University of East Anglia

Financial Statements

2015 - 2016

University of East Anglia

Norwich NR4 7TJ

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http://www.uea.ac.uk

Contents

Charity Trustees and Members of Council

	Appointments/resignations	Term of Office ends
Independent Members		
Joe Greenwell (Chair)	Appointed 1 August 2016	31 July 2019
Richard Jewson (Chair)	Resigned 31 July 2016	
Mark Williams (Treasurer)	Appointed 1 August 2016	31 July 2019
Jonathan Sisson (Treasurer)	Resigned 31 July 2016	
Graham Jones		31 July 2017
Gillian Maclean	Appointed 1 August 2016	31 July 2019
Stephen Blease	Appointed 1 August 2016	31 July 2019
Jeremy Clayton	Appointed 1 August 2016	31 July 2019
Vicki Keller Dorsey	Resigned 31 July 2016	
Laura McGillivray		31 July 2018
Kathryn Skoyles		31 July 2017
Wendy Thomson		31 July 2017
Ex-officio Members		
David Richardson (Vice-Chancellor)		n/a
Neil Ward (Pro-Vice-Chancellor)		31 July 2018
Fiona Lettice (Pro-Vice-Chancellor)	Appointed 1 August 2016	31 July 2019
David Petley (Pro-Vice-Chancellor)		31 July 2019
Appointed by Senate		
Nalini Boodhoo	Appointed 1 August 2016	31 July 2019
Gillian Schofield	Resigned 31 July 2016	
Helen Lewis	Appointed 1 August 2015	31 July 2018
Elected by the support staff		
Chris Brown	Appointed 1 August 2015	31 July 2018
Student Members		
Theodore Antoniou-Phillips	Appointed 1 August 2016	31 July 2017
Amy Rust	Appointed 1 August 2016	31 July 2017
Chris Jarvis	Resigned 31 July 2016	
Yinbo Yu	Resigned 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
Mark Williams, BA, MSc, ATT, CTA, CLD

Director of Finance
Ian Callaghan, BA, ACMA, CGMA

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 2016.

This year's statements record a net expense position for the year and are the first to be prepared under Financial Reporting Standard 102 which requires certain non-cash items to be brought onto the face of the accounts in the new Statement of Comprehensive Income and Expenditure (SOCIE). The three significant factors impacting that net expense position are:

- Inclusion of the actuarial loss in respect of pension schemes which is non-cash. The University has an agreed recovery plan for the local pension scheme (UEASSS) and participates in the recovery plan for the national USS scheme and reflects the current recovery plans in its financial results and financial forecasts.
- Inclusion of the fair value of the hedging financial instrument (SWAP) that backs the fixed Royal Bank of Scotland loan. This is again a non-cash transaction and would only crystallise on the occasion of the University seeking to repay the loan early (or in the case of default) neither of which are anticipated.
- Inclusion within staff costs of movements on the USS pension provision (note 7); again a non-cash transaction.

From a cash perspective it is pleasing to note that the University continues to be significantly cash generative with net cash inflow from operating activities of £22.1m (2015: £15.8m).

During the year, the University signed off a 15-year Vision and commenced work on developing the more detailed first of three five-year Plans (2016-2020). 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 from the UEA Vision:

- Student Success: creating the "must go to" university destination of tomorrow
- Research Success: solving global challenges by increasing our research power and impact
- Staff success: one vision, one talented team and one amazing experience
- Global success: creating closer partnerships with students, staff, alumni and organisations around the world

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

- Projecting our reputation: a world-leading university at the heart of local, national and global networks
- Investing in our campus
- Growing on our campus and in our city
- Growing a student community with an excellent student experience
- Increasing our research power and impact
- Investing in our technology-enhanced learning capacity
- Supporting and developing our staff
- Growing our volume of academic staff
- Developing an enterprising campus
- A leader in regional economic and cultural development

Annual operational plans and targets will 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 commenced work on developing the more detailed operational plans that will sit beneath the core objectives of the Vision and 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. Investments in student experience, academic staff and facilities continue to be the priorities for the University. The major opportunity to be addressed over this period is to refurbish the original teaching buildings (the "Lasdun Wall"), which now require substantial investment to bring these up to modern standards.

