University of East Anglia

Annual Report and Financial Statements

2020 - 2021

University of East Anglia
Norwich Research Park
Norwich NR4 7TJ

Telephone 01603 456161

http://www.uea.ac.uk

Contents

Charity Trustees and Members of Council

	Appointments/retirements	Term of Office ends
Independent Members		
Laura McGillivray (Chair to 31 July 2021)	Retired 31 July 2021	
Sally Howes (Chair from 1 August 2021)	Appointed 1 March 2021	31-Jul-2024
Mark Williams (Treasurer)		31-Jul-2023
Kathryn Skoyles (Deputy Chair to 31 July 2021)	Retired 31 July 2021	
Jeremy Clayton (Deputy Chair from 1 August 2021)		31-Jul-2025
Gillian Maclean		31-Jul-2022
Stephen Blease		31-Jul-2022
Jeanette Wheeler		31-Jul-2022
Stephen Evans		31-Jul-2023
Andrew Wood (Senior Independent Member from 1 August 2021)	Appointed 1 August 2020	31-Jul-2023
Mark Davies	Retired 31 July 2021	
Jonathan Paine	Appointed 1 August 2021	31-Jul-2024
Ex-officio Members		
David Richardson (Vice-Chancellor)		n/a
Neil Ward (Deputy Vice-Chancellor)	Retired 31 July 2021	31-Jul-2021
Fiona Lettice (Pro Vice-Chancellor)		31-Jul-2022
Christine Bovis-Cnossen (Provost and Deputy Vice-Chancellor)	Appointed 1 September 2021	31-Jul-2026
Appointed by Senate		
Ratula Chakraborty		31-Jul-2022
Louise Bohn	Retired 31 July 2021	
Usha Sundaram	Appointed 1 August 2021	31-Jul-2024
Elected by the support staff		
Daisy Mailey	Retired 31 July 2021	
Kristopher Harper	Appointed 1 August 2021	31-Jul-2024
Student Members		
Elizabeth Payne	Appointed 1 August 2020	31-Jul-2022
Hamish Williams	Retired 31 July 2021	
Ivo Garnham	Appointed 1 August 2021	31-Jul-2022

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

Vice-Chancellor
David Richardson BSc, PhD

Treasurer
Mark Williams, BA, MSc, CTA, CLD

Director of Finance
Jason Brown BA, FCCA

Bankers

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

NatWest Bank plc
21 Gentleman's Walk
Norwich
NR2 1NA

Investment Managers

Barclays Wealth
1 Colmore Square
Birmingham
B4 6ES

Independent Auditors

KPMG LLP
Dragonfly House
2 Gilders Way
Norwich
NR3 1UB

Business Review

The academic and financial year 2020-21 continued to be marked by Covid-19 that hit in the early part of 2020 and was declared a pandemic on 11 March 2020. In common with all other organisations, this had a major impact on the operation of the University as we remained in business continuity mode for much of the year, dealing with a second and third national lockdown impacting autumn and spring semesters. Despite all these challenges, we have continued to deliver teaching and learning, to undertake high quality research and to provide support to our students and staff on and off campus, with high numbers of staff continuing to work from home. We are very proud of the way the University community has continued to operate and we could not have asked for more from our staff and students. As we approve these accounts for signature, there is a sense of real positivity as the campus has come to life once more with hundreds of teaching events and other activities now taking place in person. We know that the students and staff are delighted to be back and bring with them great enthusiasm to be together again. Of course, we still need to be mindful, the pandemic is not over and remains a threat. We will continue to promote cautious and respectful behaviour, whilst keeping abreast of any emerging financial impacts.

This year has also seen the opening of the UEA's £7.4m, state of the art Productivity East, a new regional hub for engineering, technology, and management. As well as investment from UEA (provision of the site), Productivity East received a grant of £4.5m from the New Anglia Local Enterprise Partnership for Norfolk and Suffolk. The engineers of the future are at the heart of Productivity East. It will support businesses in our region, enabling them to work alongside world-class researchers and students to discover practical solutions to current and future challenges. Together, our students, academics and business can explore new ideas to develop prototype designs and create innovative products and services.

The University continues to enjoy a strong league table position, delivering a Top 30 performance in two of the main UK tables this year (The Times/Sunday Times Good University Guide and the Complete University Guide). UEA also maintained its position in the Top 200 universities globally in the Times Higher Education world rankings and remained a world top 50 university for research citations. In order to maintain this enviable position, it is vital that the University continues to perform well on the various measures reflected in the league tables.

This year's financial statements record a net surplus position for the year and continue to be prepared under Financial Reporting Standard 102, which requires certain non-cash items to be brought onto the face of the accounts in the Statement of Comprehensive Income and Expenditure (SOCIE). Significant factors impacting the net surplus position include:

- The year-end position reported (prior to recognising movement in respect of pension schemes) is more positive than planned at £4.6m - a significant improvement against the 2020 reported deficit position of £13.1m. The contributing movements are highlighted further within the business review. It should be noted that the pension provision is a volatile number and varies significantly from year-to-year (see the Outlook section of this report for an indication of the anticipated movement in 2021-22). These movements do not impact the cash performance of the University.
- Covid-19 has continued to impact the operations of the University. Action has continued throughout the year to mitigate the impact where possible. We continued to use the government furlough scheme where appropriate and remove or delay discretionary spend;
- From a cash perspective, it is pleasing to note that despite the pandemic the University continued to be cash generative with net cash inflow from operating activities of £29.3m (2020: £15.8m);
- The consolidation of the Quadram Institute Biosciences ("QIB") and The Sainsbury Laboratory ("TSL") are reflected as a £3.2m surplus and £0.3m loss respectively.

During the year, the University suspended the significant work that had been planned on the second five-year phase of the 15-year Vision. This has now restarted in earnest with the expectation that the next five-year plan will be signed off at the end of this financial year. The key themes of the Vision have been retained and it is anticipated that the early stages of the new plan will focus on the recovery from the pandemic. The critical work on the Lasdun Wall (the first part of the Campus Development Plan (CDP)) continues, and a planning application is due to be submitted to Norwich City Council in the spring of 2022. A Digital Transformation Plan is being worked on in tandem with the CDP. The continuing themes of the five-year plan are:

- Student Success: creating the "must go to" university destination of tomorrow
- Research Success: solving global challenges by increasing our research reputation and impact
- Staff success: one team with one clear vision, right at the heart of a stimulating university community
- Global success: creating closer partnerships with students, staff, alumni and organisations around the world.

Business review (continued)

Key Financial Highlights

2020-21 proved to be a challenging year for the University and its subsidiaries, as well as our staff and students. Given the ongoing pandemic, we are pleased to report a robust financial performance when compared to the prior year, solely down to the mitigations taken by the Executive to limit discretionary spend, whilst focussing all efforts on supporting our students and staff through a very difficult year. Key financial highlights for the year, compared to the previous year, are summarised below:

	2021	2020	Increase/ (decrease) on 2020
	£m	£m	
Group income (excluding joint ventures)	320.0	303.9	5.3%
Expenditure	315.9	281.1	12.4%
Surplus/(Deficit) for the year before taxation	4.6	22.8	
Adjusted (Deficit)/Surplus for the year (prior to recognising movement in respect of pension schemes)	4.6	(13.1)	
Adjusted (Deficit)/Surplus as % of group income	1.4%	(4.3%)	
Capital expenditure additions	39.1	33.4	17.1%
Capital grants receivable	11.0	3.4	223.5%
Net cash inflow from operating activities	29.3	15.8	85.4%
Net assets	375.3	361.7	3.8%

COVID-19 pandemic

As referenced in the introduction, the pandemic has continued to have significant financial impact on the University, mainly due to the impairment of income from residences, following measures to support students during the second and third national lockdowns impacting the first and second semesters. The University was one of the early decision makers in the sector to offer students rent refunds initially of up to 8 weeks. The overall impact of the pandemic restrictions imposed has significantly hit other trading areas, with an overall loss in income for 2020/21 from trading activities of £7.5m (Residences - £5.7m, Catering - £0.3m, Nursery - £0.1m, and Sportspark - £1.4m). Whilst this had formed part of our scenario planning and fell within the permitted headroom of the University, we mitigated the loss of income by continuing a recruitment freeze and focusing spend on essential non-pay areas, ending the year in a positive position as reported. We continue to review expenditure closely and regularly monitor our mitigation strategy as we move out of the pandemic.

Income & Expenditure

The total comprehensive surplus for the year is £13.6m (2020: £16.6m). This is after recognising the actuarial gain in respect of pension schemes of £9m, and the increase in the USS pension deficit £0.1m, both included within staff costs. Adjusting for these two items, the Group has delivered a surplus for the year of £4.6m against a budgeted deficit of £12.5m (2020: £13.1m deficit).

Group income of £320m increased by £16.1m, up 5.3% over the previous year. Funding body grants increased by £2.2m reflecting the allocation of specific grants during the year in relation to the Global Challenges Research Fund and additional capital grants. The recurrent teaching grant remains stable, recognising the fact that virtually all remaining funding for teaching relates to Medicine and Science students, as well as funds to support widening access programmes.

Within tuition fees and education contracts income, Home and EU full-time student fees increased by £9.8m to £119m (8.9% up on last year) and Overseas student fees reduced in the year to £30.4m (2020: £36.5m). The increase in Home/EU student fee income is primarily the result of additional student numbers. The University continued to be successful in increasing recruitment in a market which was challenging as a result of a demographic dip in the number of 18year-olds. During the turmoil of the 2020 A level results, we also took an early decision to enrol students that had firm acceptances in a move to reduce the stress on applicants. The figure also represents the continuation of higher recruitment (from previous years) into future years of courses. The dip in international student fee income related to a reduction in the number of postgraduate taught students due to travel restrictions because of the pandemic. The University continues to benefit as a result of students progressing from the INTO joint venture.

Research income increased by £8.3m (16.4%) primarily due to a change in the profiling of research grant receipts, extended into future years due to the pandemic. Other income at £52m is £4m higher than 2020 (£48m) primarily due to the receipt of externally funded capital grant and service income of £6.5m, offset by a reduction on trading activities of £2.5m (residences, catering, and conferences) due to the impact of the pandemic, particularly the January 2021 lockdown.

Total expenditure increased by £34.8m, 12.4% in the year (2020: £79.6m reduction). This was primarily as a result of the movement in the USS pension liability of £0.1m increase compared to a reduction of £35.6m in 2020. Excluding the pension provisions, there is an overall net reduction in spend of £0.7m, reflecting lower planned operating costs. Interest payable costs have reduced by £1.5m, reflecting £0.5m of loan interest costs and interest charged on pension liabilities of £1m (non-cash).

Reserves

Net assets increased in the year by £13.6m to £375.3m. The movement includes a £7.8m reduction in the pension provisions included in staff costs and the SOCIE.

Capital Expenditure and Grants

Total tangible fixed asset additions in the year amounted to £39.1m (2020: £33.4m) and capital grants receivable in the year (excluding joint ventures) relating to tangible fixed asset expenditure amounted to £10.9m (2020: £2.4m). The major areas of capital expenditure during the year included:

	£m
MRI scanner	2.4
Improvements	1.9
BMRC autoclave	3.0
Fire remedial works	10.5
Productivity East	3.5
IT	4.6
Faculty and research	4.6
Sportspark	0.9
Spandrel panels	3.5
Other capital expenditure	4.2
	39.1

Cash and Debt

Net operating cash flow

Cash inflow from operating activities before endowment expenditure for the year was £29.3m (2020: £15.8m). Total debt service costs, relating to both loans and finance lease commitments were £6.6m (2020: £7.1m). Cash inflow from operating activities plus investment income (£0.4m) was £29.7m, which at 4.5 times total debt service costs comfortably exceeds the minimum multiple of 1.2 times, being the principal financial covenant required under the terms of the University's banking facilities.

Net debt

Consolidated net debt, being loans and finance leases less cash and cash equivalents, decreased during the year by £10m to £79m.

Loans

The 10-year revolving credit facility with NatWest Bank of £100m at a rate of 1.67%, was utilised during the financial year with a closing balance of £15m drawn against the facility (£18m lower than forecast) at the end of the financial year. All remaining loans are fully drawn and on an unsecured basis with average loan interest rates at 2.6%.

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 five years.

Cash and cash equivalents, excluding endowment assets (£6.5m), increased during the year by £11.3m to £61m. 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.

Joint Ventures

The joint venture, INTO UEA LLP ("INTO UEA Norwich"), referred to in note 14 to the financial statements, has been significantly impacted by the pandemic. For the year 2020/21, the joint venture has reported significant losses as a result of lower recruitment, with costs being managed tightly throughout the year. In anticipation of the impact of the pandemic and likely period of recovery, the joint venture identified a need to access the Government supported CBILS scheme to support cashflow requirements for the current year and beyond. The University and its other joint venture partner (INTO University Partnerships) are each acting as guarantors in respect of this loan (50% each) to a maximum total value of £7m. It is anticipated that there will be no distribution in respect of 2020/21 nor for the next three years whilst the joint venture recovers and builds up surpluses for distribution.

