

**University of East Anglia**

**Financial Statements**

**2014 - 2015**



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## Charity Trustees and Members of Council

	Appointments/resignations	Term of Office ends
<b>Independent Members</b>		
Richard Jewson (Chair)		31 July 2016
Jonathan Sisson (Treasurer)		31 July 2016
Graham Jones		31 July 2017
Vicki Keller Dorsey		31 July 2016
Laura McGillivray		31 July 2018
Kathryn Skoyles		31 July 2017
Joe Greenwell		31 July 2016
Mark Williams		31 July 2017
Wendy Thomson	Appointed 1 August 2014	31 July 2017
<b>Ex-officio Members</b>		
David Richardson (Vice-Chancellor)	Appointed 1 September 2014	n/a
Edward Acton (Vice-Chancellor)	Resigned 31 August 2014	-
Neil Ward (Pro-Vice-Chancellor)		31 July 2018
David Petley (Pro-Vice-Chancellor)	Appointed 15 September 2014	31 July 2019
<b>Appointed by Senate</b>		
Mark Blyth	Resigned 31 July 2015	-
Gillian Schofield		31 July 2016
Helen Lewis	Appointed 1 August 2015	31 July 2018
<b>Elected by the support staff</b>		
Eve Slaymaker	Resigned 31 July 2015	-
Chris Brown	Appointed 1 August 2015	31 July 2018
<b>Student Members</b>		
Chris Jarvis	Appointed 1 August 2014	31 July 2016
Yinbo Yu	Appointed 1 August 2014	31 July 2016

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**

Jonathan Sisson, FCA

**Director of Finance**

Stephen Donaldson, BSc, ACA

**Bankers**

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

NatWest Bank plc  
Norfolk House  
Exchange Street  
Norwich  
NR2 1DD

**Investment Managers**

Barclays Wealth  
1 Colmore Square  
Birmingham  
B4 6ES

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3 St James Court  
Whitefriars  
Norwich  
NR3 1RJ

# Treasurer's report

## Introduction

The Trustees present their report and the audited consolidated financial statements of the University and its subsidiaries for the year ended 31 July 2015.

During 2015, the University continued to progress the agenda set out in the Corporate Plan 2012-16 ('the Plan'). This period coincides with a time of continuing economic uncertainty and profound changes in the way that English Higher Education is funded and the Plan is designed to guide the University through these turbulent times, securing the necessary funding and attracting the necessary talent, to consolidate its position in the sector. The Plan is based on four guiding precepts:

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

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

### Core Agenda

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

### Supporting Agenda

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

### Resources

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

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

During the year, the University has continued to make progress in implementing the key priorities included in the Plan. In financial terms the focus has been to improve the efficient management of the University in order to generate funds that can be directed towards the improvement of the student experience. Work has already begun on developing a new longer term plan covering the period to 2030 and investments in academic staff and facilities continue to be the priorities for the University. The major challenge to be addressed over this period is to refurbish the original teaching buildings, which now require substantial investment to bring these up to modern standards.

## Key Financial Highlights

2015 proved to be another successful year for the University and its subsidiaries. Key financial highlights for the year, compared to the previous year are summarised below:-

	2015	2014 Restated	Increase/ (decrease) on 2014
	£m	£m	
Group income (excluding joint ventures)	242.8	229.2	5.9%
Expenditure	241.7	225.1	7.4%
Surplus for the year transferred to reserves (incl joint ventures)	3.0	4.8	(38.1%)
Surplus excluding joint ventures as % of group income	0.5%	2.2%	(1.7%)
Capital expenditure additions	32.1	48.5	(33.8%)
Capital grants receivable (excl joint ventures and Low Carbon Fund)	7.7	7.2	5.9%
Operating cash flow before endowment expenditure	16.7	19.1	(12.7%)
Net debt (excluding the Low Carbon Venture Capital Fund)	66.5	58.8	13.1%
Net assets (excluding joint ventures)	176.9	178.5	(0.9%)

# Treasurer's report (continued)

## Income & Expenditure

The surplus for the year, retained within general reserves of £3.0m (2014: £4.8m), is reported after taking into account the University's share of surpluses/deficits in joint ventures amounting to £1.8m surplus (2014: £0.2m deficit). Future prospects for the joint ventures are considered later in this report. Excluding joint ventures shows the surplus on the University's core activities for the year, retained within general reserves, to be £1.2m compared to £5.0m for 2014.

Group income, excluding joint ventures, of £242.8m increased by £13.6m (5.9%) over the previous year. As expected, the basic teaching grant from the Higher Education Funding Council for England ("HEFCE") continued to fall in 2015, as the third intake of Home and EU undergraduates were admitted under the new fee regime. Together with relatively small changes in other specific grants from HEFCE, including the release of capital grants, funding body grants fell by £7.7m in the year, reducing from £42.7m to £35.0m.

Within tuition fees and education contracts income, Home and EU full-time student fees increased by £8.2m to £62.2m (15.2% up on last year) and Overseas student fees increased by £3.6m to £36.1m (up by 11.2% on last year). The increase in Home/EU student fee income is primarily the result of the increase in fee to £9,000 for the third intake of students under the new fee regime, commencing their studies from September 2014. Despite the problems created by tighter immigration regulations, overseas student recruitment has been maintained, including the students recruited through the INTO joint venture, and annual fee rates increased.

Income from research grants and contracts increased by £7.6m in the year, from £32.3m to £39.9m. The vast bulk of this increase (£7.0m) relates to government funded research and development expenditure credits (RDEC), with small increases in other grants and contracts. RDEC income relates to the period 1 April 2013 to 31 July 2015 and is shown gross of the tax which is deducted. The RDEC scheme was changed in the Chancellor's July 2015 Budget, such that Universities are no longer eligible to claim this funding in relation to expenditure incurred after 31 July 2015. Other income at £46.1m represented an increase of £3.6m (8.4%) on last year; this includes increases of £2.2m (11%) in residences, catering and conferences income, and £0.5m of rent in relation to the new medical research and education facility. Continuing falls in interest rates coupled with reducing cash balances, as we undertake the capital programme and invest the Low Carbon Investment funds, has led to a fall of £0.7m (62%) in investment income for the year.

Total expenditure increased by £16.6m (7.4%) in the year. Staff costs increased by £5.2m (4.2%), reflecting the impact of pay awards, comprising the annual uplift in pay scales (equivalent to 2%) and the cost of annual increments where applicable, together with the impact of a small increase in the number of staff. Other operating expenses amounted to £82.9m, an increase of £8.5m (11.5%) from last year. The increase includes additional bursary and scholarship costs of £4.2m, including the costs of widening participation of students from under-represented groups required as a result of charging fees of £9,000 for new students. Under the terms of the agreement with the Office for Fair Access (OFFA), the University is required to provide increased financial support to students based on a proportion of the higher tuition fee income. Expenses also include a grant of £4.2m to the Union of UEA Students to help fund the improvements to Union House. Depreciation charges increased by £2.3m (11%) in the year, reflecting the on-going significant capital investment programme. Interest payable costs increased by £0.6m in the year, primarily due to the interest on the new loan taken out in the year.

## Reserves

Reserves decreased in the year by £2.9m to £59.4m. The movement includes the retained surplus for the year of £3.0m and net actuarial losses on the pension schemes of £5.9m. The actuarial loss on the University's scheme of £5.6m reflects the £10.2m negative impact of changes in assumptions used to calculate liabilities, notably the lower net discount rate (discount rate less inflation), less better than expected returns of £4.6m on the pension scheme assets during the year.

## Capital Expenditure and Grants

Total tangible fixed asset additions in the year amounted to £32.1m (2014: £48.5m) and capital grants receivable in the year (excluding joint ventures) relating to tangible fixed asset expenditure amounted to £7.7m (2014: £7.2m). The major areas of expenditure during the year included:-

	£m
Student residences	3.2
Enterprise Centre	9.0
Bob Champion Research and Education Building	7.4
Long term maintenance, site infrastructure, minor works and DDA Act works	6.1
IT investments (including new finance system)	1.4
Acquisition and development of Earlham Hall site	1.0
Faculty equipment, including research grant funded equipment	1.6
Other estates projects	2.4
	<b>32.1</b>

# Treasurer's report (continued)

Investment in student residences includes the final costs to complete Crome Court, which opened in September 2014, and the start of a new development on the site of the former Blackdale School which is due to complete in September 2016.

## Cash and Debt

### Net operating cash flow

Cash inflow from operating activities before endowment expenditure for the year was £16.7m (2014: £19.1m). Interest received on invested funds, excluding endowment funds, amounted to £0.1m (2014: £1.0m). Total debt service costs, relating to both loans and finance lease commitments were £8.7m (2014: £7.8m). Net operating cash flow before endowment expenditure plus investment income, totalling £16.8m (2014: £20.1m), therefore represents a multiple of 1.9 times the debt service costs, which 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 operating cash flow before endowment expenditure reflects the following key elements:-

- surplus for the year before taxation, excluding expenditure from endowment funds, interest payable, investment income and interest receivable of £9.8m; up from £9.0m last year;
- adjustments to exclude non-cash items included within the surplus (e.g. depreciation; capital grant release; profits, losses and impairment of fixed assets; and share of profits/losses in joint ventures) amounting to £13.4m; up from £11.6m last year;
- pension contributions paid, including payments to cover past service deficit, in excess of costs charged in the year of £1.3m, compared to £1.3m last year, and
- an increase in working capital (stocks, debtors and creditors) of £5.2m (including £7.0m in respect of the amount due for RDEC); compared to £0.2m increase last year.