Restatements: Financial Reporting Standard 102/other

These financial statements are the first to have been prepared in accordance with the requirements of Financial Reporting Standard 102 (FRS102). As such, the comparative figures have been re-stated on an FRS102 basis. The fundamental changes

Treasurer's report (continued)

that arise from the change to the Standard are as follows (more information has been provided in the accounting policies and Note 33 to the financial statements):

- Changes to the reporting of revenue:
  - Government grants: the University has elected to use the "performance model" which is consistent with non-exchange transactions. It is also anticipated that this will be the required treatment in the future. There is little impact from this change as most HEFCE funds are recognised in the year they are received.
  - Research grants: income is recognised when any performance conditions are met. The majority of our grants have performance conditions in line with the expenditure profile and therefore this has had little impact other than with regard to capital grants.
  - Capital grants: all capital grants have to be recognised according to the performance model. In the majority of cases this means the funds will be recognised as income in the year they are received rather than released in line with depreciation as they were in the past.
  - Donations: all donations, including endowment donations, will be recognised as income unless there are performance conditions to be met. It is expected that there will be very few donations which have performance conditions and so the majority of all endowment receipts as well as all donations will be shown as income in the year they are granted.
  - Other non-exchange transactions: the lease premium received from INTO in 2006 was being spread over the life of the lease contract. As this is a non-exchange contract (no refund would be due if the lease was terminated early) the remainder of this premium has to be released to income and expenditure.
- Universities Superannuation Scheme: a liability is now recorded on the balance sheet for any contractual obligation to fund past deficits in the scheme. There is also an impact on income and expenditure.
- Fixed assets: on first adoption of FRS102 there is an option to revalue tangible fixed assets at the fair value and to choose which assets are revalued. A professional valuation of the University's land and buildings as at 31 July 2014 was undertaken and these values have been reflected except where we believe significant work to an existing asset will soon be undertaken which would then result in a write-off of any remaining net book value. The surveyors' valuation also included revised lives for the buildings valued and so the depreciation policy has therefore been amended to reflect the longer asset life given. This extends the life of new buildings from 50 to 80 years and fit-out and plant from 15-25 years to 25-35 years.
- Cash and cash equivalents: this is a presentation matter only. Deposits held for three months or less are now held as cash rather than investments.
- Short term employee benefits: a holiday pay accrual will now be calculated and held on the balance sheet each year as a liability. Whilst the initial impact of this calculation in the transitional year was significant, it is anticipated that year-to-year movements will be less significant.
- Arrangements containing a lease: any such arrangements, if material, are now to be brought onto the balance sheet. The University has no such arrangements.
- Financial instruments: the University is now required to recognise an asset or liability being the current repayment value of the SWAP associated with the Royal Bank of Scotland loan. There is an option to smooth the impact of the yearly fluctuations of this liability by hedge accounting but management have elected not to do this as it would require complex calculations and the impact on the balance sheet and income statement without hedging are easily explained. In addition this is a non-cash transaction (unless a decision is taken to break the swap). The impact of this change has been significant especially in the light of current interest rates.

Key Financial Highlights

2015-16 proved to be another successful year for the University and its subsidiaries. Comparatives for 2014-15 are taken from the transitional financial statements as amended for FRS102. Key financial highlights for the year, compared to the previous year are summarised below:-

	2016	2015	Increase/ (decrease)
	£m	£m	on 2015
Group income (excluding joint ventures)	250.1	245.0	2.1%
Expenditure	247.9	250.5	(1.0%)
Surplus for the year (prior to recognising movement in respect of pension schemes and financial instruments)	4.0	(5.2)	176.9%
Surplus excluding joint ventures as % of group income	0.9%	(2.8%)	3.7%
Capital expenditure additions	34.6	32.1	7.8%
Capital grants receivable	4.0	7.7	(48.1%)
Net cash inflow from operating activities	22.1	15.8	39.9%
Net assets (excluding joint ventures)	319.0	330.8	(3.6%)

Treasurer's report (continued)

Income & Expenditure

The total comprehensive deficit for the year is £12.0m (2015: £16.8m). This is after charging the additional actuarial loss in respect of pension schemes (£6.8m) and the adverse movement in the fair value of the hedging financial instrument (£9.2m). Adjusting for these two items the Group has delivered a surplus for the year of £4.0m (2015: deficit of £5.2m). All references to 2015 refer to the translational financial statements produced as part of the adoption of FRS102.

Group income, excluding joint ventures, of £250.1m increased by £5.1m (2.1%) over the previous year. As expected, the basic teaching grant from the Higher Education Funding Council for England ("HEFCE") continued to fall in 2016, as the fourth intake of Home and EU undergraduates were admitted under the new fee regime. Funding body grants fell by £0.7m in the year reflecting a fall of £1.8m in core teaching grants offset by an increase in Higher Education Innovation Fund (HEIF) funding of £1.5m. The additional income from HEIF was a particular success as it reflected the University receiving the maximum allocation available.

Within tuition fees and education contracts income, Home and EU full-time student fees increased by £8.8m to £71.0m (14.2% up on last year) and Overseas student fees increased by £1.8m to £37.9m (up by 5.0% on last year). The increase in Home/EU student fee income is primarily the result of additional student numbers: the University was successful in increasing recruitment in a market where student number caps had been lifted totally. 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 was boosted in 2015 by the receipt of government funded research and development credits (£7.0m). Adjusting for this one-off event (the RDEC scheme was amended in the Chancellor's July 2015 budget such that Universities were no longer eligible to claim this funding) income increased by £2.1m in the year. Other income at £47.5m was broadly unchanged from the prior year (£47.6m) and reflects a reduction in capital grants from £4.5m to £1.8m as a result of income relating to the Enterprise Centre being included in the prior year offset by additional income in residences, catering and conferences primarily as a result of bringing Sportspark catering in house and the usual annual increase in accommodation rents. In spite of reduced interest rates investment income has increased marginally. This reflects the investment of the loan balance from the European Investment Bank.