Business review (continued)

Outlook

The Covid-19 pandemic has affected the world significantly. The immediate response to the pandemic led to major and swift changes to the operation of the University and our ability to deliver our academic and civic mission. Actions were taken to manage and secure the immediate personal, academic, and financial impacts for 2019/20 and this has been mirrored again through the 2020/21 financial year. Looking ahead we are more positive in our outlook, the vaccine programme has been a success and we all begin to return to the new normal, mindful that the pandemic is still with us. In order to move forward, we have to find a way to live alongside the virus. With this in mind, the University has focused on navigating the longer-term impacts for 2021/22 and beyond. Our aim is to secure the long-term financial position of the University and, as far as possible, take necessary actions that minimise the risks to the University. It is our aim to ensure that whilst taking action to manage our financial position, we do nothing that will impact the long-term reputation for excellent teaching and high quality high impact research.

In managing the outlook, a number of scenarios were modelled in respect of the potential impact of Covid-19 on the University's finances for 2021/22 and beyond. These provided us with a range of financial impacts on income ranging from c£11m to £22m in year, resulting in future years' impact on the long-term plan of c£16m to c£42m on cash. We also assessed how we would mitigate each of the scenarios. These formed the basis of the budget for 2021/22 and are constantly revised as the position becomes more certain, for example when the results of the annual recruitment cycle were known. Our closest scenario included a reduction in budgeted income of £12m (activity in line with 2020 admissions cycle). The impact of the reduction in intake across future years was forecast to be c£21m when taking account of subsequent years of study.

Overall, the University fell approximately 17% short of entry targets in a highly competitive market, at a time of a pandemic, giving rise to an overall adverse financial impact of £18.7m. The notable change in the 2021 admissions cycle compared to 2020 was the shortfall in Home Undergraduate admissions achieved and subsequent impact on campus residence income. We believe this is linked partly due to the lack of on-campus open days, where we see high levels of conversion, and the impact of how A level grades were awarded this year, based on teacher assessments, leading to increased competition in the marketplace. In response to this shortfall, we have firstly introduced mitigations to achieve the provision held for under recruitment of £12m, and then recast spending plans to align with lower numbers of students flowing through 2021/22, in order to achieve our planned deficit budget for 2021/22.

The measured approach taken to securing the financial position of the University at the start of the pandemic and continuing into the current financial year is reflected in our revised long-term plan, and we continue to demonstrate financial sustainability through maintaining positive cash balances and covenant compliance throughout 2021/22 and future years. There remain further possible mitigations which, in the event of a downturn in income or increase in costs, could be utilised. These include a number of pay and non-pay actions and are discussed regularly by the Executive Team, Finance Committee and Council, as well as shared with staff and their representatives. There is currently headroom in both our forecast cash balances and banking covenant compliance before additional mitigations would be required.

Further stress testing has been undertaken to assess the impact of the downturn of income, in particular commercial activities. A number of sensitivities have been undertaken against the plan, ranging from 12-week lockdown to other external factors such as a period of increased inflation. The outcome shows that covenants can be maintained along with positive cash balances for the period through to 31 December 2022 and beyond.

Uncertainty continues in respect of the national pension scheme for university employees (USS). The scheme had a triennial valuation as at 31 March 2018 which has been reflected in the financial statements and resulted in significant reductions in the deficits held on University balance sheet. The adjustment is not an actuarial liability but an accounting provision to reflect that there is a contractual obligation to fund the deficit in the scheme over a number of years. The movement on this provision is reported as part of the staff costs and has the effect of increasing the surplus. As part of the ongoing process to manage the variety of opinions in respect of the USS deficit, including the outcome of the Joint Expert panel (JEP) review, a new valuation as at 31st March 2020 was commissioned. Given the timing of the valuation and the changes to long-term interest rates and gilt yields, the outcome of this valuation will see an increased deficit position (before any review of employer risk appetite and other mitigating actions is considered). This has been the subject of much debate over the past 12 months covering future deficit recovery payments and contribution rates for both employees and employers. Therefore, an adjustment to reflect the revised valuation will be made in the financial statements for the year ended 31st July 2022 calculated as an increase in the provision of £97.1m as referred to in note 32. There has been consultation to assess the level of risk employers are prepared to bear, along with how the financial performance of employers will be monitored through a suite of covenants which employers are required to satisfy. In addition, the USS trustees wish to move to a position where the granting of security to university lenders will be matched by a commitment to the pension scheme. This has then been underpinned by a move to adjust down the agreed increase in employer and employee contribution rates from a planned increase of 4% (total) to 0.5% (total) from the 1st October 2021, noting that in order for these rates to become definite, the Benefit Change Deed will need to be signed by 28th February 2022. These increases will be split 0.3% to employers and 0.2% to employees.

Business review (continued)

Whilst we would prefer there to be no increase in contributions, this will at least mitigate a significant impact on the costs of employing staff in the future. Noting that staff costs continue to represent around 60% of total expenditure, excluding depreciation and interest, any increase in employment costs may have a significant impact on the overall financial position.

The Estates Strategy was signed off in 2015 and was underpinned by the refinancing of loans in 2018 to enable the first stage of works to be undertaken. This was to have been the provision for a decant space, built on the main carpark, enabling access to be granted to the first phase of the Lasdun Wall. In the aftermath of the pandemic, we halted work on the decant space along with all other non-essential capital spend. This in turn has triggered a recast of the Estates Strategy with the knowledge that the cash position will be more constrained due to the initial impact of Covid-19 on available cash flow, a delay in the strategic growth in student numbers and immediate essential works required to repair spandrel panels (now completed) covering the frame of the Lasdun Wall. This led to Council endorsing a new strategy and approach defined as the Campus Development Programme late in 2020.

The Campus Development Programme (CDP) is about creating a University that is sustainable and fit for the future. We need to deliver on our ambition to be a net zero campus by 2045 (preferably earlier). We need to protect our finances as we emerge from the pandemic and we need to explore different ways of working and use our space and buildings better. The CDP is a multi-year phased programme of work based on four key areas:

- The urgent repair and refurbishment of the Lasdun Wall
- Maximising existing buildings to create great teaching, learning, research and work spaces
- Exploring more diverse ways of working as individuals, teams and as a community
- Supporting staff to develop a working model that balances the needs of their role with their personal circumstances

The financial outlook for the next few years remains unknown for the sector, especially as the pandemic continues and there is an expectation that the post-18 Augar review will see further reform to the tertiary sector, with announcements and a consultation due in the Autumn. However, there is an expectation that, as we exit the demographic dip, positive opportunities will prevail. In the short-term we continue to focus on doing all we can to mitigate the impact of the pandemic and plan for recovery.

Our focus will remain on delivering a strong operating cash flow to maintain financial sustainability and to complement the loan facility, in order to deliver the Campus Development Programme, Digital Development Plan and Life Cycle Maintenance of our estate, to ensure that UEA remains the "must go to" University for promoting the success of staff and students.

David Richardson
9 December 2021

Mark Williams
9 December 2021

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 takes account of 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 The Higher Education Code of Governance [the "Code"] issued by the Committee of University Chairs in September 2020. The Code operates on a "comply or explain" basis. A review of Council Effectiveness was undertaken in January 2016 to address the effectiveness of Council against the previous version of the Code and the next review is currently overdue, delayed in large part by the pandemic. In this respect we have recently engaged the services of the Halpin Partnership to undertake a Governance Review, and this will take place during autumn/winter 2021/2.

Compliance with the Higher Education Code of Governance [the "Code"]

As mentioned above the University has adopted the Code and seeks wherever possible to comply with its requirements. A review of our compliance with the Code was undertaken in May 2021 and in large part the University complies with the Code. There is one specific area of non-adherence and this relates to the KPI's linked to the current five-year plan. In use, these were found to be cumbersome and challenging to maintain and update. A decision was therefore taken not to continue with this set of KPIs for the balance of the existing plan but with establishment of workable KPIs being a priority for the next stage of the plan. Council do regularly monitor other proxy information including the financial, teaching and research performance.

In other areas, there are improvements to be made. These include putting the new conflict of interest policy into action, consideration of a Code of Conduct for Council members and further improvements of the Governance section of our website. Compliance with the Code will form a part of the forthcoming governance review.

Statement of Council responsibilities in respect of the financial statements

Council is responsible for preparing the financial statements in accordance with the requirements of the Office for Students' terms and conditions of funding for higher education institutions and Research England's terms and conditions of Research England grant and applicable law and regulations.

Council is required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.* The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

Council is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Council is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

Corporate governance statement (continued)

- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

University constitution and structural organisation
Council is the governing body of the University and has a majority of independent members. The full detail of membership is shown on page two of these statements. It usually meets six times a year (the minimum requirement is to meet at least four times a year) and has several committees, including Finance Committee, Governance Committee, Audit Committee and Senior Officers' Remuneration Committee (SORC).

All of these committees are formally constituted with written terms of reference, delegated powers and specified membership, including a proportion of independent members. All Committees (except Audit Committee and Governance Committee) now include student membership. Day to day management of the University is the responsibility of the Vice-Chancellor and other members 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, students at the University and representatives of its partner institutions. Council consults and receives recommendations from Senate on all academic matters and retains ultimate responsibility for decisions (where academic issues involve strategic, financial or other resource implications). In addition, Senate welcomes Council members to their meetings (as observers).

In respect of its strategic and development responsibilities, Council receives recommendations and advice from Finance Committee. Finance Committee, inter alia, recommends to Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

Governance Committee considers nominations for co-opted vacancies in Council membership under the relevant Statute and is responsible for monitoring the implementation of the findings of the Council Effectiveness Review. This Committee will also commission future periodic reviews of Council Effectiveness. The Committee is chaired by the Chair of Council and its membership includes two independent members appointed by Council from amongst members.

Audit Committee meets four times a year, with the University's external and internal auditors in attendance, and is comprised entirely of independent members. It considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also considers the annual financial statements, which it recommends for adoption by Council. Audit Committee reviews the effectiveness of the risk management process and the quality of information feeding into that process. It also ensures that satisfactory arrangements are in place to monitor and review economy, efficiency and effectiveness. Senior officers attend meetings of the Audit Committee as necessary, but they are not members of the Committee. In addition, Audit Committee routinely meets with the internal and external auditors without any officers present.

The Senior Officers' Remuneration Committee considers the remuneration of the members of the Executive Team and the Directors of Professional Services. Terms of reference and membership were reviewed during 2018/19 to ensure compliance with the CUC Remuneration Code, published in June 2018. The Vice-Chancellor is not a member of SORC but attends in respect of the discussions related to the other members of the Executive Team. The Deputy Chair of Council chairs SORC, but the Chair of Council remains a member of SORC. In light of the CUC Code, SORC were meeting more frequently (prior to the pandemic) and have agreed a programme of further activity to ensure continuing compliance with the CUC Code and the OfS accounts direction.

The Executive Team, the senior officer management body, receives reports setting out key performance indicators and associated risks and controls. The Vice-Chancellor, as Chair of the Executive Team and as the Responsible Officer under the Terms of the Memorandum of Assurance and Accountability between OfS and Institutions, receives regular reports from the internal auditors and assurances from Audit Committee (via Council) on internal financial controls and Value for Money, which include recommendations for improvement. Council's agenda includes a regular item for consideration of risk and control.

Corporate governance statement (continued)

Statement on Internal Control

Council is responsible for the University's system of internal control and for reviewing 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 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.

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 key controls. 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. The internal and external auditors assist Audit Committee in its work.

The internal audit programme in recent years has been specifically designed to review areas of the University where both management and Audit Committee had concerns about effectiveness. As expected, the internal auditors identified areas where significant improvement is required, and their reports will help the Executive Team to develop and implement action plans to ensure that substantial improvements are achieved. Whilst the number of high-risk findings remains relatively high (eight from a total of 25 versus ten from a total of 22) this is a reduction from the prior year reflecting work done particularly in the Estates and digital areas. Significant further work on the Health and Safety review has been impacted by the response to the pandemic where that team has been actively involved. However, the anticipated restructure is now in progress and should be in place imminently. The new structure will then enable further improvements to take place.

Principal risks and uncertainties and financial risk management

As mentioned above, the University has in place a risk register, which is regularly updated and reviewed by the Executive Team and Audit Committee (and at least annually by Council). The risk register identifies the key risks, their potential impact on the operation 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 risk groups' mitigating actions.

Covid-19: pandemic
By far the biggest risk currently facing the University is the continuing impact of the pandemic. This impacts on all of the specific risks below but probably most significantly the response to the pandemic has absorbed, and continues to absorb, a huge amount of time across the University. Our key priority has been to ensure the safety and wellbeing of our students, staff and visitors to campus and to maintain financial stability. The University moved to online provision across a single weekend in March 2020 and the vast majority of staff were able to move swiftly to home working. More recently, with the start of the 2021/22 academic year the majority of teaching has returned to face-to-face. There are still significant numbers of staff working from home but this is, in part, due to the requirements of the Campus Development Programme as well as the impact of the pandemic.