### Net debt

After allowing for investment returns, cost of financing, and net capital expenditure, the net outflow of funds amounted to £13.6m, compared to £31.2m outflow last year. The change arises principally as a result of the lower level of capital expenditure in 2015. As a result of the net outflow of funds, consolidated net debt, being loans and finance leases less cash and short term deposits, has increased during the year by £13.6m to £63.8m.

### Cash balances

The University remains confident that it has in place adequate funding to support the operational and development plans, and to provide a reserve for managing financial risks, over the next two years. As referred to in the 2014 report, additional long term borrowings of £33m were put in place during the year to fund an expansion in student residential accommodation. The £40m facility agreed with EIB in 2013 is also available, to be drawn down by April 2016.

Readily accessible funds in the form of cash and short term deposits, excluding endowment assets and also excluding the Low Carbon Venture Capital Fund, increased during the year by £23.1m to £43.4m. A prudent policy is applied to the investment of short term deposits. In particular, the University regards the security of deposits as being far more important than the marginally better interest rates that may be available from certain overseas or lower rated banks. This has been particularly important over recent years which have seen great uncertainty over the safety of deposits.

## Joint Ventures

The joint ventures, University Campus Suffolk Limited ("UCS") and INTO UEA LLP ("INTO UEA Norwich"), referred to in note 11 to the financial statements, are well established following their set up a few years ago and progress is broadly in line with original expectations. The University's share of surpluses/deficits in joint ventures for the year includes a £0.2m surplus (2014: £0.4m loss) in respect of UCS and a £2.1m surplus (2014: £1.7m surplus) in respect of INTO UEA Norwich. There is also an adjustment for £0.5m loss (2014: £2.9m loss) in respect of the University's share of deficits in INTO UEA (London Campus) LLP in the period prior to retirement from the joint venture on 31 July 2014

UCS, a joint venture with the University of Essex, provides higher education, applied research and consultancy services with delivery of services in Ipswich and through other independent centres across Suffolk and Norfolk. The total income of UCS for the year was £35.8m (2014: £37.1m) and its operating surplus before exceptional items and taxation £0.3m (2014: £0.3m). UCS has not required any direct financial support from the joint venture partners and is funded through its operations and bank loans. The University had however provided guarantees of up to £9m in respect of the bank loans but, as noted in last year's report, was released from these guarantees with effect from 19 November 2014. UCS, with support from the two founding universities, continues with the process to secure Teaching Degree Awarding Powers with a view to subsequently becoming the first independent university in Suffolk.

INTO UEA Norwich, a joint venture with INTO University Partnerships Limited, provides educational services and operates from premises on the edge of the Norwich campus. The financial statements for the year to July 2015 show a surplus of £4.2m (2014: £3.4m) on turnover of £19.7m (2014: £18.4 m).

# Treasurer's report (continued)

## Outlook

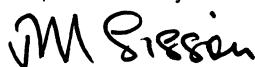
The new funding regime for UK and EU under-graduate students, coupled with the removal of student number controls from September 2015, has increased the level of uncertainty in planning future student recruitment. With highly sought after institutions now able to expand recruitment of the more able students, competition for these students is intensifying and in the last two years we have seen a significant increase in the number of institutions making unconditional offers to students with high predicted grades in order to secure firm acceptances from such students. The certainty that this provides is very valuable for both the student and the institution. The University decided to introduce this option for applications to commence studies from September 2015 and the result, in terms of the numbers and quality of students recently admitted, has exceeded our expectations. Recruitment of international students also continues to be extremely competitive, especially as the immigration regulations continue to put downward pressure on overall numbers of students coming to the UK. It is therefore more important than ever to ensure that the University continues to maintain and improve its reputation and standing in the sector. In this regard, 2015 has been another good year for the University. Whilst not quite matching the rankings achieved in 2014, the University nevertheless consolidated its top 20 standing, with 16<sup>th</sup> place in the Complete University Guide, 18<sup>th</sup> in the Times, and 20<sup>th</sup> place in the Guardian, and maintained its excellent record in the National Student Survey. It also improved its position in the Times World rankings to a very creditable 149<sup>th</sup> place, up from 198<sup>th</sup> in the previous year. 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. One of the measures where the University has improved its performance in recent years is in relation to the quality of students recruited, assessed by reference to the A-level tariff scores for students recruited each year. In striving to improve the quality of students, which translates into improved quality of outcomes; degree classification and employability measures, there is an inevitable tension between the quality and volume of students recruited. In the recent admissions cycle in September 2015, the University has again sought to maintain quality as well as increase the number of students.

Partly as a consequence of the increased fees for undergraduates, there remains concern over the future pattern of post-graduate taught study. In efforts to address this concern the government has provided additional funding to support the 2015 entry and is introducing a loan system, similar to that for undergraduates, to cover post-graduate students from 2016. The University is also seeking to use targeted bursaries to help support students entering post-graduate study.

With staff costs representing around 61% of total expenditure excluding depreciation and interest, staff cost increases are of particular concern. Fortunately pay settlements in recent years have been contained at affordable levels, including the 2% cost of living award which took effect from 1 August 2014 and the 1% award payable from 1 August 2015, which was finally confirmed in October 2015. Last year's report also referred to the continuing pressure from pension costs, particularly those relating to the national Universities Superannuation Scheme (USS) which has recently completed a scheme valuation exercise. During the year a new USS benefit structure has been agreed, to take effect from April 2016, which helps to reduce the scheme funding deficit and also to minimise the increase in future employer contribution rate. The increase in contribution rate to 18% had been anticipated in the University's financial plan.

In these uncertain times and in an increasingly competitive market place, the future prosperity of the University relies heavily on securing the future flow of high calibre students. This, in turn, is very much dependent on maintaining and improving the reputation and standing of the University, as demonstrated in the league tables. In order to progress this agenda, the priorities for the financial plan continue to be the further improvement of the student experience; by maintaining a high ratio of academic staff to students and by further expanding and upgrading academic facilities. The University's main teaching and research facilities are now over 50 years old and, over the next 15 years, need complete refurbishment. This will entail temporary relocation, in a number of stages over this period, of activity currently undertaken in these facilities. In order to begin this programme, additional space is needed and the first stage of the project is to build a new building to meet this need. Last year's report had anticipated this new facility would be based on science laboratories, however, further reviews of all options now indicate that the greatest benefits arise from creating a more flexible new building and redeveloping laboratories with the refurbished facilities. This first stage of the project is already provided for in the capital plan, funded from the borrowings already secured. Funding for the subsequent refurbishment programme relies on growth in student numbers and the increase in intake for 2015 is the first step in that process. The plan is to grow student numbers by c3000 over the period 2014 to 2022.

The financial outlook for the next 2 years reflects the continued investment in academic staffing, leading to only marginal operating surpluses over the next two to three years, and the construction of the major new building referred to above. As student numbers gradually increase, operating surpluses should be generated in order to fund the refurbishment programme. Operating cash flow remains strong throughout the next three year planning cycle and, together with the loan facilities already in place, the University is confident that it has sufficient resources available to support its plans.



Jonathan Sisson  
30 November 2015



# 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 issued by the Committee of University Chairs in December 2014. A review of Council Effectiveness is currently in train using the latest version of the Code, with a view to ensuring continued compliance with best practice.

## Statement of the responsibilities of Council

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

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

In preparing the financial statements, the Council ensures that:

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

The Council has taken reasonable steps to:

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

## University constitution and structural organisation

The Council meets at least four times a year and has several committees, including the Finance Group, the Council Membership Committee, the Senior Officers' Remuneration Committee and the Audit Committee. All of these committees are formally constituted with written terms of reference, specified membership, including a proportion of lay members, and delegated powers. Day to day management of the University is the responsibility of the Executive Team.

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

In respect of its strategic and development responsibilities, the Council receives recommendations and advice from the Finance Group, which includes two lay members appointed by the Council from amongst its members. The Finance Group, inter alia,

# Corporate governance statement (continued)

recommends to Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

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

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

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

## Statement on Internal Control

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

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

## Principal risks and uncertainties and financial risk management

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

### Significant failure to meet recruitment targets

#### a) Home/EU students.

The replacement of block grants by increased tuition fees means that the vast bulk of the University's future income from Home/EU students is directly dependent upon recruitment of students. If student numbers are maintained through the period of transition to the new regime and in the years beyond that, then the increased fee income will fully compensate for loss of grant. However, there is a risk of a fall in student numbers in the future as follows:

- Despite student loan support, the continuing high level of tuition fees has the potential to depress overall demand for university places and is increasing students' expectations of high quality facilities and tuition. In turn this is increasing the level of competition within the sector, particularly for high achieving and ambitious students.
- From the 2015 intake, there are no restrictions on the number of students that Universities are allowed to recruit. This relaxation of student number controls further increases the competition for the more able students and increases the risk of under-recruitment for universities that are not attractive to students..

