99	182	124
Expenditure	-	(67)	(67)	(1,520)	(1,587)	(805)
	-	16	16	(1,421)	(1,405)	(681)
Increase in market value of investments	-	86	86	(14)	72	241
Balance at 31 July 2012	14	2,490	2,504	3,514	6,018	6,342
Represented by						
Capital	12	2,184	2,196	3,331	5,527	5,738
Accumulated income	2	306	308	183	491	604
	14	2,490	2,504	3,514	6,018	6,342

Notes to the financial statements (continued)

21 Reserves

Income and expenditure reserve (including pension reserve)	Consolidated 2012 £000
Balance at the beginning of the year	**58,981**
Surplus for the year	**1,521**
Actuarial gains on pension scheme	**352**
Share of actuarial losses on pension schemes of joint ventures	**(425)**
Share of endowment income of joint ventures	**20**
Balance at the end of the year	**60,449**

	University 2012 £000
Balance at the beginning of the year	**64,753**
Loss for the year	**(2,487)**
Actuarial gains on pension scheme	**352**
Balance at the end of the year	**62,618**

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

	2012 £000	2011 £000
Surplus before taxation	**141**	1,678
Endowment expenditure	**1,587**	805
Endowment income and interest receivable (excluding joint ventures)	**(1,764)**	(1,540)
Deferred capital grant release (excluding joint ventures)	**(8,722)**	(9,821)
Depreciation	**18,728**	19,517
Loss on disposal of fixed assets	**-**	38
Impairment of fixed asset investment	**637**	608
Profit on sale of investment	**(427)**	(88)
Share of operating profit in joint ventures	**(663)**	(333)
Interest payable	**5,182**	5,235
Pension costs less contributions payable	**(714)**	(885)
Decrease in stocks	**17**	173
(Decrease)/increase in debtors	**(1,637)**	(1,284)
Increase in creditors	**1,967**	2,423
(Decrease) in provisions	**-**	(9)
Net cash inflow from operating activities before endowment expenditure	**14,332**	16,517
Endowment expenditure	**(1,587)**	(805)
Net cash inflow from operating activities after endowment expenditure	**12,745**	15,712

Notes to the financial statements (continued)

23 Analysis of changes in consolidated net debt

	1 August 2011 £000	Cash flows £000	Other £000	**31 July 2012 £000**
Cash at bank and in hand				
Endowment assets	3,545	100	-	**3,645**
Other	2,265	1,489	-	**3,754**
	5,810	1,589	-	**7,399**
Debts due within 1 year	(2,500)	2,240	(2,377)	**(2,637)**
Debts due after 1 year	(89,116)	-	2,377	**(86,739)**
	(91,616)	2,240	-	**(89,376)**
Short term deposits	57,000	3,500	-	**60,500**
Net debt	(28,806)	7,329	-	**(21,477)**

Included in cash at bank and in hand is £1,317,000 (2011: £681,000) and in short term deposits is £9,500,000 (2011: £7,000,000) held on behalf of the European Regional Development Fund. These funds are ring-fenced to be used in equity investment for the purpose of supporting a wide range of new and established companies in their low carbon activities and products and do not form part of the 'free cash' available to the University.

24 Capital commitments

At 31 July 2012 the Group had outstanding commitments for capital expenditure of £5,471,000 (2011: £3,881,000)

25 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 advice.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and 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" ("FRS 17"), 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.

Notes to the financial statements (continued)

25 Pensions (continued)

Universities Superannuation Scheme (continued)

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note. The triennial 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 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and 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 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA "light" YoB tables - no age rating
Female members' mortality	S1NA "light" YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvement in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (25.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% 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 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

25 Pensions (continued)

Universities Superannuation Scheme (continued)

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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 but the allowance for promotional salary increases was not as high. 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.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants
Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age
The normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement
Flexible retirement options were introduced.

Member contributions increased
Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS section members and CRB section members respectively.

Cost sharing
If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap
For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Notes to the financial statements (continued)

25 Pensions (continued)

Universities Superannuation Scheme (continued)

Since 31 March 2011 global investment markets have continued to fluctuate following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the funding level at 31 March 2011, allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using a AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 54%.

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

Assumption	Changes in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 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.

The trustees 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 major exposure towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows.

However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The 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 although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary had confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

Notes to the financial statements (continued)

25 Pensions (continued)

Universities Superannuation Scheme (continued)

At 31 March 2012, USS had over 145,000 active members and the University had 1,993 active members participating in the scheme.

The total pension cost in respect of USS for the University was £10,976,000 (2011: £10,384,000).The contribution rate payable by the University was 16% of pensionable salaries.

University of East Anglia Staff Superannuation Scheme

A full actuarial valuation was carried out as at 31 July 2009 and updated to 31 July 2012 by a qualified independent actuary for the purposes of FRS17.