There will be ongoing risks to our financial position as the effect of reduced student recruitment flows through the future years of the financial model but based on the information we currently have available we are confident that we can continue to meet our banking covenants. We continue to develop a range of scenarios to manage potential shortfalls in income or additional costs and these are monitored via a sub-group of the Executive Team and reported to the wider Executive Team, Finance Committee and Council as appropriate. We also work with the campus trades unions to ensure they are fully briefed on the financial position and measures to manage the impact of the financial mitigations on staff.

We largely moved out of business continuity mode but maintain close to the latest information from government and aim to minimise risk as far as possible and to ensure the University is ready to respond to any changing requirements.

Student recruitment, Teaching Excellence Framework and performance measures
The University has been successful in recent years in recruiting additional student numbers, specifically Home/EU undergraduates. However, for academic year 2021/22 we have experienced a shortfall in both home and international numbers. The pandemic has continued to impact the recruitment of new international students. Home numbers were impacted by the higher A level results (nationally) that led to a greater number of students being admitted to, in particular, Russell Group institutions. The admissions teams and the wider staff of the University responded exceptionally well to secure our position which changed radically over the space of a few days in August. Our recruitment activity is normally supported by a programme of highly successful open days and applicant visit days, monitoring and management of social media channels, investment to raise the profile of the University during confirmation and clearing activity and a network of overseas representation (both directly and indirectly engaged). This routine served us well in mitigating to the extent possible the added risks of the pandemic and we were able to respond rapidly and with a large degree of flexibility. For September 2021 entry it had not been possible to operate the normal open day programmes and as these have such a significant impact on our conversion activity it is thought that this was a major impact in our lower than usual recruitment.

Corporate governance statement (continued)

Staff recruitment and retention
The University's ability to recruit high quality staff is key to future growth and so the University places a significant emphasis on their recruitment, retention and performance. We have continued to develop our People Strategy as part of the work on the new five-year plan.

During the 2020/21 financial year many staff supported the University by taking voluntary reductions in working hours (with a corresponding reduction in pay). Others offered a reduction in their pay. Some are continuing to work reduced hours although these are now, primarily, being managed through our flexible working procedure. We are experiencing some recruitment challenges especially in specialist areas such as IT. In some cases, we are having to respond with market supplements to attract and retain the best staff.

Financial risk
Covid-19 has placed significant pressure on our financial position. Whilst we have been able to stabilise the University's finances there will be an impact on the long-term financial plan and there has been an impact on our cash balances. All of the currently foreseeable impacts have been incorporated into our financial plans and rolled through for the next five years. On the basis of that information we anticipate continuing to maintain compliance with all of our financial obligations and banking covenants. We are continuing to carefully plan our capital expenditure plans in line with the updated Estates Strategy approved by Council in September 2020. All but essential or committed capital expenditure was paused when the pandemic hit to maintain cashflow.

A highly significant area of financial risk arises from the University's participation in the Universities Superannuation Scheme (USS). A proposal to bring the 2020 valuation to a close has been agreed at the Joint Negotiating Committee (JNC) and is currently the subject of employer consultation with current and potential members of the Scheme. As a result of the current agreement it has been possible to secure a contribution rate from 1 October 2021 that is lower than planned in the 2018 valuation. Contribution rates at the 1 October 2021 level are now incorporated in our financial plans and we required these to be absorbed by budget holders. The absolute deadline for all of the approvals to be in place for the latest valuation is 28 February 2022. Without this there is a risk of increases in contributions that will be unsustainable without making additional savings/generating greater levels of income.

Building and service risks
A significant proportion of the University estates was built in the 1960's and 1970's and requires major investment over the next fifteen to twenty years. It is this requirement that has driven the long-term financing review and detailed plans are in place to facilitate the required investment. It is anticipated that upon completion of the investment there will be marked benefits to both staff and students using these facilities as well as to the efficiency of operating the buildings.

A well-developed plan is in place to secure the long-term future of the Lasdun Wall. Phase 0 is well underway and will see a significant proportion of the University's staff move working location to create sufficient space to decant all the staff and activity that currently takes place in Building 3 (Arts 1 and 2). This Phase is due to end on 31 July 2022. Phase 1 will start immediately afterwards and will see Building 3 stripped back to frame and extended. It will then be re-built to provide Science research facilities and general-purpose teaching space. In the process, this will provide modern research facilities for the Faculty of Science and de-risk the current research facilities in buildings 4, 5 and 6.

Regulatory and legislative changes
The General Data Protection Regulations (GDPR) came into force on 25 May 2018 and, in common with all other data processors, the University undertook a significant programme of work to ensure an acceptable level of compliance with the new regulations. This included training for all staff, strengthening of the data protection team and the formal nomination of a Data Protection Officer. The team has worked across the University and closely with other higher education colleagues and has developed an action plan to ensure enhanced compliance.

The Office for Students (OfS) became the regulator of higher education teaching provision in April 2018 and, at the same time, responsibility for research funding transferred to UK Research and Innovation. This brought with it a fundamental change to the regulatory framework for higher education. The University has identified each of the new regulatory requirements of the OfS and has strategies to ensure appropriate monitoring and compliance with these requirements.

Sustainability
The University declared a "Climate and Bio-Diversity Emergency" during 2018-19 and sustainability is very high on our agenda and that of many of our stakeholders. During 2019-20, and building on the history of the University Climatic Research Unit, we continued to review our impact on sustainability and develop proposals to reduce our impact both now and in the future. These plans were knocked off course by the pandemic but progress has been made, especially in the area of the estate. Responses to

Corporate governance statement (continued)

this emergency are likely to impact both finance and reputation as well as requiring individuals to change their behaviour. The Campus Development Programme will be critical to our reduction in carbon emissions.

Capacity
We have ambitious plans and have recently re-started work on the next five-year cycle of our strategic plan aligned to the 2015-2030 Vision. These plans were placed temporarily on hold whilst we responded to the pandemic but are now being revisited with an expectation that they will be approved by Council in June 2022. The anticipated significant levels of change will require high levels of capacity to both identify and achieve change from the entire University. We are working hard to make change and simplify policies, processes and procedures to free up capacity but this could be a limiting factor to some of our plans if not managed appropriately.

Interference from foreign powers/IT security

There is a growing awareness of the potential for foreign powers and external entities to wish to obtain information regarding our research activities. This has been heightened in recent months. Universities UK (UUK) are producing information on the risks posed from this area of activity and we routinely receive these from them. In addition, and in common with the rest of the sector and economy, we are aware of attempts to gain unauthorised access to our IT networks. We have additional measures to ensure users of our systems are warned when potentially suspicious activity takes place and we continue to be members of JISC (the Joint Information Systems Committee). JISC provides specialist advice and support across the higher education sector.

Fundraising

UEA fundraising activities are conducted by UEA employed staff. No direct fundraising activity is outsourced to external agencies, although some services in support of fundraising are contracted, such as software provision and data cleansing. The University's Development Office is responsible for conducting its fundraising activities, led by the Director of Development who reports to the Chief Resource Officer (CRO) (operations) and the Vice-Chancellor (strategy). The University has established a volunteer board under the banner of the Difference Campaign, and this Campaign Advisory Board provides a reference point for strategy development and to assist with introductions. Advisory Board members are not remunerated for their service. All UEA fundraisers are salaried members of staff, and there is no commission element within their pay.

A formal Due Diligence policy has been adopted by the University (revised 2020) to govern the receipting of gifts to ensure that appropriate scrutiny is given to any potential gift before it is accepted. This policy escalates acceptance criteria from the decision of the Director of Development (to £100k), to the CRO and Vice-Chancellor jointly (to £1m), the Executive Team (to £5m) and to UEA Council (over £5m).

The University is a member of CASE (the Council for Advancement and Support of Education), a professional association serving educational institutions and the advancement professionals who work on their behalf in alumni relations, communications, development, marketing and allied areas. CASE regularly provide training and conferences on best practice in higher education fundraising which UEA staff attend. Similarly, CASE provide guidance on best practice approaches which the University has adopted including the CASE Donor Bill of Rights and the CASE Principles of Practice for Fundraising Professionals in Higher Education.

The Development Office regularly employs a team of approximately 25 current students, working on a part-time basis for a number of weeks each year to carry out a telephone fundraising campaign ('Student Call Campaign'). The following steps are taken to ensure the telephone campaign is conducted appropriately:

- Full training is provided on fundraising best practice for student callers, including specific training on how to identify potentially vulnerable people, how to accommodate potentially vulnerable people and how to report any concerns they may have;
- Each calling session is overseen by a trained supervisor who is responsible for ensuring all student callers follow best practice and for reporting any concerns to the Regular Giving Officer;
- Student callers are required to make notes about each of their calls including their approach, the outcome and any concerns or issues that require attention. All of these call notes, including the number and frequency of calls made, are reviewed by the Regular Giving Officer.

Any request to cease either all contact or a specific form of contact is actioned immediately. The University is committed to being clear and honest in all fundraising communications and conversations, to allow individuals to make informed decisions about whether and when they choose to donate. The University seeks to comply with all relevant legislation and guidance issued by the Fundraising Regulator and the Information Commissioner's Office. The University has chosen to pay the Fundraising Regulator's levy.

Corporate governance statement (continued)

The Sainsbury Centre for Visual Arts (Sainsbury Centre), a discrete cost centre of the University, has its own fundraising function, led by the Head of Development (SCVA), responsible to the Director of the SCVA, who is responsible for all aspects of fundraising at SCVA, and who in turn reports to the Pro Vice-Chancellor (Arts and Humanities). The SCVA has a voluntary Board, led by an unpaid Chairman, which provides strategic direction for SCVA and which can influence fundraising priorities, programmes and projects.

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 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.

Sally Howes

Signed on behalf of Council on 9 December 2021

Public benefit statement

The University of East Anglia (the "University") is an exempt charity under the Charities Act 2011, (the Act) and as such is regulated by the Office for Students 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 one.

Our Foundation document (the Royal Charter) sets out our charitable purpose as "for the public benefit, the advancement of education and research". 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.

During 2019/20 we developed and launched our UEA Values: Collaboration, Empowerment, Respect and Ambition. These were shaped by staff and represent a core set of standards for how we behave as an employer, drive excellence in teaching, learning and research and collaborate as an anchor institution in our local community.

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

- The University responded rapidly to the Covid-19 pandemic supporting a wide range of community activity including in the early days production of hand sanitiser and more recently continuing to work with the NHS and other bodies to provide support wherever this is required. Many staff and students also volunteered their time to support the pandemic response and the University's premises and site have been used to support testing activity and delivery of vaccinations.
- The Tyndall Centre for Climate Change Research and the Climatic Research Unit engage in research on the effects of climate change. Colleagues from the Centre and other parts of the University were heavily involved in Cop26 held in Glasgow in early November;
- We were a founder sponsor of "Sync the City" an event that brings together budding entrepreneurs with experienced business mentors and technology experts. Sync the City has been described as "a bit like an episode of The Apprentice, followed by an episode of Dragons Den, all condensed into 54 hours";
- The University has long established programmes, together with the Students' Union that facilitate volunteering opportunities for our students. Students volunteer in a wide variety of settings across the City, Region and Country;
- As part of our commitment to equality, diversity and inclusion, the University is working towards achievement of the Race Equality Charter and routinely works with Stonewall and participates in their employer index. The University is also an accredited Living Wage Employer;
- We have worked on our landscape to achieve the "Green Flag Award" for improving biodiversity and making the environment available to students, staff and the general public;
- The School of International Development undertakes research which contributes to the relief of poverty and hardship in developing countries;
- The Centre for Competition Policy runs research programmes that explore competition policy from the perspective of economics, law, business and political science;
- The Sainsbury Centre for Visual Arts provides open access to world art including activities for school children;
- There is an active programme of research activity within the Faculty of Science and the Faculty of Medicine and Health Sciences, linked closely with the Norfolk & Norwich University Hospital NHS Foundation Trust to advance understanding and effectiveness of medicine, and translate research into practice;

- The Quadram Institute (a collaboration between Quadram Institute Biosciences, UEA, BBSRC and the Norfolk and Norwich University Hospital) links researchers and clinicians to advance understanding of the impact of food on health, so providing a scientific framework for enhancing healthy ageing;
- Sportspark provides a wide range of sports facilities to the University and local community and is also working with a wide variety of organisations to improve wellbeing by physical activity;
- The University is a member of the Norwich Opportunity Area partnership board which aims to raise aspiration for children in Norwich;

Public benefit statement (continued)

- The University has signed up to the Civic Universities Network reflecting the importance the University places on its long history of civic engagement across East Anglia as well as the current regional partnerships underway to meet the challenge of the national emergency.
- The University has established UEA Health and Social Care Partners with eleven partner NHS Trusts including acute, community and ambulance services, Norfolk County Council and the Norfolk and Waveney Clinical Commissioning Group, with the objective of conducting research that benefits the health and wellbeing of patients and NHS professionals.