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

- Continuing to promote applications and conversions through well-resourced open and visit days and by improving the University's position in the league tables.

## Corporate governance statement (continued)

- Closely managing the recruitment process, increasing provision in areas where the University can attract high calibre students, removing or reducing provision where it is not possible to maintain appropriate numbers and quality of students, and tailoring the conditional offers where necessary to achieve the right balance of quality and size of cohort.
- Increasing use, where appropriate, of foundation years to support the entry of students who narrowly miss the standard entry requirements.
- Issue of unconditional offers to students that have high predicted 'A' level grades in order to secure firm acceptances.
- Increased marketing efforts, including appointment of HE advisors organising visits by academics to sixth form schools across the country to promote higher education in general and the University in particular.
- By maintaining sufficient headroom on the banking covenant together with significant cash balances to manage any short-term impact on operating cash flow that might arise from changes in the pattern of recruitment.

### b) International students

In relation to international students, the implications of under-recruitment are largely the same but the challenges and issues are different. The constant changes in immigration regulations and tightening of English language qualification requirements has introduced a great deal of uncertainty for overseas students. The restrictions on post study work visas have also deterred students, particularly South Asian students, from choosing the UK as their study destination. Furthermore, the growth of HE courses delivered in English around the world has increased competition for overseas students, although demand is currently thought to be growing faster than the supply of such provision.

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

This risk is mitigated in a number of ways:

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

Management believe that the University is better placed than many to meet these challenges and the continued high rankings in various national and international league tables helps to promote the university as a choice for good students. The relatively strong financial position, in terms of cash generation and net asset position, also provides assurance that the University can sustain a temporary dip in recruitment whilst it takes action to respond to any longer term issues. The 2015 recruitment cycle has demonstrated that efforts as outlined above have helped to increase admissions above the agreed target.

### Student experience and League table performance

Providing an excellent student experience and demonstrating a high level of performance in domestic and international league tables are fundamental to everything that the University does. These measures underpin success in all areas of operation; supporting the organisation's reputation, attracting high quality students, recruiting high calibre academic staff and securing research grants and contracts in an increasingly competitive environment. The recent record, as demonstrated by league tables and student surveys, has been very positive but there are aspects of performance which can and need to be improved, particularly around assessment and feedback and in relation to employability measures. The University's general reputation is also continuing to lag behind the reported performance, highlighting that reputation gains take time to secure and consistent long term measurable performance is needed to achieve this. In order to consolidate performance and make further improvements in the student experience a systematic approach is taken to monitor the performance against a range of indicators at School level and to focus efforts to improve the areas of weaker performance. University wide standards and processes are also brought to bear on key areas such as assessment and feedback to ensure that performance meets or exceeds students' expectations. The government has announced plans to introduce, from 2017/18, a new framework for assessing the quality of teaching, known as the Teaching Excellence Framework. The University is engaged in work being carried out by HEFCE to develop the measures and process for this. It is understood that this new framework will also be used to allow high performing institutions to raise tuition fees in line with inflation.

# Corporate governance statement (continued)

## Staff recruitment and retention

The University's ability to recruit high quality academic staff is key to future growth and so the University places a significant emphasis on the recruitment, retention and performance of academic staff. The significant increase in the ratio of academic staff to students, first initiated in 2010, continued through 2015 and every effort is being made to maintain this high ratio going forward, with faculties establishing appointment strategies to ensure that appointments are only made at the highest level of quality. Furthermore, the University is investing heavily in new research programmes in collaboration with research institutions on the Norwich Research Park, adding to the attractiveness of the University to leading academics. The next Research Excellence Framework (REF) exercise is some years away but already plans are being formulated to increase the numbers of academic staff returned in the next REF and recruitment and retention activity is being focussed on this as a key priority.

## Exposure to credit, liquidity risk and interest rate cash flow risk

Credit risk is the risk that one party to a contract will cause a financial loss for that other party by failing to discharge its obligations. The University's policies are aimed at minimising such losses through a credit control policy, which has been implemented to ensure that debts are chased in a robust and timely manner, and a treasury management policy, which ensures the placement of deposits only with institutions rated according to that policy.

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

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

## **Statement of disclosure of information to auditors**

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

## **Availability of financial statements on the web site**

The Annual Financial Statements are available on the University's web site. The maintenance and integrity of the University's web site is the responsibility of the Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual financial statements may differ from legislation in other jurisdictions.

## **Appointment of auditors**

PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors. A resolution will be passed by Council concerning their re-appointment as auditors.



Richard Jewson

Signed on behalf of Council on 30 November 2015

# Public benefit statement

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

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

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

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

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

- 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 Centre for Diversity and Equality in Careers and Employment Research aims to conduct and promote scholarship and research around the themes of diversity and equality under the overarching theme of careers and employment.
- The Sainsbury Centre for Visual Arts provides open access to world art including activities for school children.
- There is an active programme of research activity within 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 Tyndall Centre for Climate Change Research and the Climatic Research Unit engage in research on the effects of climate change.
- The Earth and Life Sciences Alliance collaborates with the John Innes Centre to advance knowledge of eco-systems.
- The Food and Health Alliance collaborates with the Institute for Food Research to advance understanding of the impact of food on health, so providing a scientific framework for enhancing healthy ageing.
- Sportspark provides a wide range of sports facilities to the University and local community.

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

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

In relation to the core teaching role fulfilled by the University, the advancement of education is promoted across a wide range of subject areas. The structure of the University is based around four Faculties, namely; Arts and Humanities; Medicine and Health Sciences; Social Sciences; and Science and incorporates 20 separate Schools of study as listed below:

## Public benefit statement (continued)

Arts and Humanities	Medicine and Health Sciences	Science	Social Sciences
Art, Media and American Studies	Health Sciences	Biological Sciences	Economics
History	Norwich Medical School	Chemistry	Education & Lifelong Learning
Interdisciplinary Institute for the Humanities		Computing Sciences	International Development
Literature, Drama & Creative Writing		Environmental Sciences	Law
Politics, Philosophy and Language and Communication Studies		Mathematics	Norwich Business School
		Pharmacy	Psychology
			Social Work

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

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

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

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

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

# Independent auditors' report to the Council of the University of East Anglia (the "institution")

## Report on the financial statements

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### Our opinion

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

This opinion is to be read in the context of what we say in the remainder of this report.

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### What we have audited

The financial statements comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2015;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended;
- the Accounting Policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

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### Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

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

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### Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report from this responsibility.

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## Responsibilities for the financial statements and the audit

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### Respective responsibilities of the Council and auditors

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

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with Statute 5 of the Charters and Statutes of the institution and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Council; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Treasurer's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Andy Grimby (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Norwich  
30 November 2015



# Statement of accounting policies

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

## 1 Basis of preparation

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

## 2 Basis of consolidation

The consolidated financial statements incorporate the University and all of its subsidiary undertakings and joint ventures for the year ended 31 July 2015. Intra-group sales and profits between the University and its subsidiaries are eliminated fully on consolidation. Consistent accounting policies are applied across the group.

The University does not have direct control over the Union of UEA Students and therefore the accounts of that body are not consolidated within these financial statements. The University has taken the exemption available not to disclose a separate University income and expenditure account.

The University includes its share of each joint venture's gross assets and liabilities in the consolidated balance sheet. The share of each joint venture's net income is reported in the consolidated income and expenditure account.

## 3 Recognition of income

Funding body grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, e.g. by a discount for prompt payment, income receivable is shown net of the discount allowed. Bursaries and scholarships paid out of the University's own funds are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of tangible fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded. Similarly grants received for investment are also treated as deferred capital grants. If the value of such investments is subsequently reduced as a result of impairment then a transfer is made to the income and expenditure account to compensate.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of current asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, are added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset and crediting or debiting the endowment fund, and are reported in the statement of total recognised gains and losses.

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

# Statement of accounting policies (continued)

## 4 Pension costs

The two principal pension schemes for the University's staff are the national Universities Superannuation Scheme ("USS") and the University of East Anglia Staff Superannuation Scheme ("UEASSS"), both defined benefit schemes are contracted out of the State Second Pension. The assets of each scheme are held in separate trustee administered funds.

### USS

Given the nature of the scheme it is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions are accounted for as if it were a defined contribution scheme. The cost recognised in the income and expenditure account represents the contributions payable in the year.

### UEASSS

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

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

### Other pension schemes

The University also contributes to the Federated Superannuation Scheme for Universities and the National Health Service Pension Scheme, both of which are accounted for as defined contribution schemes. Contributions are charged to the income and expenditure account as payable.