The University operates one defined benefit scheme in the UK, the University of East Anglia Staff Superannuation Scheme which offers both pension in retirement and death benefits to members. Pension benefits are related to the members final salary at retirement and their length of service. Since 1 November 2007 the scheme has been closed to new members. Contributions to the scheme for the year beginning 1 August 2012 are expected to be 25% of pensionable salaries for those members who participate in the University's salary sacrifice arrangements and 18.75% of pensionable salaries for those that do not, plus additional annual contributions of £1,404,000 payable in equal monthly instalments for a period of 20 years from 1 August 2009.

The major assumptions used by the actuary were (in nominal terms):		31 July 2012	31 July 2011
Rate of increase in salaries	:	3.30%	4.20%
Rate of increase in pensions in payment	:	1.80%	2.90%
Discount rate	:	4.00%	5.30%
Inflation assumption	:	1.80%	2.90%

The mortality assumptions used in the valuation of the scheme liabilities are summarised in the table below and have been selected to reflect the characteristics and experience of the membership of the scheme. The mortality rates for all members (males and females) both pre and post retirement not yet retired are based on the S1PA tables.

Assumed life expectancies on retirement at age 62 are:				
Retiring today	Males	:	24.3	24.2
	Females	:	27	26.9
Retiring in 20 years time	Males	:	26.3	26.2
	Females	:	28.9	28.9

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.

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 cash flow projections over long periods and thus inherently uncertain, are as follows:

25 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

	Long term rate of return expected at 31 July 2012	Value at 31 July 2012 £000	Long term rate of return expected at 31 July 2011	Value at 31 July 2011 £000
Equities	5.50%	34,914	6.70%	34,463
Bonds	2.84%	50,671	4.09%	45,035
Fair value of plan assets		85,585		79,498
The actual return on assets over the year was:		5,606		7,977
The amounts recognised on the balance sheet are as follows:				
Present value of scheme liabilities		(95,000)		(89,979)
Fair value of scheme assets		85,585		79,498
Net pension liability		(9,415)		(10,481)

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	2012 £000	2011 £000
Liabilities at the beginning of the year	89,979	83,421
Current service cost	2,665	2,808
Interest cost	4,745	4,486
Contributions by scheme participants	86	95
Actuarial losses	1,091	2,670
Benefits paid	(3,628)	(3,605)
Past service cost	62	104
Liabilities at the end of the year	95,000	89,979

Reconciliation of opening and closing balances of the fair value of scheme assets	2012 £000	2011 £000
Fair value of scheme assets at the beginning of the year	79,498	70,717
Expected return on scheme assets	4,163	3,969
Actuarial gains	1,443	4,008
Contribution by employers	4,023	4,314
Contribution by plan participants	86	95
Benefits paid	(3,628)	(3,605)
Fair value of scheme assets at the end of the year	85,585	79,498

Notes to the financial statements (continued)

25 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

Amounts recognised in statement of total recognised gains and losses (STRGL)	2012 £000	2011 £000
Experience adjustments arising on scheme liabilities	47	41
Changes in assumptions underlying the present value of the liabilities	(1,138)	(2,711)
Experience adjustments arising on scheme assets	1,443	4,008
Actuarial gains	352	1,338

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

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of scheme liabilities	95,000	89,979	83,421	75,302	69,803
Fair value of scheme assets	85,585	79,498	70,717	60,997	63,967
Deficit in the scheme	(9,415)	(10,481)	(12,704)	(14,305)	(5,836)
Experience:					
Adjustments arising on scheme liabilities	47	41	(4,094)	(307)	(189)
Adjustments arising on scheme assets	1,443	4,008	4,267	(6,909)	(7,339)
Actuarial gains/(losses) shown in STRGL	352	1,338	984	(8,864)	(3,808)

The cumulative amount of actuarial gains and losses recognised in the statement of gains and losses is (£17,343,000).

	2012 £000	2011 £000
Analysis of the amount charged to staff costs within operating surplus:		
Current service cost	2,665	2,808
Past service cost	62	104
	2,727	2,912

	2012 £000	2011 £000
Analysis of the amount charged to other finance costs:		
Expected return on pension scheme assets	(4,163)	(3,969)
Interest on pensions scheme liabilities	4,745	4,486
	582	517

Annual contributions for the year beginning 1 August 2012 are expected to be 18.75% of pensionable salaries, plus additional annual contributions of £1,404,000 per annum, payable in equal monthly instalments until 31 July 2029.

Other Pension Schemes

The University contributes to the Federated Superannuation System for Universities, a defined contribution pension scheme. Contributions in the year were £1,000 (2011: £5,000). The University also contributed to the National Health Service Pension Scheme, a defined benefit pension scheme. Contributions in the year were £430,000 (2011: £361,000).

Notes to the financial statements (continued)

26 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.