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 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 an Access and Participation Plan (APP) with the Office for Students. The University has put in place such an APP.

Demonstrating public benefit, however, extends far beyond dealing with the question of fees, and the University is particularly aware of the need to ensure that people from all backgrounds can participate in, and 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 who might not otherwise benefit. In addition, many scholarships are created from philanthropic donations raised by our Development Office, and these are targeted towards attracting talented students from areas of deprivation or from low household income backgrounds.

To that end the University has continued to maintain a team to encourage young people from disadvantaged areas to move on to higher education. The 14 champions, part of UEA's existing Widening Participation team, are based in colleges and sixth forms throughout Norfolk as part of the Government's £120 million National Collaborative Outreach Programme.

This national initiative targets wards throughout England where there is low progression to higher education. UEA is working in this region alongside Anglia Ruskin University, Norwich University of the Arts, the University of Cambridge and the University of Suffolk and in close partnership with the region's further education colleges to deliver a set of ambitious targets across East Anglia, with a £9 million budget share. The partnership, Network for East Anglian Collaborative Outreach (NEACO), will deliver tested approaches and develop innovative ways to meet specific challenges in the region.

The initiative will run until the end of August 2022 (extended for four years from the original end date). At the end of this period there is anticipated to be some legacy funding to encourage continued collaborative working with the other Higher Education institutions.

A new partnership between UEA and IntoUniversity, the UK's largest university-access charity, was announced in September 2021 and sees West Earlham Community Centre become the new venue for a learning centre for students aged 7-18. The centre is IntoUniversity's first centre in Norfolk and aims to build on existing partnerships developed between local schools and UEA's Outreach team. Local students access the centre for Academic Support after school Monday to Thursday during term time, and workshops with partner schools run during the daytime throughout the week. The centre's 'pop-up' facilities mean that West Earlham Community Centre will be available for use by the rest of the community during the remainder of the week.

Examples of other widening participation initiatives include:

- Summer Schools – targeted at students from low participation neighbourhoods, less advantaged communities, low income households and other under-represented groups;

Public benefit statement (continued)

- Mentoring scheme – using current students to work with school pupils to help raise both aspirations and attainment;
- 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 and 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.

As a result of the pandemic many of our activities have had to adapt to a world where meetings take place on Teams or via Zoom. However, we have worked hard to ensure that activity continues to take place and this is testament to the dedication of all of the University's staff and students.

Independent Auditor's Report to Council of the University of East Anglia

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of University of East Anglia ("the University") for the year ended 31 July 2021 which comprise the Group and University Balance Sheets, the Group and University Statement of Comprehensive Income and Expenditure, the Group and University Statement of Changes in Reserves, the Group Statement of Cash flow and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland,* and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Council's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, and audit committee minutes
- Obtaining a copy of the University's risk register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees and education contracts, research grants and contracts and other income is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the design and implementation of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected postings to income and cash codes and journals containing certain words in the description.
- Tested a sample of income either side of the year end date to verify that it had been recorded in the correct period

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the governing body and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: employment law, and the regulatory framework of Office for Students, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Council is responsible for the other information, which comprises the Business Review, Corporate Governance Statement and Public Benefit Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Business Review, the Governors and Corporate Governance Statement and public benefit statement, is consistent with the financial statements.

Council responsibilities

As explained more fully in their statement set out on page 9, Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 9 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 1 to the financial statements has been materially misstated

.
We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council and in accordance with section 5of the Articles, Charters, Statutes or Ordinances of the institution (*for pre-1992 institutions*). Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council our audit work, for this report, or for the opinions we have formed.

Emma Larcombe

Emma Larcombe
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House,
100 Hills Road,
Cambridge,
CB2 1AR

13 December 2021

Consolidated and University Statement of Comprehensive Income and Expenditure for the year ended 31 July 2021

	Note	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Income					
Tuition fees and education contracts	1	**163,149**	**163,149**	158,725	158,725
Funding body grants	2	**41,235**	**41,235**	39,066	39,066
Research grants and contracts	3	**58,832**	**35,177**	50,533	32,011
Other income	4	**51,951**	**48,032**	48,135	44,537
Investment income	5	**399**	**185**	741	429
Donations and endowments	6	**4,454**	**4,370**	6,684	6,544
Total income		**320,020**	**292,148**	303,884	281,312
Expenditure					
Staff costs - excluding movement on USS provision	7	**185,989**	**173,546**	188,408	175,107
Staff costs - movement on USS provision[b]	7	**10**	**10**	(35,550)	(35,550)
Other operating expenses		**95,654**	**83,893**	94,697	87,418
Depreciation and amortisation	11	**28,977**	**27,641**	26,703	25,527
Interest payable and other finance costs	8	**5,293**	**5,293**	6,802	6,802
Total expenditure	9	**315,923**	**290,383**	281,060	259,304
Surplus/(expense)before other gains/losses and share of operating surplus/deficit of joint ventures		**4,097**	**1,765**	22,824	22,008
Gain/(loss) on investments		**543**	**498**	(272)	(270)
Share of operating loss in joint ventures	14	**(38)**	**-**	(89)	-
Surplus before taxation		**4,602**	**2,263**	22,463	21,738
Taxation	10	**-**	**-**	-	-
Surplus for the year[a]		**4,602**	**2,263**	22,463	21,738
Actuarial gain/(loss) in respect of pension schemes	19	**8,992**	**8,992**	(5,903)	(5,903)
Total comprehensive surplus/(expense) for the year		**13,594**	**11,255**	16,560	15,835
Represented by:					
Endowment comprehensive income for the year		**2,442**	**2,442**	1,478	1,478
Restricted comprehensive income for the year		**228**	**228**	157	2,145
Unrestricted comprehensive income/(expense) for the year		**10,924**	**8,585**	14,925	12,212
		13,594	**11,255**	16,560	15,835
Surplus/(expense) for the year attributable to:					
Non controlling interest		**(50)**	**-**	309	-
University		**4,652**	**2,263**	22,154	21,738
Total comprehensive surplus/(expense) for the year attributable to:					
Non controlling interest		**(50)**	**-**	309	-
University		**13,644**	**11,255**	16,251	15,835

All items of income and expenditure relate to continuing activities.

The Statement of Principal Accounting Policies and Notes on pages 26 to 55 are an integral part of these financial statements.

Isolated effect of USS Pension Provision Movement				
[a]Surplus/(expense) for the year	**4,602**	**2,263**	22,463	21,738
[b]Movement on the USS provision	**10**	**10**	(35,550)	(35,550)
Surplus/(expense) for the year with USS provision movement removed	**4,612**	**2,273**	(13,087)	(13,812)
The impact on the 2022 financial statements is referenced in note 32				

Consolidated and University Statements of Changes in Reserves for the year ended 31 July 2021

	Income and expenditure reserves			Total excluding Non controlling interest	Non controlling interest	Total reserves
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000	£000
Consolidated						
Balance at 1 August 2019	**9,008**	**20,243**	**316,054**	**345,305**	**(187)**	**345,118**
(Expense)/surplus from the income and expenditure statement	1,478	1,167	19,509	22,154	309	22,463
Other comprehensive expense (note 19)	-	-	(5,903)	(5,903)	-	(5,903)
Release of restricted funds spent in the year	-	(1,010)	1,010	-	-	-
Total comprehensive surplus/(expense) for the year	1,478	157	14,616	16,251	309	16,560
Balance at 1 August 2020 and 31 July 2020	**10,486**	**20,400**	**330,670**	**361,556**	**122**	**361,678**
Surplus from the income and expenditure statement	2,442	1,169	1,041	4,652	(50)	4,602
Other comprehensive expense (note 19)	-	-	8,992	8,992	-	8,992
Release of restricted funds spent in the year	-	(941)	941	-	-	-
Total comprehensive surplus for the year	2,442	228	10,974	13,644	(50)	13,594
Balance at 31 July 2021	**12,928**	**20,628**	**341,644**	**375,200**	**72**	**375,272**
University						
Balance at 1 August 2019	**9,008**	**14,380**	**271,554**	**294,942**	**-**	**294,942**
(Expense)/surplus from the income and expenditure statement	1,478	3,155	17,105	21,738	-	21,738
Other comprehensive expense (note 19)	-	-	(5,903)	(5,903)	-	(5,903)
Release of restricted funds spent in the year	-	(1,010)	1,010	-	-	-
Total comprehensive surplus/(expense) for the year	1,478	2,145	12,212	15,835	-	15,835
Balance at 1 August 2020 and 31 July 2020	**10,486**	**16,525**	**283,766**	**310,777**	**-**	**310,777**
						-
Surplus from the income and expenditure statement	2,442	1,169	(1,348)	2,263	-	2,263
Other comprehensive expense (note 19)	-	-	8,992	8,992	-	8,992
Release of restricted funds spent in the year	-	(941)	941	-	-	-
Total comprehensive surplus for the year	2,442	228	8,585	11,255	-	11,255
Balance at 31 July 2021	**12,928**	**16,753**	**292,351**	**322,032**	**-**	**322,032**

The Statement of Principal Accounting Policies and Notes on pages 26 to 55 are an integral part of these financial statements.

Consolidated and University Statement of Financial Position as at 31 July 2021

	Note	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Non -current assets					
Fixed assets	11	**548,760**	**528,182**	538,705	518,836
Heritage assets	11/12	**15,417**	**15,417**	15,362	15,362
Investments	13	**17,671**	**19,491**	14,849	17,825
Investment in joint venture	14	**-**	**-**	38	-
		581,848	**563,090**	568,954	552,023
Current assets					
Stock		**536**	**525**	480	469
Trade and other receivables	15	**32,777**	**30,319**	35,594	27,290
Investments	16	**11,500**	**-**	11,500	-
Cash and cash equivalents	22	**67,523**	**47,742**	56,259	42,015
		112,336	**78,586**	103,833	69,774
Less - Creditors: amounts falling due within one year	17	**(105,264)**	**(106,087)**	(87,584)	(87,612)
Net current assets		**7,072**	**(27,501)**	16,249	(17,838)
Total assets less current liabilities		**588,920**	**535,589**	585,203	534,185
Creditors: amounts falling due after more than one year	18	**(141,305)**	**(141,214)**	(143,334)	(143,244)
Provisions					
Pension provisions	19	**(72,343)**	**(72,343)**	(80,164)	(80,164)
Other provisions	19	**-**	**-**	(27)	-
Total net assets		**375,272**	**322,032**	361,678	310,777
Restricted Reserves					
Income and expenditure reserve - endowment reserve	20	**12,928**	**12,928**	10,486	10,486
Income and expenditure reserve - restricted reserve	21	**20,628**	**16,753**	20,400	16,525
Unrestricted Reserves					
Income and expenditure reserve - unrestricted reserve		**341,644**	**292,351**	330,670	283,766
		375,200	**322,032**	361,556	310,777
Non-controlling interest		**72**	**-**	122	-
Total Reserves		**375,272**	**322,032**	361,678	310,777

The Statement of Principal Accounting Policies and Notes on pages 26 to 55 are an integral part of these financial statements.

The Financial Statements on pages 22 to 55 were approved by the Council on 9 December 2021 and were signed on its behalf on that date by:

David Richardson
Vice-Chancellor

Sally Howes
Chair of Council

Ian Callaghan
Chief Resource Officer
and University Secretary

Consolidated Cash Flow Statement for the year ended 31 July 2021

	Note	**2021 £000**	2020 £000
Cash flow from operating activities			
Surplus for the year		**4,602**	22,463
Adjustment for non-cash items			
Depreciation and amortisation	11	**28,977**	26,703
Increase/(release) of provision on fixed asset investments	13	**230**	(300)
(Gain)/loss on investments	13	**(543)**	272
(Increase) in stocks		**(56)**	(9)
Decrease)/(increase) in debtors	15	**2,817**	(4,419)
Increase in creditors	17	**4,109**	6,784
Increase)/(decrease) in pension provision	19	**1,171**	(33,656)
Utilisation of other provisions	19	**(27)**	(101)
Share of operating loss in joint venture	14	**38**	89
Adjustment for investing or financing activities			
Investment income	5	**(399)**	(741)
Interest payable	8	**4,564**	5,037
Endowment income	6	**(3,127)**	(3,247)
Donation of artwork		**(34)**	(1,885)
Capital grant income	2/3/4	**(13,034)**	(1,206)
Net cash inflow from operating activities		**29,288**	15,784
Cash flows from investing activites			
Dividend received from joint venture		**-**	427
Capital grant receipts		**12,615**	1,523
Investment income		**399**	898
Payments to acquire fixed assets		**(40,044)**	(33,374)
(New)/sale of non-current asset investments		**(2,509)**	1,026
Withdrawal of deposits		**-**	21,500
		(29,539)	(8,000)
Cash flows from financing activities			
Interest paid		**(4,563)**	(5,036)
Interest element of finance lease		**(1)**	(1)
Endowment cash received		**3,127**	3,247
Drawdown from RCF loan facility		**15,000**	-
Repayments of amounts borrowed		**(2,033)**	(2,055)
Capital element of finance lease payments		**(15)**	(15)
		11,515	(3,860)
Increase in cash and cash equivalents in the year		**11,264**	3,924
Cash and cash equivalents at beginning of year		**56,259**	52,335
Cash and cash equivalents at end of year		**67,523**	**56,259**

The Statement of Principal Accounting Policies and Notes on pages 26 to 55 are an integral part of these financial statements.