## 5 Tangible fixed assets and depreciation

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

- a Land and buildings are stated at purchase cost, together with any incidental costs of acquisition and attributable finance costs, or, if donated, at open market value at the date of donation. Land is held freehold and is not depreciated. Freehold buildings are depreciated over their expected useful life of 50 years, on a straight line basis. Leasehold buildings are depreciated over the shorter of the lease term and 50 years. No depreciation is charged on assets in the course of construction.
- b Adaptations and remodelling of buildings are capitalised at cost and are depreciated over their expected useful life of between fifteen and twenty five years, on a straight line basis.
- c Plant and equipment are capitalised at cost and are depreciated over their expected useful lives on a straight line basis, equipment over four years and plant over fifteen years.
- d Assets in the course of construction are capitalised at cost and are not depreciated until they are brought into use.

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

### Heritage assets

Heritage assets held by the University represent art collections. Art collections donated to the University are stated at estimated valuation at the date of receipt (their "deemed cost") and purchased additions are capitalised at cost. These assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## 6 Library books and periodicals

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

# Statement of accounting policies (continued)

## 7 Investments

Fixed asset investments, with the exception of endowments, are stated at cost less provision for diminution in carrying value where, in the opinion of Council, there has been a permanent reduction in value.

Endowment asset investments are included in the balance sheet at market value.

Short-term deposits are stated at cost. Other current asset investments are stated at market value.

Investments in subsidiary companies and joint ventures are included in the balance sheet at cost. Provision is made for any permanent diminution in the value of these investments.

## 8 Deferred capital grants

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

## 9 Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

- a. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- b. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.
- c. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations for fixed assets

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

## 10 Foreign currencies

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

## 11 Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

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

# Statement of accounting policies (continued)

## 12 Stocks

Stocks, which comprise raw materials and consumables, are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Where necessary, provision is made for obsolete, slow moving and defective stocks. The difference between the purchase price of stocks and its replacement cost is not material.

## 13 Cash and liquid resources

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

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

## 14 Leases

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

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

## 15 Finance costs

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

## 16 Repairs and maintenance

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

# Consolidated income and expenditure account for the year ended 31 July 2015

	Note	2015 £000	2014 £000 restated
<b>Income</b>			
Funding body grants	1	36,793	45,967
Tuition fees and education contracts	2	143,114	134,573
Research grants and contracts	3	39,931	32,428
Other income	4	50,253	47,240
Endowment and investment income	5	467	1,184
<b>Total income: group and share of joint ventures' income</b>		<b>270,558</b>	261,392
<b>Less: share of joint ventures' income</b>		<b>(27,741)</b>	(32,163)
<b>Group income</b>		<b>242,817</b>	229,229
<b>Expenditure</b>			
Staff costs	6	129,811	124,593
Other operating expenses	7	82,887	74,365
Depreciation	10	23,240	20,923
Interest payable and other finance costs	8	5,736	5,170
<b>Total expenditure</b>	7	<b>241,674</b>	225,051
<b>Group surplus before tax</b>		<b>1,143</b>	4,178
Share of operating profit in joint ventures before exceptional items		1,787	387
<b>Surplus before taxation and exceptional items</b>		<b>2,930</b>	4,565
Share of exceptional items in joint ventures		-	(517)
<b>Surplus before taxation</b>		<b>2,930</b>	4,048
Taxation	9	(1,369)	11
<b>Surplus after taxation</b>		<b>1,561</b>	4,059
Transfers from endowment funds	20	1,429	773
<b>Surplus for the year retained within general reserves</b>	21	<b>2,990</b>	4,832

For details of the restatement see notes 2 and 7.

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

There is no difference between the surplus stated above and that under a historical cost basis.

# Statement of consolidated total recognised gains and losses for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Surplus for the financial year (before endowment transfer)		1,561	4,059
Increase/(decrease) in value of endowment asset investments	20	37	(12)
New endowments less transfer to deferred capital grants	20	1,173	2,175
Actuarial losses in respect of pension schemes	25	(5,630)	(2,970)
<b>Group total recognised gains relating to the year</b>		<b>(2,859)</b>	<b>3,252</b>
Share of actuarial losses in respect of pension schemes in joint ventures		(296)	(758)
<b>Total recognised gains relating to the year</b>		<b>(3,155)</b>	<b>2,494</b>
Opening reserves and endowments		69,852	
Total recognised gains for the year (as above)		(3,155)	
<b>Closing reserves and endowments</b>		<b>66,697</b>	

# Consolidated balance sheet as at 31 July 2015

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	10	260,865	252,029
Investments in joint ventures	11		
Share of gross assets		45,278	45,362
Share of gross liabilities		(21,610)	(20,754)
		23,668	24,608
Other investments	12	18,474	12,168
		<u>303,007</u>	<u>288,805</u>
<b>Endowment assets</b>	14	<u>7,345</u>	<u>7,564</u>
<b>Current assets</b>			
Stocks		347	292
Debtors	15	29,857	25,731
Investments	16	40,303	22,412
Cash at bank and in hand		5,749	6,450
		<u>76,256</u>	<u>54,885</u>
Creditors: amounts falling due within one year	17	(56,250)	(53,069)
<b>Net current assets</b>		<u>20,006</u>	<u>1,816</u>
<b>Total assets less current liabilities</b>		<u>330,358</u>	<u>298,185</u>
Creditors: amounts falling due after more than one year	18	(111,488)	(81,247)
<b>Net assets excluding pension liability</b>		<u>218,870</u>	<u>216,938</u>
Pension liability	25	(18,270)	(13,799)
<b>Net assets including pension liability</b>		<u>200,600</u>	<u>203,139</u>
<b>Deferred capital grants</b>	19	<u>133,903</u>	<u>133,287</u>
<b>Endowment funds</b>			
Expendable	20	4,010	4,802
Permanent	20	3,335	2,762
		<u>7,345</u>	<u>7,564</u>
<b>Reserves</b>			
Income and expenditure account excluding pension reserve		77,622	76,087
Pension reserve	25	(18,270)	(13,799)
		<u>59,352</u>	<u>62,288</u>
<b>Total funds</b>		<u>200,600</u>	<u>203,139</u>

The financial statements on pages 16 to 48 were approved by the Council on 30 November 2015 and have been signed on its behalf

David Richardson  
Vice-Chancellor

Jonathan Sisson  
Treasurer

Stephen Donaldson  
Director of Finance





# University balance sheet as at 31 July 2015

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	10	263,501	254,825
Investments in subsidiary undertakings	13	6,097	6,097
Other investments	12	18,278	11,961
		<u>287,876</u>	<u>272,883</u>
<b>Endowment assets</b>	14	<u>7,345</u>	<u>7,564</u>
<b>Current assets</b>			
Stocks		347	292
Debtors	15	29,928	27,836
Investments	16	40,303	22,412
Cash at bank and in hand		3,855	2,020
		<u>74,433</u>	<u>52,560</u>
Creditors: amounts falling due within one year	17	<u>(75,235)</u>	<u>(71,805)</u>
<b>Net current liabilities</b>		<u>(802)</u>	<u>(19,245)</u>
<b>Total assets less current liabilities</b>		<u>294,419</u>	<u>261,202</u>
Creditors: amounts falling due after more than one year	18	<u>(111,488)</u>	<u>(81,247)</u>
<b>Net assets excluding pension liability</b>		<u>182,931</u>	<u>179,955</u>
Pension liability	25	<u>(18,270)</u>	<u>(13,799)</u>
<b>Net assets including pension liability</b>		<u><u>164,661</u></u>	<u><u>166,156</u></u>
<b>Deferred capital grants</b>	19	<u>111,594</u>	<u>110,487</u>
<b>Endowment funds</b>			
Expendable	20	4,010	4,802
Permanent	20	3,335	2,762
		<u>7,345</u>	<u>7,564</u>
<b>Reserves</b>			
Income and expenditure account excluding pension reserve		63,992	61,904
Pension reserve	25	<u>(18,270)</u>	<u>(13,799)</u>
		<u>45,722</u>	<u>48,105</u>
Income and expenditure account including pension reserve	21	<u>45,722</u>	<u>48,105</u>
<b>Total funds</b>		<u><u>164,661</u></u>	<u><u>166,156</u></u>

The financial statements on pages 16 to 48 were approved by the Council on 30 November 2015 and have been signed on its behalf