27 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.

28 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.

29 Related Party Transactions

During the year ended 31 July 2012, the University had transactions with a number of organisations which fell within the definition of Related Parties under Financial Reporting Standard 8 "Related Party Disclosures" ("FRS 8"). Transactions are disclosed where members of Council and other senior members of staff disclose an interest in an organisation with whom the University undertakes transactions which are considered material to the University’s financial statements and/or the other party.

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. Furthermore, these transactions occur at the operational level where they are instigated by members of staff and approved by senior management under delegated authority. There is no direct benefit to members of Council.

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. Transactions with joint ventures and partners are as follows:

University Campus Suffolk Ltd
During the year the University supplied University Campus Suffolk Ltd (UCS) with goods and services to the value of £407,000 (2011: £427,000). At 31 July the balance outstanding was £4,000 (2011: £5,000). The University also received services from UCS to the value of £2,000 (2011: £132,000). At 31 July the balance outstanding was £nil (2011: £1,000).

Notes to the financial statements (continued)

29 Related Party Transactions (continued)

INTO UEA LLP
During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £510,000 (2011: £529,000). At 31 July the balance outstanding was £75,000 (2011: £510,000). The University also received services from INTO to the value of £208,000 (2011: £166,000). At 31 July the balance outstanding was £25,000 (2011: £2,000). The outstanding balance on the loan made to INTO at the end of the year was £nil (2011: £700,000).

INTO UEA (London Campus) LLP
During the year the University supplied INTO UEA (London Campus) LLP (INTO London) with goods and services to the value of £2,244,000 (2011: £580,000). At 31 July the balance outstanding was £1,268,000 (2011: £797,000). The University also received services from INTO London to the value of £31,000 (2011: £18,000). At 31 July the balance outstanding was £2,000 (2011: £1,000). The outstanding balance on the loan made to INTO London at the end of the year was £850,000 (2011: £850,000) and is due in more than one year.

30 Connected Charities

The University has two connected charities. International Development UEA (IDU), a wholly owned subsidiary whose objectives are to provide research, advisory and training services and University Campus Suffolk Ltd (UCS) a joint venture enterprise whose objectives are the provision of higher education, research and consultancy.

	2012		2011	
	IDU	UCS	IDU	UCS
	£000	£000	£000	£000
Opening reserves	343	1,954	282	(741)
Net income for the year	78	975	61	2,695
Closing reserves	421	2,929	343	1,954

31 Teaching Agency for Schools Bursaries

	2012	2011
	£000	£000
Funding at the beginning of the year	(25)	(223)
Training Bursary funds received during the year	629	1,970
Training Bursary payments during the year	(575)	(1,772)
Funding at the end of the year	29	(25)

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

The amount paid out in excess of funds received during the year is recoverable from the Teaching Agency

32 Teaching Agency for Schools Student Associates Scheme

	2012	2011
	£000	£000
Funding at the beginning of the year	11	5
Funds received during the year	-	131
Payments during the year	-	(125)
Funding at the end of the year	11	11

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)

33 Teaching Agency for Recruitment and Retention Funding

	2012 £000	2011 £000
Funding at the beginning of the year	3	3
Payments during the year	(3)	-
Funding at the end of the year	-	3

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

34 Access funds

	2012 £000	2011 £000
Balance at the beginning of the year	3	15
Funding Council Access Funds	245	258
Interest earned	3	1
Disbursements to students	(232)	(271)
Balance at the end of the year	19	3

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.

35 Higher Education Funding Council for England Partner Colleges

	2012 £000	2011 £000
Balance at the beginning of the year	-	-
Funds received during the year	18,846	20,518
Payments during the year	(18,846)	(20,518)
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.

36 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 £9,000,000. The council do not expect any material loss to the University to arise in respect of this guarantee.

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

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

Notes to the financial statements (continued)

37 Subsequent events

Subsequent to the year end, UEA, via its subsidiary undertaking, UEA Accommodation 1 Limited, became a member of Norwich Research Partners LLP ("NRP"). NRP is a partnership between UEA, the Norfolk and Norwich University Hospital, and four independent research centres; the John Innes Centre, the Institute of Food Research, the Sainsbury Laboratory and The Genome Analysis Centre. NRP represents a special concentration of world-leading scientists coupled with the capability for multi-disciplinary research. NRP aims to deliver solutions to the global challenges of healthy ageing, food and energy security, sustainability and environmental change. It is an international centre of excellence in life and environmental sciences research with world-class expertise in the research and development pipeline from genomics and data analytics, global geochemical cycles and crop biology, through to food, health and human nutrition.

UEA contributed land valued at £230,000 to NRP from which, subject to available profits, UEA will receive an annual rental based income. Furthermore, UEA will be entitled to receive a share of certain profits generated by NRP, but it has no liability for losses or in the event of insolvency.