Statement of Principal Accounting policies

1. General information

The University of East Anglia is registered with the Office for Students. The registered office is Norwich Research Park, Norwich NR4 7TJ.

2. Statement of compliance

The Consolidated and University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standards (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education Institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore the Group has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

Judgements made by management in the application of these accounting policies that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed at the end of these policies.

3. Basis of preparation

The Group financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore the Group has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

Going concern

The Group activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review. The Business Review also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Council consider to be appropriate for the following reasons.

The Council have prepared cash flow forecasts for a period of 13 months from the date of approval of these financial statements. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Group ended 2021 with a healthy cash balance of £67.5m despite the challenges of Covid-19. The University has applied the same scenarios to model the impact of Covid-19 over the going concern period as it considered in the previous year. The base case assumption was that there would be a 10% reduction in home students and a 20% reduction in international students. The following severe but plausible downside scenarios were then run individually:

Statement of Principal Accounting Policies (continued)

- Scenario 1 - 20% reduction on target and returners
- Scenario 2 - 10% reduction on UG Home, 50% UG International, 50% ALL PGT
- Scenario 3 - Home 3-year average, 50% UG International, 50% ALL PGT
- Scenario 4 - 10% Home reduction, 75% UG International, 75% ALL PGT

As a result of these scenarios the 2021/22 budget included a provision of £12m to cover reductions in tuition fee income Unfortunately, it became clear during September 2021 that the full provision would be required with the home UG markets greater impacted than planned giving rise to a c£18.7m shortfall in tuition fee and student accommodation income, c£6.7m higher than budgeted.

The University took mitigating actions to balance back to the approved 2021/22 budget and cash flow forecasts indicate that the Group and University will maintain positive cash balances and comply with loan covenants over the going concern period.

Further stress testing has been undertaken to assess the impacts in the downturn of income in particular commercial activities. A number of sensitivities have been run against the plan ranging from a 12-week lockdown to other external factors such as a period of increased inflation and the impact this could have on operations. These forecasts indicate that that covenants can be maintained along with positive cash balances over the going concern period.

Due to the financial sustainability demonstrated through the long-term plan and stress-testing undertaken through the period, the University has not arranged additional support from current bankers, loan providers or through a Government backed loan scheme. Covenants remain forecast as satisfied so no requirement to renegotiate or obtain a waiver. Existing cash reserves and the 10-year revolving credit facility are sufficient. Actual drawdowns for 2020/21 of £15m were c£18m less than forecast. Forecast drawdowns for 2021/22 of £13.5m are c£7m less than previous predictions and are required to support essential capital investment works.

Consequently, the Council is confident that the Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

4. Exemptions under FRS102

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS102) to not produce a cash flow statement for the University in its separate financial statements.

5. 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 2021. Intra-group revenue and profits between the University and its subsidiaries are eliminated fully on consolidation. Consistent accounting policies are applied across the group.

Business combinations with other public benefit entities which involve a whole entity or parts of an entity combining with another entity at nil or nominal consideration are accounted for in accordance with Section 34 of FRS 102 . Accordingly:

- Any excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in income and expenditure. This gain represents the gift of value of one entity to another and is recognised as income.
- Any excess of the fair value of the liabilities assumed over the fair value of the assets received is recognised as a loss in income and expenditure. This loss represents net obligations assumed, for which the receiving entity has not received a financial reward and is recognised as an expense.

The University does not have direct control over the Union of UEA Students and therefore the financial statements of that body are not consolidated within these financial statements.

Joint ventures are accounted for using the equity method of accounting.

6. Recognition of income

Statement of Principal Accounting Policies (continued)

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to external customers or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income 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. Education contracts are recognised when the University is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the Statement of Income and Expenditure on a receivable basis.

Funds that the University receives and disburses as a paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding
Grant funding including Funding Council Block Grant, research grants from government sources and grants (including research grants) from non government sources are recognised as income when the Group is entitled to the income and

performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Statement of Financial Position and released to income as the conditions are met.

Grants (including research grants) from non government sources are recognised in income when the Group is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Statement of Financial Position and released to income as the conditions are met.

Donations and endowments
Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the Group is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the Group is entitled to the funds.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. 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 Group.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Group has the power to use the capital.
4. 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.

Capital Grants
Capital grants are recognised in income when the Group is entitled to the funds subject to any performance related conditions being met.

7. Accounting for retirement benefits
The two principal pension schemes for the Group's staff are the Universities Superannuation Scheme (USS) and the University of East Anglia Staff Superannuation Scheme (UEASSS). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries. The Group also contributes to the Research Councils Pension Scheme a multi-employer defined contributions pension scheme.

Statement of Principal Accounting Policies (continued)

The USS is a multi-employer scheme for which it is not possible to identify the Group's share of the assets and liabilities due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Benefit Plan
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans, the Group's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the Group.

The net liability is recognised in the balance sheet in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Annually the University engages independent actuaries to calculate the obligation for each scheme. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.
The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the University's policy for similarly held assets. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses. The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements.

The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Further detail is provided on the specific pension schemes in note 25 to the accounts.

Multi-employer schemes
Where the University is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where the University has entered into an agreement with such a multi-employer scheme that determines how the University will contribute to a deficit recovery plan, the University recognises a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

Defined Contribution Plan
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

8. Employee benefits
Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Group. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Statement of Principal Accounting Policies (continued)

9. Finance Leases
Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

10. Operating Leases
Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

11. Foreign currency
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

12. Intangible assets
Intangible assets are stated at cost less accumulated amortisation. They are amortised on a straight line basis over 3 years.

13. Fixed Assets

Fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings
Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the Group.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Buildings structure	80 years
Building fit-out/plant	25 – 35 years
Refurbishments	15 years

No depreciation is charged on assets in the course of construction.

Equipment
Equipment, including computers and software, costing less than de minimis (£10,000) per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Equipment acquired for specific research projects	3 years
All other equipment	4 years

Borrowing costs
Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Statement of Principal Accounting Policies (continued)

14. 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 as their long economic life and high residual value mean that any depreciation would not be material.

15. Investments
Non-current asset investments are held on the Statement of Financial Position at amortised cost less impairment.

Investments in subsidiaries are carried at cost less impairment in the University's financial statements.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income.

16. Stock
Stock is held at the lower of cost and estimated selling price less costs to complete and sell.

17. Cash and cash equivalents
Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

18. Provisions, contingent liabilities and contingent assets
Provisions are recognised in the financial statements when:

(a) the Group has a present obligation (legal or constructive) as a result of a past event;

(b) It is probable that an outflow of economic benefits will be required as a result of a past event; and

(c) A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the Notes.

19. Accounting for jointly controlled entities
The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of transactions from joint operations in the Consolidated Statement of Income and Expenditure.

20. Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

Statement of Principal Accounting Policies (continued)

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011, It is therefore a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from

taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Tax Act 2010 (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 fixed assets is included in their cost.

The University's limited company subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

21. Financial Instruments

The University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the University becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the Statement of Comprehensive Income. Where the investments in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

Statement of Principal Accounting Policies (continued)

22. Agency Income
Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk.

23. Reserves
Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the Group is restricted in the use of these funds.

24. Related party transactions
The Group discloses transactions with related parties which are not wholly owned subsidiaries. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of Council, separate disclosure is necessary to understand the effect of the transitions on the Consolidated Financial Statements.

25. Accounting estimates and judgements
USS deficit recovery plan provision
FRS102 makes the distinction between a group and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer with fund a deficit results in the recognition of a liability for the contribution payable that arise from the agreement (the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss in accordance with section 28 of FRS102. The members of Council are satisfied that the discounted fair value of the contractual contribution under the funding plan in existence at the date of approving the financial statements.

In addition, because the USS scheme is in deficit and a funding plan has been agreed, section 28 of FRS102 requires individual employers to recognise a liability for the contributions payable that arise from the agreement to fund the scheme (to the extent that they relate to the deficit) and the resulting expense in profit and loss. A deficit modeller was utilised to product the provision estimate with a discount rate at 31 July 2021 of 0.87%.

The pension provision is calculated using information received from the actuarial valuations. Assumptions are made around discount rates, future salary increases and staff increases.

Property, Plant and Equipment
Depreciation and amortisation is calculated on a straight-line basis over the estimated useful economic lives of the related assets.

Notes to the Financial Statements

		2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
1	**Tuition fees and education contracts**				
	Full-time students	**119,048**	**119,048**	109,277	109,277
	Full-time students charged overseas fees	**30,421**	**30,421**	36,454	36,454
	Part-time fees	**2,858**	**2,858**	2,375	2,375
	Short course fees	**280**	**280**	816	816
	Other teaching contracts	**7,057**	**7,057**	6,640	6,640
	Research training support grants	**3,485**	**3,485**	3,163	3,163
		163,149	**163,149**	158,725	158,725

		2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
2	**Funding body grants**				
	Recurrent grant				
	Office for Students ("OfS") - teaching	**12,490**	**12,490**	11,960	11,960
	UK Research and Innovation ("UKRI") - research	**18,892**	**18,892**	18,319	18,319
	Specific grants				
	Higher Education Innovation Fund ("UKRI") - other	**3,190**	**3,190**	4,694	4,694
	UK Research and Innovation ("UKRI") - special	**655**	**655**	616	616
	Office for Students ("OfS") - special	**1,483**	**1,483**	1,030	1,030
	Office for Students ("OfS") - capital grants	**1,497**	**1,497**	745	745
	UK Research and Innovation ("UKRI") - capital grants	**3,028**	**3,028**	1,702	1,702
		41,235	**41,235**	39,066	39,066

		2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
3	**Research grants and contracts**				
	Research councils	**32,307**	**17,830**	24,866	14,813
	Research charities	**11,063**	**5,027**	11,525	4,366
	Government (UK and overseas)	**12,133**	**9,760**	11,030	10,052
	Industry and commerce	**1,485**	**777**	1,295	994
	Other	**1,844**	**1,783**	1,817	1,786
		58,832	**35,177**	50,533	32,011

Note: The source of grant and fee income, included in Notes 1 to 3 is as follows:

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Grant income from the OfS	**15,470**	**15,470**	13,735	13,735
Grant income from other bodies	**25,765**	**25,765**	25,331	25,331
Fee income for research awards (exclusive of VAT)	**3,981**	**3,981**	4,618	4,618
Fee income from non-qualifying courses (exclusive of VAT)	**3,765**	**3,765**	3,979	3,979
Fee income for taught awards (exclusive of VAT)	**155,403**	**155,403**	150,128	150,128
	204,384	**204,384**	197,791	197,791

Notes to the Financial Statements (continued)

4 Other income	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Residences, catering and conferences	**18,245**	**18,245**	20,770	20,770
Other services rendered	**6,196**	**2,721**	5,080	2,235
Other capital grants	**6,428**	**8,928**	924	885
Other income	**21,082**	**18,138**	21,361	20,647
	51,951	**48,032**	**48,135**	44,537

5 Investment income	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Investment income on endowments (Note 21)	**148**	**148**	157	157
Other investment income	**251**	**37**	584	272
	399	**185**	741	429

6 Donations and endowments	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
New endowments (Note 21)	**3,127**	**3,127**	3,247	3,247
Donations with restrictions (Note 22)	**1,169**	**1,169**	3,155	3,155
Unrestricted donations	**158**	**74**	282	142
	4,454	**4,370**	6,684	6,544

7 Staff costs	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Wages and salaries	**142,936**	**133,029**	146,116	135,102
Social security costs	**13,106**	**12,037**	12,973	12,010
Apprenticeship levy	**616**	**594**	622	591
Movement on USS provision	**10**	**10**	(35,550)	(35,550)
Other pension costs (Note 26)	**29,331**	**27,886**	28,697	27,404
	185,999	**173,556**	152,858	139,557

Emoluments of the Vice-Chancellor:	2021 £000	2020 £000
Salary	**249**	270
Bonus	**-**	-
Benefits - accomodation related	**9**	8
Loans	**-**	-
Relocation costs	**-**	-
Salary and benefits	**258**	278
Pension contribution	**53**	56
	311	334

7 Staff costs (continued)

Emoluments of the Vice-Chancellor (continued)

The Vice-Chancellor was in post full-time for the whole of the 2020-21 financial year. His remuneration and that of other members of the Executive Team is considered annually by the Senior Officers' Remuneration Committee (SORC), chaired by the Deputy Chair of Council. In respect of salaries for 2020-21 and beyond this also included a review of salaries for the Directors of Professional Services.