David Richardson  
Vice-Chancellor

Jonathan Sisson  
Treasurer

Stephen Donaldson  
Director of Finance







# Consolidated cash flow statement for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities before endowment expenditure		16,672	19,101
Endowment expenditure		(1,531)	(945)
<b>Net cash inflow from operating activities after endowment expenditure</b>	22	<b>15,141</b>	<b>18,156</b>
<b>Dividends received</b>			
Dividend received from joint venture		2,390	1,850
<b>Returns on investments and servicing of finance</b>			
Interest and dividends received		202	1,163
Bank interest paid		(4,399)	(4,872)
Interest element of finance leases		(9)	(10)
		<b>(4,206)</b>	<b>(3,719)</b>
<b>Taxation</b>			
Taxation (paid)/refunded		(1)	11
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(30,970)	(49,148)
Net payments to acquire fixed asset investments		(6,317)	(5,121)
Proceeds from sale of tangible fixed assets		399	492
Endowment assets (acquired)/sold	14	(437)	289
Capital grants received (excluding joint ventures)		7,676	7,245
Capital investment in joint venture		-	(3,850)
Endowments received		2,724	2,585
		<b>(26,925)</b>	<b>(47,508)</b>
<b>Cash (outflow) before use of liquid resources and financing</b>		<b>(13,601)</b>	<b>(31,210)</b>
<b>Management of liquid resources</b>		<b>(17,891)</b>	<b>39,288</b>
<b>Financing</b>			
Finance lease received		137	-
Capital element of finance lease payments		(50)	(47)
Loans advanced		33,005	-
Loans repaid		(2,993)	(2,863)
		<b>30,099</b>	<b>(2,910)</b>
<b>(Decrease)/increase in cash for the year</b>	23	<b>(1,393)</b>	<b>5,168</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>(Decrease)/increase in cash for the year</b>		<b>(1,393)</b>	<b>5,168</b>
Loans advanced during the year net of repayments		(30,012)	2,863
Finance lease payments advanced during the year net of repayments		(87)	47
Increase/(decrease) in short term deposits		17,891	(39,288)
Change in net debt		<b>(13,601)</b>	<b>(31,210)</b>
Net debt at beginning of year		<b>(50,214)</b>	<b>(19,004)</b>
<b>Net debt at end of year</b>	23	<b>(63,815)</b>	<b>(50,214)</b>

# Notes to the financial statements

	Consolidated	
	2015	2014
	£000	£000
<b>1 Funding body grants</b>		
Basic recurrent grant - Higher Education Funding Council for England ("HEFCE")	27,904	34,729
Special grants (HEFCE)	2,632	3,152
Special grants (TDA)	2	11
Deferred capital grants released in the year (note 19)	4,452	4,785
	<hr/>	<hr/>
Included in group income	34,990	42,677
Share of joint ventures' income	1,523	2,993
Share of joint ventures' deferred capital grants released in the year (note 19)	280	297
	<hr/>	<hr/>
	36,793	45,967
	<hr/>	<hr/>

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

	2015	2014
	£000	restated £000
<b>2 Tuition fees and education contracts</b>		
Full-time students	62,202	53,993
Full-time students charged overseas fees	36,094	32,468
Part-time fees	1,802	1,726
Short course fees	2,095	2,691
Other teaching contracts	16,637	17,067
Research training support grants	2,618	2,673
	<hr/>	<hr/>
Included in group income	121,448	110,618
Share of joint ventures' income	21,666	23,955
	<hr/>	<hr/>
	143,114	134,573
	<hr/>	<hr/>

The figures for 2014 have been restated due to show the fee net of discount where they have been discounted by the University (see also note 7). The net effect of the restatement to the income and expenditure account is £nil.

	2015	2014
	£000	£000
<b>3 Research grants and contracts</b>		
Grants from research councils	14,392	14,144
Grants from UK charities	4,516	4,322
Other grants	13,927	13,818
Grant from government (see below)	7,032	-
	<hr/>	<hr/>
Included in group income	39,867	32,284
Share of joint ventures' income	43	81
Share of joint ventures' deferred capital grants released in the year	21	63
	<hr/>	<hr/>
	39,931	32,428
	<hr/>	<hr/>

Included in group income above are deferred capital grants released in the year of £1,026,000 (2014: £1,048,000).

The Grant from government related to a research and development claim. This is the gross figure, the tax payable on that claim being shown in note 9.

# Notes to the financial statements (continued)

		Consolidated	
		2015	2014
		£000	£000
<b>4</b>	<b>Other income</b>		
	Residences, catering and conferences	21,822	19,591
	Other services rendered	4,482	3,982
	Deferred capital grants released in the year - residences, catering and conferences	23	23
	Deferred capital grants released in the year - other	2,619	3,362
	Donations received	312	104
	Other income	16,812	15,425
		<hr/>	<hr/>
	Included in group income	46,070	42,487
	Share of joint ventures' income	3,751	4,271
	Share of joint ventures' deferred capital grants released in the year	432	482
		<hr/>	<hr/>
		50,253	47,240
		<hr/>	<hr/>
		2015	2014
		£000	£000
<b>5</b>	<b>Endowment and investment income</b>		
	Income from expendable endowment assets (note 20)	35	95
	Income from permanent endowment assets (note 20)	67	77
	Other investment income and interest receivable	340	991
		<hr/>	<hr/>
	Included in group income	442	1,163
	Share of joint ventures' investment income	25	21
		<hr/>	<hr/>
		467	1,184
		<hr/>	<hr/>
		2015	2014
		£000	£000
<b>6</b>	<b>Staff costs</b>		
	Wages and salaries	105,357	101,205
	Social security costs	7,776	7,502
	Other pension costs (note 25)	16,678	15,886
		<hr/>	<hr/>
		129,811	124,593
		<hr/>	<hr/>
		2015	2014
		£000	£000
		Emoluments of the Vice-Chancellors (there being two post holders during the year under review):	
	1 August 2013 to 31 July 2014 - Salary	-	230
	1 August 2013 to 31 July 2014 - Benefits		8
	August 2014 - Salary	19	-
	August 2014 - Benefits	1	
	1 September 2014 to 31 July 2015 - Salary	193	-
	1 September 2014 to 31 July 2015 - Benefits	10	
	1 September 2014 to 31 July 2015 - Pension contribution	31	-
		<hr/>	<hr/>
		254	238
		<hr/>	<hr/>

Staff costs are analysed by activity in note 7 below.

# Notes to the financial statements (continued)

## 6 Staff costs (continued)

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

	Number of staff	
	2015	2014 (restated)
£100,000 - £109,999	11	11
£110,000 - £119,999	8	5
£120,000 - £129,999	3	4
£130,000 - £139,999	2	2
£140,000 - £149,999	3	3
£150,000 - £159,999	3	2
£160,000 - £169,999	3	3
£170,000 - £179,999	1	1
£180,000 - £189,999	1	2
£190,000 - £199,999	1	2
£200,000 - £209,999	1	1
£290,000 - £299,999	1	-
	<b>38</b>	<b>36</b>

The 2014 numbers have been restated to reflect the correct salary bands

	2015	2014
Average number of staff employed by category:		
Academic	982	1,002
Associate tutors	681	717
Research and analogous	364	347
Secretarial and clerical	708	686
Technical	165	163
Admin, senior library and computing	454	439
Others	522	482
	<b>3,876</b>	<b>3,836</b>

## 7 Analysis of expenditure by activity

	Staff costs	Depreciation	Other operating expenses	Interest payable	2015 Total	2014 Total restated
	£000	£000	£000	£000	£000	£000
Academic departments	67,037	497	6,536	-	74,070	76,586
Academic services	10,495	1,196	8,640	-	20,331	17,969
Research grants and contracts	13,776	1,028	9,735	-	24,539	24,242
Residences, catering and conferences	4,382	4,061	7,914	-	16,357	14,211
Premises	7,313	15,306	12,147	5,617	40,383	34,126
Administration and central services	24,166	1,152	34,330	-	59,648	50,806
Other expenses	2,642	-	3,585	119	6,346	7,111
Year ended 31 July 2015	<b>129,811</b>	<b>23,240</b>	<b>82,887</b>	<b>5,736</b>	<b>241,674</b>	<b>225,051</b>
Year ended 31 July 2014	<b>124,593</b>	<b>20,923</b>	<b>74,365</b>	<b>5,170</b>	<b>225,051</b>	

The 2014 figures have been restated reflecting the netting off of any discounts given by the University against the tuition fees to which they apply and reallocations in line with HESA definitions. (See also Note 2).

# Notes to the financial statements (continued)

## 7 Operating expenditure.

Included in operating expenditure for the year:

	Consolidated	
	2015	2014
	£000	£000
The depreciation charge has been funded by:		
Deferred capital grants released excluding joint ventures (note 19)	8,766	8,446
General income	14,474	12,477
	<b>23,240</b>	<b>20,923</b>

## Other expenses

	Consolidated	
	2015	2014
	£000	£000
Included in other operating expenses are:		
External auditors' remuneration - fees payable for the audit of the University and its subsidiary undertakings	65	58
External auditors' remuneration in respect of non-audit services	166	108
Internal auditors' remuneration	76	87
	<b>307</b>	<b>253</b>

## Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as trustees (2014: £nil). Expenses paid to members of the Council during the year were £1,000 (2014: £1,000).

## 8 Interest payable and other finance costs

	Consolidated	
	2015	2014
	£000	£000
Bank interest	5,608	4,872
Finance lease interest	9	10
	<b>5,617</b>	<b>4,882</b>
Interest payable excluding pension scheme	119	288
Net interest charge on pension liability (note 25)	<b>5,736</b>	<b>5,170</b>

## 9 Taxation

	Consolidated	
	2015	2014
	£000	£000
(a) Analysis of charge/(credit) in the year		
Corporation tax at 20.0% (2014: 20.0%)		
On profit of subsidiaries:		
Current - current year	(182)	(24)
- adjustments in respect of prior years	11	13
On receipt of research and development credit	1,540	-
	<b>1,369</b>	<b>(11)</b>

# Notes to the financial statements (continued)

## 9 Taxation (continued)

The surpluses of the University are not subject to Corporation Tax however the government research credit receipt was given after Corporation tax. The current tax represents this and corporation tax arising in subsidiaries after gift aid relief.