SORC met on 5 November 2020 to review the salaries of the Vice-Chancellor and the Executive Team for 2020-21. It noted the considerable efforts of the Executive Team and all staff at the University in managing the Covid-19 pandemic and the extra stress and strain that had placed on all people at the University. In addition, SORC noted that each member of the Executive Team had volunteered a 10% reduction in salary for the first six months of 2020-21 with the Vice-Chancellor volunteering 15%. This applied for the period 1 August 2020 to 31 January 2021. There was no national pay award for 2020-21 as part of the response to the pandemic. Neither did the University operate any of the routine annual review processes including the Professorial Review Process and the review of salaries by SORC.

The Vice-Chancellor was a non-executive member of the board of the Norfolk and Norwich University Hospital NHS Foundation Trust (this role ended on 31 July 2021). He received £13,000 in 2021 (2020: £13,000) in remuneration for this role. He is also a member of the board of Anglia Innovation Partnership LLP which is a non-remunerated role.

The Vice-Chancellor’s remuneration package includes the use of a property as a residence. The property was acquired by the University in 1963 but it is subject to a restrictive covenant which requires the University to offer to return the property to the original vendor, or his heirs, at the original consideration in the event that the property ceases to be used as a residence for the Vice-Chancellor. During the year the Vice-Chancellor was contractually required by the University to reside at the property in order to safeguard the University’s ownership and there is no loss to the University of any benefit which might otherwise accrue from the use of the property for other purposes. The taxable benefit arising from the Vice-Chancellor's occupation of the property is included in the total remuneration disclosed.
Notwithstanding the comments above which confirm there is no opportunity for the University to receive a rental income for this property, or to use it for an alternative purpose, a rental valuation of the Vice-Chancellor's residence has been carried out. The rental value has been identified as £33,000 per annum.

The Vice-Chancellor’s basic salary is 9.6 times (2020: 9.6 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. Excluding student workers who could be paid through a third party the Vice-Chancellor's basic salary is 7.7 times (2020: 8.3 times) the median total remuneration for the remaining staff.

The Vice-Chancellor’s total remuneration is 9.9 times (2020: 10.3 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff. Excluding student workers who could be paid through a third party the Vice-Chancellor's total salary is 8.6 times (2020: 9.5 times) the median total remuneration for the remaining staff.

Notes to the Financial Statements (continued)

7 Staff costs (continued)

Remuneration of other higher paid staff, excluding employer's pension contributions

	2021 Consolidated	**2021 University**	2020 Consolidated	2020 University
	Number of staff		Number of staff	
£100,000 - £104,999	**11**	**10**	11	10
£105,000 - £109,999	**4**	**4**	4	4
£110,000 - £114,999	**10**	**8**	10	8
£115,000 - £119,999	**8**	**6**	8	6
£120,000 - £124,999	**5**	**4**	5	4
£125,000 - £129,999	**7**	**6**	7	6
£130,000 - £134,999	**-**	**-**	-	-
£135,000 - £139,999	**-**	**-**	-	-
£140,000 - £144,999	**7**	**5**	7	5
£145,000 - £149,999	**2**	**2**	2	2
£150,000 - £154,999	**1**	**1**	1	1
£155,000 - £159,999	**-**	**0**	-	-
£165,000 - £169,999	**2**	**2**	2	2
£175,000 - £179,999	**1**	**-**	1	-
£180,000 - £184,999	**-**	**-**	-	-
£195,000 - £199,999	**2**	**-**	2	-
£250,000 - £254,999	**1**	**-**	1	-
	61	**48**	61	48

Average staff numbers by category:

	2021 Consolidated	**2021 University**	2020 Consolidated	2020 University
	Number of staff		Number of staff	
Academic	**1,193**	**1,193**	1,212	1,212
Associate tutors	**356**	**356**	723	723
Research and analogous	**535**	**330**	565	369
Secretarial and clerical	**873**	**865**	900	891
Technical	**207**	**169**	226	194
Admin, senior library and computing	**582**	**558**	589	569
Others	**515**	**506**	552	550
	4,261	**3,977**	4,767	4,508

Key management personnel

Key management personnel are those ten individuals having authority and responsibility for planning, directing and controlling the activities of the University. Compensation includes salary and benefits and the prior year has been restated to include employers pension contributions.

	2021	2020
	£000	£000
Key management personnel compensation	**1,692**	1,631

Severance payments

In January 2020 the University opened up a voluntary severance scheme as part of a planned efficiency review.During the year the Group paid compensation for loss of office of £1,588,000 (2020: £1,482,000) to 112 employees (2020: 120 employees).

Council Members

No Independent Member of Council has received any remuneration or waived payments from the University during the year (2020: £nil). No expenses were paid to Independent Members of Council acting in that role (2020: £1,000).

Notes to the Financial Statements (continued)

8	Interest payable and other finance costs	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
	Bank interest	**4,563**	**4,563**	5,036	5,036
	Finance lease interest	**1**	**1**	1	1
	Net interest charge on pension liability (Note 26)	**729**	**729**	1,765	1,765
		5,293	**5,293**	6,802	6,802

9	Analysis of total expenditure by activity	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
	Academic and related expenditure	**139,169**	**140,119**	139,672	140,008
	Administration and central services	**69,982**	**62,857**	67,707	62,653
	Premises	**34,155**	**34,162**	39,328	37,440
	Residences, catering and conferences	**20,753**	**20,753**	23,135	23,135
	Research grants and contracts	**43,566**	**24,394**	40,064	22,741
	Other expenses *	**8,298**	**8,098**	(28,846)	(26,673)
		315,923	**290,383**	281,060	259,304

* Other expenses includes the movement on the USS pension provision (Note 26)

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Other operating expenses include:				
External auditors' remuneration in respect of audit services	**129**	**117**	172	138
External auditors' remuneration in respect of non-audit services	**47**	**47**	145	143
Operating lease rentals:				
Land and buildings	**263**	**263**	283	283
Other	**155**	**155**	207	207
Impairment of trade receivables	**1,431**	**1,432**	737	736

Access and Participation:	2021 Consolidated £000	2020 Consolidated £000
Access Investment (i)	**2,519**	2,232
Financial Support (ii)	**4,447**	4,176
Disability (iii)	**2,401**	1,838
Research and Evaluation (iv)	**826**	598
	10,193	8,844

Staff costs from the above are already included in the Finanical Stataements (Note 7):

	2021	2020
(i)	**199**	1,218
(ii)	**93**	126
(iii)	**2,149**	1,722
(iv)	**580**	372

UEA's Access and Participation Plan 2020/21 to 2024/25 outlines its committments in terms of spend on widening access and participation activity and can be seen here:
https://www.uea.ac.uk/about/university-information/widening-participation

Access Investment - Calculation of this spend includes salaries, staff accommodation costs and project spend for UEA's access specific activity to support under represented student groups into Higher Education including the majority of costs relating to UEA's Outreach team. UEA committed to a spend of £2,514,000 in its APP 2020/21. Spend has been in line with these commitments.

Notes to the Financial Statements (continued)

9 Analysis of total expenditure by activity (continued)

Access and Participation (continued)

Financial Support - Calculation of this spend includes direct and administrative costs of UEA's bursary scheme and hardship funding; both for UG Home students. UEA committed to investment in Financial Support of £4,248,360 in 2020/21 so there is no siginficant variance between predicted and actual spend. A slight overspend reflects an increasing number of eligible students including due to the economic impacts of Covid 19.

Disability - Calculation of spend on disability combines spend on specific project/roles explicitly supporting disabled students and an estimate of embedded spend on student support within our School and Faculties and central student support divisions derived by applying a relevant proportion of students who are recorded as disabled via application or registration processes to salary and project spend around key student support including Advising. Note, spend on APP Success or Progression activity and salaries is not included unless specifically relating to support to disabled students; UEA's inclusive approach would also benefit this group but estimating relevant costs would be inaccurate. UEA was not required to provide a specific spend commitment on Disability in its APP 2019/20 but can confirm that this equates to spending considerably in excess of the Disability Allocation in the Core Teaching Grant and spend of significant additional APP countable funds to address Success and Progression gaps for disabled students.

Research and Evaluation - Calculation of this spend includes salary, staff accommodation, training and software costs and project costs to implement UEA's Access and Participation Evidence and Evaluation strategy. UEA committed to investment in APP Research and Evaluation of £941,466 in 2020/21; 12% underspend (equating to £115,965 cash spend) has occurred due to the impact of Covid 19 on planned qualitative research projects and delayed staff recruitment.

10 Taxation

The tax assessed for the year differs from the standard rate of corporation tax in the UK for the year of 19.0% (2020: 19.0%). The differences are explained below:

	2021	2020
	Consolidated	Consolidated
	£000	£000
(Deficit)/surplus before taxation	**4,602**	22,463
UK corporation tax at 19.0% (2020: 19.0%)	**874**	4,268
Effects of :		
Surpluses not subject to corporation tax	**(874)**	(4,268)
	-	-

Notes to the Financial Statements (continued)

11 Fixed assets

Consolidated	Freehold land and buildings	Assets in the course of construction (L&B)	Fixtures, Fittings and Equipment	Assets in the course of construction (FF&E)	Heritage assets	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 August 2020	623,844	8,218	73,962	1,553	15,362	722,939
Additions at cost	10,761	12,643	10,645	4,983	55	39,087
Transfers	680	(680)	1,891	(1,891)	-	-
Disposals	-	-	(6,170)	-	-	(6,170)
At 31 July 2021	**635,285**	**20,181**	**80,328**	**4,645**	**15,417**	**755,856**
Consisting of:						
Valuation as at 31 July 2014	416,821	-	-	-	-	416,821
Cost	218,464	20,181	80,328	4,645	15,417	339,035
At 31 July 2021	**635,285**	**20,181**	**80,328**	**4,645**	**15,417**	**755,856**
Accumulated depreciation						
At 1 August 2020	112,845	-	56,027	-	-	168,872
Charge for the year	18,582	-	10,395	-	-	28,977
Eliminated on disposals	-	-	(6,170)	-	-	(6,170)
At 31 July 2021	**131,427**	**-**	**60,252**	**-**	**-**	**191,679**
Net book value						
At 31 July 2021	**503,858**	**20,181**	**20,076**	**4,645**	**15,417**	**564,177**
At 31 July 2020	510,999	8,218	17,935	1,553	15,362	554,067

University	Freehold land and buildings	Assets in the course of construction (L&B)	Fixtures, Fittings and Equipment	Assets in the course of construction (FF&E)	Heritage assets restated	Total
	£000	£000	£000	£000 `	£000	£000
Cost or valuation						
At 1 August 2020	607,427	8,218	53,706	1,577	15,362	686,290
Additions at cost	12,144	12,643	10,168	2,032	55	37,042
Transfers	680	(680)	959	(959)	-	-
Disposals	-	-	(4,433)		-	(4,433)
At 31 July 2021	**620,251**	**20,181**	**60,400**	**2,650**	**15,417**	**718,899**
Consisting of:						
Valuation as at 31 July 2014	416,821	-	-	-	-	416,821
Cost	203,430	20,181	60,400	2,650	15,417	302,078
At 31 July 2021	**620,251**	**20,181**	**60,400**	**2,650**	**15,417**	**718,899**
Accumulated depreciation						
At 1 August 2020	111,952	-	40,140	-	-	152,092
Charge for the year	18,346	-	9,295	-	-	27,641
Eliminated on disposals	-	-	(4,433)	-	-	(4,433)
At 31 July 2021	**130,298**	**-**	**45,002**	**-**	**-**	**175,300**
Net book value						
At 31 July 2021	**489,953**	**20,181**	**15,398**	**2,650**	**15,417**	**543,599**
At 31 July 2020	495,475	8,218	13,566	1,577	15,362	534,198

Notes to the Financial Statements (continued)

11 Fixed assets (continued)

At 31 July 2021, freehold land and buildings included £53.1m (2020 - £53.1m) in respect of freehold land which is not depreciated.

A full valuation of the University's properties was carried out on 31 July 2014 by Gerald Eve LLP, but the value of those assets due for extensive refurbishment was not adopted.

University fixtures, fittings and equipment include assets held under finance leases as follows:

	Consolidated and University	
	2021	2020
	£000	£000
Cost	**1,886**	1,886
Accumulated depreciation	**(1,696)**	(1,628)
Charge for the year	**(69)**	(68)
Net book value	**121**	190

Consolidated and University

The acquisition and construction of buildings with cost totalling £114,012,000 were funded, in whole or in part, by grants totalling £40,669,000 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.

Freehold land & buildings includes the SportsPark,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 expiring in August 2021.

12 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.