(b) Factors affecting tax charge/(credit) in the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for the year of 20.0% (2014: 20.7%). The differences are explained below:

	2015 £000	2014 £000
Surplus before taxation	2,930	4,565
UK corporation tax at 20.0% (2014: 20.7%)	607	945
Effects of :		
Adjustments in respect of prior years	11	13
Tax deducted on payment of research credit	1,540	-
Surpluses not subject to corporation tax	(789)	(969)
	1,369	(11)

## 10 Tangible assets

	Freehold land and buildings (restated) £000	Assets in the course of construction (L&B) £000	Plant and equipment (restated) £000	Assets in the course of construction (P&E) £000	Heritage assets £000	Total £000
<b>Consolidated</b>						
<b>Cost</b>						
At 1 August 2014 (restated)	362,161	28,437	49,991	-	9,860	450,449
Additions at cost	23,457	4,422	4,079	146	-	32,104
Transfers	28,033	(28,033)	(18)	18	-	-
Disposals	(70)	-	(5,921)	-	-	(5,991)
At 31 July 2015	413,581	4,826	48,131	164	9,860	476,562
<b>Accumulated depreciation</b>						
At 1 August 2014 (restated)	155,374	-	43,046	-	-	198,420
Charge for the year	19,256	-	3,984	-	-	23,240
Eliminated on disposals	(42)	-	(5,921)	-	-	(5,963)
At 31 July 2015	174,588	-	41,109	-	-	215,697
<b>Net book value</b>						
At 31 July 2015	238,993	4,826	7,022	164	9,860	260,865
At 31 July 2014	206,787	28,437	6,945	-	9,860	252,029

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2015 was £783,000 (2014: £626,000) and depreciation during the year on these assets was £182,000 (2014: £167,000).

The opening balances have been restated to correct a misallocation between land and buildings and plant and equipment in 2014.

# Notes to the financial statements (continued)

## 10 Tangible fixed assets (continued)

<b>University</b>	Freehold land and buildings (restated) £000	Assets in the course of construction (L&B) £000	Plant and equipment (restated) £000	Assets in the course of construction (P&E) £000	Heritage assets £000	Total £000
<b>Cost</b>						
At 1 August 2014 (restated)	361,620	28,497	47,347	-	9,860	447,324
Additions at cost	23,519	4,422	4,079	146	-	32,166
Transfers	28,096	(28,096)	(18)	18	-	-
Disposals	-	-	(5,921)	-	-	(5,921)
At 31 July 2015	413,235	4,823	45,487	164	9,860	473,569
<b>Accumulated depreciation</b>						
At 1 August 2014 (restated)	152,098	-	40,401	-	-	192,499
Charge for the year	19,506	-	3,984	-	-	23,490
Eliminated on disposals	-	-	(5,921)	-	-	(5,921)
At 31 July 2015	171,604	-	38,464	-	-	210,068
<b>Net book value</b>						
At 31 July 2015	241,631	4,823	7,023	164	9,860	263,501
At 31 July 2014	209,522	28,497	6,946	-	9,860	254,825

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2015 was £783,000 (2014: £626,000) and depreciation during the year on these assets was £182,000 (2014: £167,000).

The opening balances have been restated to correct a misallocation between land and buildings and plant and equipment in 201

### Consolidated and University

The acquisition and construction of buildings with cost totalling £114,012,000 and net book value of £56,647,000 was 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.

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

Freehold land & buildings includes a building funded in part by grants of £14,559,000 from the Sports Lottery Fund. As a condition of grant the operation of the building is regulated by a Community Use Agreement for a period of years expiring in August 2018.

### Heritage assets

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

# Notes to the financial statements (continued)

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

As stated in the statement of accounting policies, the University's art collection is stated at cost or deemed cost (estimated value on date of donation). The carrying value of the art collection has remained unchanged in each of the previous four financial years.

## 11 Investments in joint ventures

During the year the University had interests in two joint venture arrangements, University Campus Suffolk Ltd and INTO UEA LLP. The accounting period end for each of the joint ventures is 31 July.

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

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

## 12 Other investments

	Consolidated £000	University £000
<b>Cost</b>		
At 1 August 2014	15,100	14,261
Additions	6,317	6,317
At 31 July 2014	21,417	20,578
<b>Provision for diminution in value</b>		
At 1 August 2014	2,932	2,300
Provision made in year	11	-
At 31 July 2015	2,943	2,300
<b>Net book value</b>		
At 31 July 2015	18,474	18,278
At 31 July 2014	12,168	11,961

The trustees assessed the carrying value of the fixed asset investments at 31 July 2015 and determined that the carrying value of certain fixed asset investments exceeded the fair value. As a result, a provision for impairment, amounting to £11,000 (2014: £224,000) has been recognised in these financial statements.



# Notes to the financial statements (continued)

## 12 Other investments (continued)

Investments at cost comprise :	Consolidated £000	University £000
CVCP Properties PLC	35	35
ICENI Seedcorn Fund LLP	300	300
Fo2Pix Limited	60	-
Segmentis Limited	28	-
WeatherQuest Limited	10	-
Syrinx Limited	112	-
Norwich Powerhouse LLP	2,000	2,000
Norwich Research Park LLP	833	833
Investments held by Carbon Connections UK Limited	628	-
Investments held for the Low Carbon Innovation Fund	17,411	17,408
Other	-	2
	<u>21,417</u>	<u>20,578</u>

## 13 Investments in subsidiary undertakings

	University £000
<b>Cost:</b>	
At 1 August 2014	15,287
Dissolved in the year	(187)
	<u>15,100</u>
At 31 July 2015	15,100
<b>Provision for diminution in Value</b>	
At 1 August 2014	(9,190)
Removal of provision on dissolution of company	187
	<u>(9,003)</u>
At 31 July 2015	(9,003)
<b>Net book value</b>	
At 31 July 2014	<u>6,097</u>
At 31 July 2015	<u>6,097</u>

The following companies, all registered in England and Wales, were 100% owned subsidiary undertakings at 31 July 2015:

Name	Principal activity
UEA Student Residences Limited	Not trading
UEA Utilities Limited	Not trading
UEA Estate Services Limited	Property construction
UEA Enterprises Limited	Developing intellectual property
International Development UEA (an exempt charity)	Not trading
East Anglian University Residences Limited	Property management
UEA NRP Investments Limited	Holding company
UEA Accommodation 2 Limited	Not trading
SYS Consulting Limited	Not trading
Incrops Limited	Not trading
UEA INTO Holdings Limited	Holding company
UEA Consulting Limited	Consultancy
Carbon Connections UK Limited	Investments
Low Carbon Innovation Fund Limited	Nominee shareholdings
UEA NPH Limited	Holding company
Incrops IP Limited	Not trading
Adapt Commercial Limited	Consultancy
Adapt Investments Limited	Holding Company
UEA China Limited	Holding company

# Notes to the financial statements (continued)

## 13 Investments in subsidiary undertakings (continued)

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

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

## 14 Endowment assets

	Consolidated & University	
	2015	2014
	£000	£000
At 1 August	7,564	6,174
New endowments invested	437	272
Disposals	-	(561)
Increase)/(decrease) in market value of investments	37	(12)
(Decrease)/increase in cash balances	(693)	1,691
At 31 July	7,345	7,564
Represented by:		
UK equities	1,483	1,144
Fixed interest securities	1,136	1,076
Other	204	130
Cash in hand and short term deposits	4,522	5,214
	7,345	7,564

## 15 Debtors

	Consolidated	
	2015	2014
	£000	£000
Debtors	11,571	12,756
Interest payable	240	-
Prepayments and accrued income	18,046	12,975
	29,857	25,731

	University	
	2015	2014
	£000	£000
Debtors	11,128	12,623
Interest payable	240	-
Amounts due from subsidiary companies	512	2,262
Prepayments and accrued income	18,048	12,951
	29,928	27,836

# Notes to the financial statements (continued)

## 16 Current asset investments

Consolidated and University

	2015	2014
	£000	£000
Short term deposits maturing within three months	25,000	4,000
Other short term deposits	15,303	18,412
	<b>40,303</b>	<b>22,412</b>

Included in short term deposits maturing within three months is £1,000,000 (2014: £1,000,000) and in other short term deposits £nil (2014: £5,000,000) from the European Regional Development Fund which is ring-fenced to be used in equity investment for the purpose of supporting a wide range of new and established companies in their low carbon activities and products and does not form part of the 'free cash' available to the University.

## 17 Creditors: amounts falling due within one year

Consolidated

	2015	2014
	£000	£000
Bank loans	2,424	2,324
Bank and other loan interest	1,209	-
HEFCE loan	410	670
Obligations under finance leases	67	49
Trade creditors	4,828	5,436
Capital creditors	6,115	4,082
Corporation tax	1,540	172
Other taxation and social security	2,621	2,525
Accruals and deferred income	37,036	37,811
	<b>56,250</b>	<b>53,069</b>

# Notes to the financial statements (continued)

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

	University	
	2015	2014
	£000	£000
Bank loans	2,424	2,324
Bank and other loan interest	1,209	-
HEFCE loan	410	670
Obligations under finance leases	67	49
Amounts due to subsidiary undertakings	21,012	20,722
Trade creditors	4,827	6,045
Capital creditors	6,115	4,082
Corporation tax	1,540	
Other taxation and social security	2,783	2,525
Accruals and deferred income	34,848	35,388
	<b>75,235</b>	<b>71,805</b>

For details of security over bank loans see note 18.

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

	Consolidated and University	
	2015	2014
	£000	£000
Bank loans	78,214	80,632
Private Placement loans	33,000	-
HEFCE loan	139	549
Obligations under finance leases	135	66
	<b>111,488</b>	<b>81,247</b>

# Notes to the financial statements (continued)

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

Bank loans and HEFCE loans are repayable as follows :

	Consolidated and University	
	2015	2014
	£000	£000
Due within one year or less	2,834	2,994
Due between one and two years	2,717	2,879
Due between two and five years	8,749	8,411
Due in five years or more	99,887	69,891
	<u>114,187</u>	<u>84,175</u>

Bank loans are secured over the Group's freehold land and buildings and are under a facility expiring in 2034. The loans are repayable in quarterly instalments. The HEFCE loans, which are payable in instalments, expire in 2017. Private placement loans are secured over the Group's freehold land and building and are repayable in 11 equal annual instalments from 2034 to 2044.

The net finance lease obligations are as follows :

	Consolidated and University	
	2015	2014
	£000	£000
Due within one year or less	67	49
Due between one and two years	18	53
Due between two and five years	54	13
Due in five years or more	63	-
	<u>202</u>	<u>115</u>

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

# Notes to the financial statements (continued)

## 19 Deferred capital grants

	Funding Council £000	Consolidated Other £000	Total £000
At 1 August 2014			
Buildings	47,941	54,008	101,949
Equipment and other tangible fixed assets	502	30,836	31,338
	<u>48,443</u>	<u>84,844</u>	<u>133,287</u>
Grants receivable in the year			
Buildings	2,149	5,351	7,500
Equipment and other tangible fixed assets	318	100	418
	<u>2,467</u>	<u>5,451</u>	<u>7,918</u>
Transferred in from endowments			
Buildings	-	1,551	1,551
Released to income and expenditure			
Buildings	(4,391)	(3,580)	(7,971)
Equipment and other tangible fixed assets	(341)	(541)	(882)
	<u>(4,732)</u>	<u>(4,121)</u>	<u>(8,853)</u>
At 31 July 2015			
Buildings	45,699	57,330	103,029
Equipment and other tangible fixed assets	479	30,395	30,874
	<u>46,178</u>	<u>87,725</u>	<u>133,903</u>
The above amounts include the following figure relating to:			
	University Campus Suffolk £'000	Carbon Connections & Low Carbon Innovation Funds £'000	
Grants receivable in the year	242	-	
Released to income and expenditure	733	(646)	
Carried forward deferred capital grants	<u>22,126</u>	<u>20,100</u>	

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

# Notes to the financial statements (continued)

## 19 Deferred capital grants (continued)

	Funding Council £000	University Other £000	Total £000
At 1 August 2014			
Buildings	41,003	38,296	79,299
Equipment and other tangible fixed assets	299	30,889	31,188
	<u>41,302</u>	<u>69,185</u>	<u>110,487</u>
Transferred in from endowments			
Buildings	-	1,551	1,551
Grants receivable in the year			
Buildings	2,149	5,352	7,501
Equipment and other tangible fixed assets	85	90	175
	<u>2,234</u>	<u>5,442</u>	<u>7,676</u>
Released to income and expenditure			
Buildings	(4,187)	(3,182)	(7,369)
Equipment and other tangible fixed assets	(265)	(486)	(751)
	<u>(4,452)</u>	<u>(3,668)</u>	<u>(8,120)</u>
At 31 July 2015			
Buildings	38,965	42,017	80,982
Equipment and other tangible fixed assets	119	30,493	30,612
	<u>39,084</u>	<u>72,510</u>	<u>111,594</u>

## 20 Specific endowments

	Unrestricted Permanent £000	Restricted Permanent £000	Consolidated and University Total Permanent £000	Restricted Expendable £000	2015 Total £000	2014 Total £000
Balance at 1 August 2014						
Capital	14	2,437	2,451	4,799	7,250	5,548
Accumulated income	-	311	311	3	314	626
	<u>14</u>	<u>2,748</u>	<u>2,762</u>	<u>4,802</u>	<u>7,564</u>	<u>6,174</u>
New endowments	-	517	517	2,207	2,724	2,585
Investment income	-	67	67	35	102	172
Expenditure	-	(95)	(95)	(1,436)	(1,531)	(945)
Transfer to deferred capital grants	-	-	-	(1,551)	(1,551)	(410)
	<u>-</u>	<u>(28)</u>	<u>(28)</u>	<u>(2,952)</u>	<u>(2,980)</u>	<u>(1,183)</u>
Increase in market value of investments	1	83	84	(47)	37	(12)
Balance at 31 July 2015	<u>15</u>	<u>3,320</u>	<u>3,335</u>	<u>4,010</u>	<u>7,345</u>	<u>7,564</u>
Represented by						
Capital	14	3,036	3,050	4,152	7,202	7,250
Accumulated income	1	284	285	(142)	143	314
	<u>15</u>	<u>3,320</u>	<u>3,335</u>	<u>4,010</u>	<u>7,345</u>	<u>7,564</u>

# Notes to the financial statements (continued)

## 21 Reserves

Income and expenditure reserve (including pension reserve)	Consolidated
	2015 £000
Balance at the beginning of the year	62,288
Surplus for the year	2,990
Actuarial losses on pension scheme	(5,630)
Share of actuarial losses on pension schemes of joint ventures	(296)
Balance at the end of the year	<u>59,352</u>
	University
	2015 £000
Balance at the beginning of the year	48,105
Surplus for the year	3,247
Actuarial losses on pension scheme	(5,630)
Balance at the end of the year	<u>45,722</u>

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

	2015 £000	2014 £000
Surplus before taxation	2,930	4,048
Endowment expenditure	1,531	945
Endowment income and interest receivable (excluding joint ventures)	(442)	(1,163)
Deferred capital grant release (excluding joint ventures)	(8,120)	(9,218)
Depreciation	23,240	20,923
Loss on disposal of fixed assets	(371)	53
Adjustment to provisions	450	(547)
Impairment of fixed asset investment	11	224
Share of operating profit in joint ventures	(1,787)	130
Interest payable	5,617	4,882
Pension costs less contributions payable	(1,159)	(1,001)
Increase in stocks	(55)	(61)
Increase in debtors	(3,886)	(1,426)
(Decrease)/increase in creditors	(1,287)	1,312
Net cash inflow from operating activities before endowment expenditure	<u>16,672</u>	<u>19,101</u>
Endowment expenditure	<u>(1,531)</u>	<u>(945)</u>
Net cash inflow from operating activities after endowment expenditure	<u>15,141</u>	<u>18,156</u>



# Notes to the financial statements (continued)

## 23 Analysis of changes in consolidated net debt

	1 August 2014 £000	Cash flows £000	Other £000	31 July 2015 £000
Cash at bank and in hand				
Endowment assets	5,214	(692)	-	4,522
Other	6,450	(701)	-	5,749
	<u>11,664</u>	<u>(1,393)</u>	<u>-</u>	<u>10,271</u>
Debts due within 1 year	(3,043)	3,043	(2,901)	(2,901)
Debts due after 1 year	(81,247)	(33,142)	2,901	(111,488)
	<u>(84,290)</u>	<u>(30,099)</u>	<u>-</u>	<u>(114,389)</u>
Short term deposits	22,412	17,891	-	40,303
	<u>22,412</u>	<u>17,891</u>	<u>-</u>	<u>40,303</u>
Net debt	<u>(50,214)</u>	<u>(13,601)</u>	<u>-</u>	<u>(63,815)</u>

Included in cash at bank and in hand is £1,691,000 (2014: £2,592,000) and in short term deposits is £1,000,000 (2014: £6,000,000) held on behalf of the European Regional Development Fund. These funds are ring-fenced to be used in equity investment for the purpose of supporting a wide range of new and established companies in their low carbon activities and products and do not form part of the 'free cash' available to the University.

## 24 Capital commitments

At 31 July 2015 the Group had outstanding commitments for capital expenditure of £1,477,000 (2014: £16,848,000).

## 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

#### CONTINGENT LIABILITIES AND ASSETS

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

# Notes to the financial statements (continued)

## 25 Pensions (continued)

### Universities Superannuation Scheme (continued)

#### PENSION COSTS

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the financial statements using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality                      S1NA ["light"] YoB tables – No age rating

Female members' mortality                      S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6
	2015	2014
Existing benefits		
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

# Notes to the financial statements (continued)

## 25 Pensions (continued)

### Universities Superannuation Scheme (continued)

The total cost charged to the profit and loss account is £13,705,000 (2014: £13,029,000). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The contribution rate payable by the University was 16% of pensionable salaries.