As stated in the Statement of Accounting Policies, the University's art collection is stated at cost or deemed cost (fair value on date of donation). The five year summary for heritage asset donations/additions is:

	2021	**2020**	**2019**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**	**£000**
Acquisitions by donation	**34**	**1,885**	**29**	**20**	**1,220**

13 Non-Current Investments

	Subsidiary investment in spinouts	**Other fixed asset investments**	**Total**
Consolidated	**£000**	**£000**	**£000**
At 1 August 2020	1,396	13,453	14,849
Additions	-	3,374	3,374
Disposals		(865)	(865)
Additional impairments made	-	(230)	(230)
Increase in value		543	543
At 31 July 2021	**1,396**	**16,275**	**17,671**

Notes to the Financial Statements (continued)

13 Non-Current Investments (continued)

University	Subsidiary companies £000	Subsidiary investment in spinouts £000	Other fixed asset investments £000	Total £000
At 1 August 2020	4,930	1,274	11,621	17,825
Additions	-	-	2,970	2,970
Disposals/dissolved	-	-	(1,802)	(1,802)
Additional provisions made	-	-	-	-
Increase in value	-	-	498	498
At 31 July 2021	**4,930**	**1,274**	**13,287**	**19,491**

Other investments comprise :	Consolidated £000	University £000
CVCP Properties PLC	35	35
Plant Biosciences Limited	1,610	
Norwich Reseach Park LLP	833	833
Investments held for the Low Carbon Innovation Fund	5,985	5,985
Investments held for Endowment Funds	6,434	6,434
Barclays Wealth Fund	1,342	-
Programme related investments	36	-
	16,275	13,287

The following companies were 100% owned or controlled subsidiary undertakings at 31 July 2021:

Name	Principal activity	Registered Office
UEA Student Residences Limited	Not trading	The Registry, University of East Anglia, Norwich. NR4 7TJ
UEA Enterprises Limited	Developing intellectual property	The Registry, University of East Anglia, Norwich. NR4 7TJ
UEA NRP Investments Limited	Holding company	The Registry, University of East Anglia, Norwich. NR4 7TJ
UEA INTO Holdings Limited	Holding company	The Registry, University of East Anglia, Norwich. NR4 7TJ
UEA Consulting Limited	Consultancy	The Registry, University of East Anglia, Norwich. NR4 7TJ
Carbon Connections UK Limited	Investments	The Registry, University of East Anglia, Norwich. NR4 7TJ
Low Carbon Innovation Fund Limited	Nominee shareholdings	The Registry, University of East Anglia, Norwich. NR4 7TJ
UEA Company 1 Limited (formally Incrops IP Limited)	Not trading	The Registry, University of East Anglia, Norwich. NR4 7TJ
UEA Pension Trustee Limited	Not trading	The Registry, University of East Anglia, Norwich. NR4 7TJ
UEA Publishing Project Limited	Publishing Company	Office MUS 1.02, University of East Anglia, Interdisciplinary Institute for the Humanities, Norwich, NR4 7TJ
Quadrum Insitute Biosciences	Research University	Quadrum Institute, Norwich Research Park NR4 7UA
IFR Enterprises Limited	Contract Research	Quadrum Institute, Norwich Research Park NR4 7UA
QIB Extra Limited	Contract Research	Quadrum Institute, Norwich Research Park NR4 7UA
IFR NRP Capital Limited	Not trading	Quadrum Institute, Norwich Research Park NR4 7UA
The Sainsbury Laboratory	Research University	John Innes Centre, Colney Lane, Norwich NR4 7UH
Plant Science Innovations Limited	Contract Research	John Innes Centre, Colney Lane, Norwich NR4 7UH

Notes to the Financial Statements (continued)

13 Non-Current Investments (continued)

The following company was 67% owned at 31 July 2021:

Name	**Principal activity**	**Registered Office**
Iceni Seedcorn LLP	Investments	The Registry, University of East Anglia, Norwich. NR4 7TJ

Carbon Connections UK Limited, Low Carbon Innovation Fund Limited, UEA Pension Trustee Limited and UEA Publishing Project Limited are companies limited by guarantee with the University as sole member. Quadrum Institute Biosciences and The Sainsbury Laboratory are companies limited by guarantee with the University having the right to assume control of the board.

The University holds all of the issued £1 ordinary shares in each of UEA Student Residences Limited, UEA Enterprises Limited, UEA INTO Holdings Limited, UEA Consulting Limited, and UEA Company 1 Limited. It holds all 50 pence ordinary shares in UEA NRP Investments Limited.

IFR Enterprises Limied and QIB Extra Limited are fully owned subidiaries of Quadrum Institute Biosciences and Plant Science Innovations Limited is a fully owned subsidiary of The Sainsbury Laboratory.

Iceni Seedcorn LLP is a limited liabilty partnership with a third of the membership interest held by the University and a third by The Sainsbury Laboratory.

14 Investments in joint ventures

During the year the University had an interest in a joint venture arrangement with INTO UEA LLP whose accounting period ends 31 July.

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 LLP is registered at The Registry, University of East Anglia, Norwich Research Park, Norwich NR4 7TJ.

	Year ended 31 July 2021		Year ended 31 July 2020	
	£000	**£000**	£000	£000
Income and expenditure account				
Income		4,769		7,366
Expense before tax		(2,334)		(89)
Balance sheet				
Fixed assets		589		613
Current assets	3,672		4,220	
Creditors: amounts due within one year	(4,057)		(4,776)	
		(385)		(556)
Creditors: amounts falling due after more than one year		(2,500)		(19)
Share of net assets		(2,296)		38

To comply with accounting policy the University does not consolidate negative net assets.

Notes to the Financial Statements (continued)

15 Trade and other receivables

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Amounts falling due in more than one year	**2,849**	-	3,775	-
Research grants receivable	**9,209**	**7,316**	7,529	6,072
Other trade receivables	**14,220**	**13,210**	16,428	15,268
Interest receivable	**-**	**-**	-	-
Prepayments and accrued income	**6,499**	**4,773**	7,862	5,287
Amounts due from subsidiary companies	**-**	**5,020**	-	663
	32,777	**30,319**	35,594	27,290

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Quadrum Institute Biosciences has a loan agreement with QI Partners, repayable by 1 August 2022 with an interest charge payable of 3% p.a.

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Trade debtors are stated after provisons for impairment of :	**2,901**	**2,885**	1,614	1,571

16 Current investments

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Short term deposits	**11,500**	**-**	11,500	-
	11,500	**-**	11,500	-
At 31 July for these fixed term deposits				
The weighted average interest rate :	**1.01%**	**-**	1.01%	0.00%
The remaining weighted average period for which the interest rate is fixed:	**3**	**-**	3	-

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority or Prudential Regulation Authority.

17 Creditors: amounts falling due within one year

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Bank loans	**17,014**	**17,014**	1,960	1,960
Office for Students (OfS) loan	**-**	**-**	73	73
Obligations under finance leases	**16**	**16**	16	16
Trade creditors	**5,034**	**8,641**	8,354	7,192
Capital creditors	**3,679**	**3,679**	4,670	4,670
Other taxation and social security	**3,954**	**3,721**	4,328	4,116
Accruals and deferred income	**75,567**	**60,725**	68,183	57,546
Amounts due to subsidiary companies	**-**	**12,291**	-	12,039
	105,264	**106,087**	87,584	87,612

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met:

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Donations and endowments	**284**	**284**	786	786
Research grants received on account	**23,493**	**17,398**	21,338	16,019
Grant income	**7,526**	**7,526**	8,528	8,528
	31,303	**25,208**	30,652	25,333

Notes to the Financial Statements (continued)

18	Creditors: amounts falling due after more than one year	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
	Bank loans	**33,273**	**33,182**	35,286	35,196
	Private Placement loans	**108,000**	**108,000**	108,000	108,000
	Office for Students (OfS) loan	**-**	**-**	-	-
	Obligations under finance leases	**32**	**32**	48	48
		141,305	**141,214**	143,334	143,244

Bank, private placement and OfS loans are repayable as follows :	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Due within one year or less	**17,014**	**17,014**	2,033	2,033
Due between one and two years	**2,068**	**2,068**	2,014	2,014
Due between two and five years	**6,546**	**6,546**	6,374	6,374
Due in five years or more	**132,658**	**132,567**	134,898	134,808
	158,286	**158,195**	145,319	145,229

The net finance lease obligations are as follows :	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Due within one year or less	**16**	**16**	16	16
Due between one and two years	**16**	**16**	16	16
Due between two and five years	**17**	**17**	32	32
Due in five years or more	**-**	**-**	-	-
	49	**49**	64	64

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

The details of the loans are as follows:

Lender	Amount £000	Term	Interest rate	Borrower
Private Placement loan	33,000	30 years	3.9%	University
Private Placement loan	75,000	30 years	3.0%	University
European Investment Bank	35,196	20 years	2.7%	University
RBS (revolving credit facility)	15,000	1 month	0.7%	University
HSBC	90	-	-	Iceni Seedcorn LLP
	158,286			

All loans are unsecured. The loan with HSBC only becomes payable should certain performance conditions be met by Iceni.

Notes to the Financial Statements (continued)

19 Provision for liabilities

Consolidated

	Obligation to fund deficit on USS pension £000	UEASSS pension scheme provision £000	Total Pensions Provisions £000	Building de-contamination provision £000	Total Provisions £000
At 1 August 2020	51,184	28,980	80,164	27	80,191
Utilised in the year	-	-	-	(27)	(27)
Movement in the year	383	(8,204)	(7,821)	-	(7,821)
At 31 July 2021	**51,567**	**20,776**	**72,343**	**-**	**72,343**

University

	Obligation to fund deficit on USS pension £000	UEASSS pension scheme provision £000	Total Pensions Provisions £000	Building de-contamination provision £000	Total Provisions £000
At 1 August 2020	51,184	28,980	80,164	-	80,164
Utilised in the year	-	-	-	-	-
Movement in the year	383	(8,204)	(7,821)	-	(7,821)
At 31 July 2021	**51,567**	**20,776**	**72,343**	**-**	**72,343**

USS deficit
The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in Note 25.

Since the year end, following the completion of the 2020 actuarial valuation a new dual rate schedule of contributions came into effect of which more details is given in note 26. As at 31 July 2021 and with all other assumptions used to calculate the provision unchnaged, this would have resulted in a revised provision of £148,682,000, an increase of £97,114,000 from the current year end provision.

The major assumptions used to calculate the obligations in the University are:

	2021
Discount rate	**0.87%**
Salary growth	**2.00%**

Sensitivity analysis
As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2021	Approximate impact £000
0.5% pa decrease in discount rate	1,031
0.5% pa increase in salary inflation over duration	1,016
0.5% pa increase in salary inflation year 1 only	254
0.5% increase in staff changes over duration	1,025
0.5% increase in staff changes year 1 only	255
1% increase in deficit contributions	8,525

Notes to the Financial Statements (continued)

19 Provision for liabilities (continued)

UEASSS provision

The University operates a defined benefits persion, University of East Anglia Staff Superannuation Scheme (UEASSS). The provision is the projected variance of future scheme liabilites to the current value of the scheme's assets (Note 25).

Building decontamination provision

Quadrum Institute Biosciences (QIB) has provided for the possible decomtamination costs which may be incurred from the building it previously occupied.

20 Endowment Reserves

	Consolidated and University				
	Restricted Permanent £000	**Unrestricted Permanent £000**	**Expendable £000**	**2021 Total £000**	2020 Total £000
Balance at 1 August 2020					
Capital	3,657	15	6,101	**9,773**	8,335
Accumulated income	535	3	175	**713**	673
	4,192	18	6,276	**10,486**	9,008
New endowments	-	-	3,128	**3,128**	3,247
Investment income	137	1	10	**148**	157
Expenditure	(37)	-	(1,295)	**(1,332)**	(1,656)
	100	1	(1,285)	**(1,184)**	(1,499)
Increase in market value of investments	409	3	86	**498**	(270)
Balance at 31 July 2021	**4,701**	**22**	**8,205**	**12,928**	10,486
Represented by					
Capital	4,065	18	8,034	**12,117**	9,773
Accumulated income	636	4	171	**811**	713
	4,701	**22**	**8,205**	**12,928**	10,486

	Consolidated and University				
	Restricted Permanent £000	**Unrestricted Permanent £000**	**Expendable £000**	**2021 Total £000**	2020 Total £000
Analysis by type of purpose					
Lectureships	109	-	2	**111**	101
Scholarships and bursaries	3,730	-	1,122	**4,852**	4648
Research support	-	-	420	**420**	475
Prize funds	804	22	98	**924**	801
Other	58	-	6,563	**6,621**	4461
	4,701	22	8,205	**12,928**	10,486

	2021	2020
Analysis by asset		
Investments	**6,434**	3,902
Cash and cash equivalents	**6,494**	6,584
	12,928	10,486

Notes to the Financial Statements (continued)

21 Restricted Reserves

Reserves with restrictions are as follows:	Donations £000	2021 Total £000	2020 Total £000
Balances at 1 August 2020	20,400	**20,400**	20,243
New donations	1,169	**1,169**	3,155
Expenditure	(941)	**(941)**	(2,998)
Balances at 31 July 2021	20,628	**20,628**	20,400

	Donations £000	University 2021 Total £000	2020 Total £000
Balances at 1 August 2020	16,525	**16,525**	14,380
New donations	1,169	**1,169**	3,155
Expenditure	(941)	**(941)**	(1,010)
Balances at 31 July 2021	16,753	**16,753**	16,525

Analysis of donations by type of purpose:	2021	2020
Scholarships and bursaries	**765**	765
Research support	**1**	1
Prize funds	**92**	92
Capital	**15,340**	15,340
Other	**327**	327
	16,525	16,525

22 Consolidated cash and cash equivalents

	£000
As at 1 August 2020	**56,259**
Cash flows	11,264
As at 31 July 2021	**67,523**

23 Consolidated reconciliation of net debt

	£000
Net debt 1 August 2020	**89,124**
Movement in cash and cash equivalents	11,264
Other non-cash changes	(9,576)
Net debt 31 July 2021	**90,812**
Change in net debt	**1,688**

Notes to the Financial Statements (continued)

23 Consolidated reconciliation of net debt (continued)

Analysis of net debt:	**2021**	2020
	£000	£000
Cash and cash equivalents	**67,523**	**56,259**
Borrowings: amounts falling due within one year		
Unsecured loans	17,014	2,033
Obligations under finance leases	16	16
	17,030	**2,049**
Borrowings: amounts falling due after more than one year		
Unsecured loans	141,273	143,286
Obligations under finance lease	32	48
	141,305	**143,334**
Net debt	**90,812**	**89,124**

24 Capital commitments

At 31 July 2021 the Group had outstanding commitments for capital expenditure of £13,875,000 (2020: £4,417,000).