### University of East Anglia Staff Superannuation Scheme

A full actuarial valuation was carried out as at 31 July 2012 and updated to 31 July 2015 by a qualified independent actuary for the purposes of FRS 17.

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 2015 are expected to be 28.3% of pensionable salaries for those members who participate in the University's salary sacrifice arrangements and 20.8% of pensionable salaries for those that do not, plus additional annual contributions of £1,432,000 payable in equal monthly instalments to 28 February 2022.

The major assumptions used by the actuary were (in nominal terms):		31 July 2015	31 July 2014
Discount rate	:	3.70%	4.20%
Inflation assumption (CPI)	:	2.40%	2.40%
Rate of increase in salaries	:	3.65%	3.65%
Rate of increase in pensions in payment	:	2.40%	2.40%

Assumed life expectancies on retirement at age 63 are:

Retiring today	Males	:	24.1	24.0
	Females	:	26.5	26.4
Retiring in 20 years time	Males	:	26.4	26.3
	Females	:	28.9	28.8

The assumptions used in determining the overall expected return of the scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins.

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

# Notes to the financial statements (continued)

## 25 Pensions - University of East Anglia Staff Superannuation Scheme (continued)

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

	Long term rate of return expected at 31 July 2015	Value at 31 July 2015 £000	Long term rate of return expected at 31 July 2014	Value at 31 July 2014 £000
Equity & Property	5.70%	46,226	6.50%	44,308
Bonds and Cash	3.20%	60,516	3.70%	53,714
Fair value of scheme assets		<b>106,742</b>		<b>98,022</b>
The actual return on assets over the year was:		<b>9,114</b>		<b>5,420</b>
The amounts recognised on the balance sheet are as follows:				
Present value of scheme liabilities		(125,012)		(111,821)
Fair value of scheme assets		<b>106,742</b>		<b>98,022</b>
Net pension liability		<b>(18,270)</b>		<b>(13,799)</b>
Present value of unfunded scheme liabilities		-		-
Unrecognised past service cost		-		-
Deficit		<b>(18,270)</b>		<b>(13,799)</b>
Irrecoverable surplus		-		-
Net pension liability recognised before tax		<b>(18,270)</b>		<b>(13,799)</b>

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

Reconciliation of opening and closing balances of the present value of the scheme liabilities	2015 £000	2014 £000
Liabilities at the beginning of the year	111,821	105,400
Current service cost	2,502	2,435
Interest cost	4,661	4,692
Contributions by scheme participants	51	59
Actuarial losses	10,202	3,986
Benefits paid	(4,295)	(4,751)
Past service cost	70	-
Liabilities at the end of the year	<b>125,012</b>	<b>111,821</b>
Reconciliation of opening and closing balances of the fair value of scheme assets	2015 £000	2014 £000
Fair value of scheme assets at the beginning of the year	98,022	93,570
Expected return on scheme assets	4,542	4,404
Actuarial gains	4,572	1,016
Contribution by employers	3,850	3,724
Contribution by scheme participants	51	59
Benefits paid	(4,295)	(4,751)
Fair value of scheme assets at the end of year	<b>106,742</b>	<b>98,022</b>

# Notes to the financial statements (continued)

## 25 Pensions (continued)

### University of East Anglia Staff Superannuation Scheme (continued)

Amount recognised in statement of total recognised gains and losses (STRGL)	<b>2015</b>	2014
	<b>£000</b>	£000
Experience adjustments arising on scheme liabilities	<b>676</b>	(167)
Changes in assumptions underlying the present value of the liabilities	<b>(10,878)</b>	(3,819)
Experience adjustments arising on scheme assets	<b>4,572</b>	1,016
	<b>(5,630)</b>	(2,970)

### History of scheme assets, obligations and experience adjustments

	<b>2015</b>	2014	2013	2012	2011
	<b>£000</b>	£000	£000	£000	£000
Present value of scheme liabilities	<b>125,012</b>	111,821	105,400	95,000	89,979
Fair value of scheme assets	<b>106,742</b>	98,022	93,570	85,585	79,498
Deficit in the scheme	<b>(18,270)</b>	(13,799)	(11,830)	(9,415)	(10,481)
Experience:					
Adjustments arising on scheme liabilities	<b>676</b>	(167)	(4,603)	47	41
Adjustments arising on scheme assets	<b>4,572</b>	1,016	4,445	1,443	4,008
Actuarial (losses)/gains shown in STRGL	<b>(5,630)</b>	(2,970)	(3,358)	352	1,338

The cumulative amount of actuarial gains and losses recognised in the statement of gains and losses is a loss of £29,649,000, (2014: loss £24,019,000).

	<b>2015</b>	2014
	<b>£000</b>	£000
Analysis of the amount charged to operating profit:		
Current service cost	<b>2,502</b>	2,435
Past service cost	<b>70</b>	-
Total operating charge	<b>2,572</b>	2,435

	<b>2015</b>	2014
	<b>£000</b>	£000
Analysis of the amount credited to other finance income:		
Expected return on pension scheme assets	<b>(4,542)</b>	(4,404)
Interest on pensions scheme liabilities	<b>4,661</b>	4,692
Net return	<b>119</b>	288

### 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 £401,000 (2014: £422,000).

# Notes to the financial statements (continued)

## 26 Queen's Building

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

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

## 27 The Sainsbury Laboratory

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

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

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

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

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

## 29 Operating lease commitments

At 31 July the group had annual commitments under non-cancellable operating leases expiring as follows:

	Plant & machinery £000	Other assets £000	2015 £000	2014 £000
Within 1 year	46	16	62	96
Within two to five years	298	133	431	458
	<u>344</u>	<u>149</u>	<u>493</u>	<u>554</u>

## 30 Related Party Transactions

During the year ended 31 July 2015, the University had transactions with a number of organisations which fell within the definition of Related Parties under Financial Reporting Standard 8 "Related Party Disclosures" ("FRS 8"). Transactions are disclosed where members of Council and other senior members of staff disclose an interest in an organisation with whom the University undertakes transactions which are considered material to the University's financial statements and/or the other party.

Due to the nature of the University's operations and the composition of the Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's normal procurement procedures. Furthermore, these transactions occur at the operational level where they are instigated by members of staff and approved by senior management under delegated authority. There is no direct benefit to members of Council.

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

# Notes to the financial statements (continued)

## 30 Related Party Transactions (continued)

The University is exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the University of East Anglia group. Transactions with joint ventures and partners are as follows:

### University Campus Suffolk Ltd

During the year the University supplied University Campus Suffolk Ltd (UCS) with goods and services to the value of £437,000 (2014: £406,000). At 31 July the balance outstanding was £6,000 (2014: £4,000). The University also received services from UCS to the value of £112,000 (2014: £5,000). At 31 July the balance outstanding was £nil (2014: £nil).

### INTO UEA LLP

During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £1,064,000 (2014: £855,000). At 31 July the balance outstanding was £208,000 (2014: £176,000). The University also received services from INTO to the value of £242,000 (2014: £190,000). At 31 July the balance outstanding was £10,000 (2014: £13,000).

## 31 Connected Charities

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

	2015		2014	
	IDU £000	UCS £000	IDU £000	UCS £000
Opening reserves	834	2,018	486	4,253
Net income for the year	348	(2,235)	348	(2,235)
Closing reserves	<u>1,182</u>	<u>(217)</u>	<u>834</u>	<u>2,018</u>

# Notes to the financial statements (continued)

## 32 Teaching Agency for Schools Bursaries

	2015 £000	2014 £000
Funding at the beginning of the year	3	(30)
Training Bursary funds received during the year	1,849	1,849
Training Bursary payments during the year	(1,816)	(1,816)
	<u>36</u>	<u>3</u>
Funding at the end of the year	<u>36</u>	<u>3</u>

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 National College for Teaching and Leadership.

## 33 Teaching Agency for Schools Student Associates Scheme

	2015 £000	2014 £000
Funding at the beginning of the year	11	11
Funds received during the year	(11)	-
Payments during the year	-	-
	<u>-</u>	<u>11</u>
Funding at the end of the year	<u>-</u>	<u>11</u>

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

## 35 Access funds

	2015 £000	2014 £000
Balance at the beginning of the year	11	12
Funding Council Access Funds	(11)	244
Disbursements to students	-	(245)
	<u>-</u>	<u>11</u>
Balance at the end of the year	<u>-</u>	<u>11</u>

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



# Notes to the financial statements (continued)

## 36 Higher Education Funding Council for England Partner Colleges

	2015 £000	2014 £000
Balance at the beginning of the year	-	-
Funds received during the year	4,554	8,327
Payments during the year	(4,554)	(8,327)
	<hr/>	<hr/>
Balance at the end of the year	-	-
	<hr/>	<hr/>

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

## 37 Contingent liabilities

The University also 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 charges amounts to £1,500,000. The council do not expect any material loss to the University to arise in respect of this guarantee.

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