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 Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other Universities' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

Universities Superannuation Scheme (continued)

The total cost charged to the Consolidated Statement of Comprehensive Income is £24,121,000 (2020: £25,122,000) including PensionChoice, but excluding the impact of the change in the deficit recovery plan, as shown in Note 20. This includes interest payable of £3,749,000 (2020: £1,349,000)

Deficit recovery contributions due within one year by the University are £2,286,000 (2020: £2,293,000).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Notes to the Financial Statements (continued)

25 Pensions (continued)

Universities Superannuation Scheme (continued)

Since the University cannot identify its share of Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, this requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%
Price inflation (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	**2018 valuation** Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:	**2021 valuation**	2020 valuation
Males currently aged 65 (years)	**24.6**	24.4
Females currently aged 65 (years)	**26.1**	25.9
Males currently aged 45 (years)	**26.6**	26.3
Females currently aged 45 (years)	**27.9**	27.7

Notes to the Financial Statements (continued)

25 Pensions (continued)

Universities Superannuation Scheme (continued)

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2020 to 30 September 2021 at which point the rate will increase to 6%. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	**0.87%**	0.73%
Pensionable salary growth	**2.00%**	2.00%

Since the year end, on 1 October a new Schedule of Contributions based on the 2020 actuarial valuation came into effect . This has a dual rate scedule of contributions with the 2% deficit recovery contributions (DRC) ceasing from 1 October 2021 then a DRC rate of 6.3% being payable from 1 April 2022 until 31 March 2023. This results in an increase of £97,114,000 in the provision for the obligation to find the deficit on the USS pensions which would instead be £148,682,000.

University of East Anglia Staff Superannuation Scheme

The University of East Anglia operates a defined benefit scheme in the UK, which provides both pensions 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 2021 are expected to be 43.7% of pensionable salaries for those members who participate in the University's salary sacrifice arrangements and 35.7% of pensionable salaries for those who do not, plus additional annual contributions of £73,000 payable in equal monthly instalments to 31 May 2025.

Preliminary results of the full actuarial valuation of the Scheme as at 31 July 2018 have been updated to 31 July 2021 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	31 July 2021	31 July 2020
Discount rate	**1.70%**	1.30%
Inflation assumption (CPI)	**2.70%**	2.10%
Rate of increase in salaries	**3.45%**	3.25%
Rate of increase in pensions in payment in excess of Guaranteed Minimum Pension	**2.70%**	2.10%

Assumed life expectancies on retirement at age 63 are:

Retiring today	Males	**23.7**	23.7
	Females	**26.1**	26.1
Retiring in 20 years time	Males	**25.1**	25.1
	Females	**27.6**	27.6

The University continues to set RPI inflation in line with the market break even expectations less an inflation risk premium. The inflation risk premium has increased from 0.1% at 31 July 2020 to 0.3% at 31 July 2021, reflecting an allowance for additional market distortions caused by the RPI reform proposals published on 25 November 2020 by the UK Chancellor and UK Statistics Authority. For CPI the University reduced the assumed difference between RPI and CPI by 0.4% . The estimated impact is an increase of £11m in the defined benefit obligations of the scheme.

Notes to the Financial Statements (continued)

25 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

The fair value and return on the plan assets were as follows: The assets in the scheme were:	**Value at 31 July 2021 £000**	Value at 31 July 2020 £000
Equity and Property	**68,440**	59,917
Bonds and Cash	**95,020**	92,970
Fair value of scheme assets	**163,460**	146,592
The actual return on assets over the year was	**11,856**	7,124
Present value of funded obligations	**184,236**	181,867
Fair value of scheme assets	**163,460**	152,887
Deficit in funded scheme/ net liability in balance sheet	**(20,776)**	(28,980)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2021 £000**	2020 £000
Benefit obligation at the beginning of the year	**181,867**	169,125
Current service cost	**3,704**	3,573
Interest cost	**2,334**	3,338
Contributions by scheme participants	**68**	69
Actuarial (gains)/losses	**860**	10,327
Benefits paid	**(4,597)**	(4,565)
Past service cost	**-**	-
Liabilities at the end of the year	**184,236**	181,867

Reconciliation of opening and closing balances of the fair value of scheme assets	**2021 £000**	2020 £000
Fair value of scheme assets at the beginning of the year	**152,887**	146,592
Interest income on scheme assets	**1,979**	2,922
Return on assets, excluding interest income	**9,852**	4,424
Contribution by employers	**3,557**	3,666
Contribution by scheme participants	**68**	69
Benefits paid	**(4,597)**	(4,565)
Scheme administrative cost	**(286)**	(221)
Fair value of scheme assets at the end of year	**163,460**	152,887

The amounts recognised in comprehensive income and expenditure:	**2021 £000**	2020 £000
Service cost - including current service costs, past service costs and settlements	**3,704**	3,573
Service cost - administrative cost	**286**	221
Net interest on the net defined benefit liability	**355**	416
	4,345	4,210

Remeasurements of the net defined benefit liability	**2021 £000**	2020 £000
Actuarial losses on the liabilities	**860**	10,327
Return on assets, excluding interest income	**(9,852)**	(4,424)
	(8,992)	5,903

Notes to the Financial Statements (continued)

25 Pensions (continued)

Other Pension Schemes

The University contributed to the National Health Service Pension Scheme, a multi-employer defined benefit pension scheme. This is accounted for as a defined contribution scheme because it is not possible to identify the University's share of underlying scheme liabilities. Contributions in the year were £474,000 (2020: £431,000).

All staff employed by QIB (formerly Institute of Food Research) on 30 September 2011 became BBSRC employees on 1 March 2012 and were deployed back to the Institute under conditions set out in the Deployment Agreement (the "Deployed Employees"). The Deployed Employees remained with the Institute on an exclusive and full-time basis and day-to-day direction and line management of the Deployed Employees was delegated to QIB, subject to the terms of the BBSRC Employment Contract. QIB retained responsibility for paying employment costs in relation to the Deployed Employees, including basic pay and allowances, contractual payments, tax, NI and pension contributions.

Deployed Employees retain their membership of the Research Councils Pension Scheme (RCPS), where applicable, with QIB becoming an admitted employer in the scheme. The RCPS is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The RCPS Pension Scheme is a multi-employer scheme and QIB is unable to identify its share of the underlying assets and liabilities. QIB therefore accounts for the scheme as if it were a wholly 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. Liabilities for the payment of future benefits are the responsibility of the RCPS and accordingly are not included in these Financial Statements. Contributions in the period were £301,000 (2020: £339,000). QIB also paid in £445,000 into an Aviva Stakeholder Pension scheme.

26 Sainsbury Institutes

The Sainsbury Institute for the Study of Japanese Arts and Culture ("SISJAC"), Sainsbury Centre for Visual Arts (SCVA) and Sainsbury Research Unit are independent Institutes affiliated to the University.

Staff of the Institutes are employees of the University and their salary costs are fully reimbursed from external sources. Certain other running costs of the Institutes 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.

27 Operating lease commitments

At 31 July the Group and University had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Consolidated					
	Land & Buildings £000	**Other £000**	**2021 £000**	Land & Buildings £000	Other £000	2020 £000
Payments due:						
Not later than one year	**234**	**88**	**322**	206	243	449
Later than one year and not later than five years	**638**	**93**	**731**	342	204	546
Later than five years	**225**	**-**	**225**	-	-	-
	1,097	**181**	**1,278**	548	447	995

	University					
	Land & Buildings £000	**Other £000**	**2021 £000**	Land & Buildings £000	Other £000	2020 £000
Payments due:						
Not later than one year	**234**	**88**	**322**	206	242	448
Later than one year and not later than five years	**638**	**88**	**726**	342	200	542
Later than five years	**225**	**-**	**225**	-	-	-
	1,097	**176**	**1,273**	548	442	990

Notes to the Financial Statements (continued)

28 Related Party Transactions

During the year ended 31 July 2021, the University had transactions with a number of organisations which fell within the definition of Related Parties within Section 33 of FRS102. 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 (some of whom 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 in which the University has an interest, albeit an insignificant interest (listed in Note 7). Transactions with these organisations are immaterial to the University and are conducted at arm's length.

Transactions with a wholly owned subsidiary within the University of East Anglia Group are exempt under FRS102. Transactions with joint ventures and partners are as follows:

INTO UEA LLP
During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £519,000 (2020: £991,000). At 31 July the balance outstanding was £614,000 (2020: £526,000). The University also received services from INTO to the value of £321,000 (2020: £394,000). At 31 July the balance outstanding was £nil (2020: £nil).

Union of UEA Students Ltd
During the year the University supplied Union of UEA Students Ltd (UUS) with goods and services to the value of £580,000 (2020: £968,000). At 31 July the balance outstanding was £879,000 (2020: £400,000). The University also received services from UUS to the value of £2,503,000 (2020: £1,421,000). At 31 July the balance outstanding was £985,000 (2020: £6,000).

Anglia Innovation Partnership LLP
During the year the Group received services from Anglia Innovation Partnership LLP to the value of £293,000 (2020: £82,000. At 31 July the balance outstanding was £32,000 (2020: £nil).

QI Partners
The Group has provided QI Partners with a loan facility which is fully repayable by August 2022. At 31 July the balance outstanding was £2,849,000 (2020: £ 3,775,000)
During the year the Groupy supplied QI Partners with goods and services to the value of £679,000 (2020: £588,000). At 31 July the balance outstanding was £104,000 (2020: £29,000). During the year the Group also received services from QI Partners to the value of £2,153,000 (2020: £1,896,000). At 31 July the balance outstanding was £137,000 (2020: £nil).

Norfolk and Norwich University Hospital
During the year the Group supplied Norfolk and Norwich University Hospital (NNUH) with goods and services to the value of £3,372,000 (2020: £1,704,,000). At 31 July the balance outstanding was £547,000 (2020: £512,000). The University also received services from NNUH to the value of £2,017,000 (2020: £1,362,000). At 31 July the balance outstanding was £335,000 (2020: £317,000).

Biotechnology and Biological Science Research Council
During the year the Group received research grants from Biotechnology and Biological Science Research Council (BBSRC) to the value of £18,259,000 (2020: £16,353,000). At 31 July £3,575,000 was unspent (2020: £ 1,362,000).

Notes to the Financial Statements (continued)

29 Department for Education Bursaries

	2021 £000	2020 £000
Initial Teacher Training Bursaries		
Funding at the beginning of the year	**110**	49
Training Bursary funds received during the year	**2,478**	2,541
Training Bursary payments during the year	**(2,438)**	(2,480)
Funding at the end of the year	**150**	110

	2021 £000	2020 £000
Educational Psychology Bursaries		
Funding at the beginning of the year	**7**	4
Training Bursary funds received during the year	**424**	282
Training Bursary payments during the year	**(471)**	(279)
Funding at the end of the year	**(40)**	7

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 Department of Education.

30 Contingent liabilities

The University has an agreement with Middlesex Office S.A.R.L, INTO London Middlesex Street LLP and The Royal Bank of Scotland plc to guarantee the rental commitments of INTO London Middlesex Street LLP, formerly a joint venture entity, for a maximum of five years. The estimated annual rental charge amounts to £1,600,000. Council does not expect any material loss to the University to arise in respect of this guarantee.

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.

On the 17th November 2020 the University entered into an agreement with INTO UEA LLP and HSBC UK Bank plc to guarantee the Coronavirus Large Business Interruption Loan Scheme loan facility. The value of the facility is £7,000,000 and the guarantee is limited to 50% of the amount outstanding. Council does not expect any material loss to the University to arise in respect of this guarantee.

32 Post balance sheet events

As set out in Note 26 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2020 actuarial valuation came into effect from 1 October 2021. This results in an increase of £97,114,000 in the provision for the obligation to find the deficit on the USS pensions which would instead be £148,682,000. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2022.