Total expenditure reduced by £2.6m (1.0%) in the year. This was primarily as a result of a reduction in the movement on the USS provision which reduced by £10.7m offset by increases in staff numbers and reflecting salary increases. Other operating expenses amounted to £82.6m, a small reduction from last year (£0.6m). Included within other operating costs is £5.7m paid in bursaries in respect of widening access as a result of charging fees of £9,000 for undergraduate 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 £2.3m to the Union of UEA Students to help fund the improvements to Union House. Depreciation charges have increased marginally (£0.6m) reflecting continued investment in the estate. Interest payable costs increased by £1.3m in the year, primarily due to the interest on the new loan taken out in the year.

Reserves

Reserves decreased in the year by £12.0m to £319.3m. The movement includes the retained surplus for the year of £4.0m and an adverse movement of £16.0m represented by a £6.8m actuarial loss in respect of pension schemes and a reduction in the fair value of the financial instrument of £9.2m.

Capital Expenditure and Grants

Total tangible fixed asset additions in the year amounted to £34.6m (2015: £32.1m) and capital grants receivable in the year (excluding joint ventures) relating to tangible fixed asset expenditure amounted to £4.0m (2015: £7.7m). The major areas of expenditure during the year included:-

	£m
Student residences	23.5
Long term maintenance, site infrastructure, minor works and works to support disabled access	5.7
IT investments	1.3
Development of Earlham Hall site	0.7
Faculty equipment, including research grant funded equipment	1.8
Sportspark maintenance and investment	0.3
Other estates projects	1.3
	34.6

Treasurer's report (continued)

Investment in student residences includes the new residences on the Blackdale site which were first occupied in September 2016.

Cash and Debt

Net operating cash flow
Cash inflow from operating activities before endowment expenditure for the year was £23.7m (2015: £17.8m). Interest received on invested funds, excluding endowment funds, amounted to £0.6m (2015: £0.2m). Total debt service costs, relating to both loans and finance lease commitments were £10.4m (2015: £7.4m). Cash inflow from operating activities before endowment expenditure plus investment income was £24.2m which at 2.3 times total debt service costs comfortably exceeds the minimum multiple of 1.2 times, being the principal financial covenant required under the terms of the University's banking facilities.

Net debt
Consolidated net debt, being loans and finance leases less cash and cash equivalents, has increased during the year by £26.4m to £126.4m.

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 three years.

Cash and cash equivalents, excluding endowment assets, increased during the year by £11.0m to £21.4m. 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, INTO UEA LLP ("INTO UEA Norwich"), referred to in note 14 to the financial statements, is well established with progress broadly in line with original expectations. The University's share of surpluses in joint ventures for the year includes a £1.7m surplus (2015: £1.6m).

University Campus Suffolk Limited ("UCS") is no longer consolidated in the University's financial statements (see note 33). Having gained Taught Degree Awarding Powers the successor body to UCS, University of Suffolk, now operates as an independent institution.

Outlook

Last year the University saw a significant increase in student recruitment benefitting significantly from the cap on Home/EU undergraduate student recruitment being lifted. There has been further growth in Home/EU undergraduate recruitment this year reinforcing the University as an institution of choice in a highly competitive market. Recruitment of international students also continues to be extremely competitive and there is evidence that market demand is being impacted by continued adverse comment in respect of UK immigration requirements. International postgraduate recruitment did not meet target this year and the reasons behind this are being reviewed and considered. This is not anticipated to have a financial impact at the bottom line due to better than forecast recruitment in other areas. It is therefore more important than ever to ensure that the University continues to maintain and improve its reputation and standing in the sector to continue to recruit Home/EU students. In this regard, the University continues to enjoy a strong league table position with the tables published during 2016 reflecting the following positions: with 14th place in the Complete University Guide, 15th in the Times and Sunday Times, and 24th place in the Guardian, and maintained its excellent record in the National Student Survey. It also maintained its position in the Top 1% of World Universities in the THES at 165th. 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. 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.

Early indications of recruitment for Home/EU postgraduate taught numbers suggest a significant increase for financial year ending 2017. It is believed that this is linked to the offer of government loans (up to a maximum of £10,000) to support postgraduate education although as this is the first year of the loan scheme this cannot be absolutely confirmed.

The University's recruitment of EU students held up well post the Brexit vote but it remains to be seen how this will be impacted as the negotiations around Brexit continue. The University has guaranteed that EU students entering in 2016 and 2017 will retain fees at the same rate charged to UK students for the duration of their courses.

With staff costs representing around 63% of total expenditure excluding depreciation and interest, staff cost increases are of particular concern. Pay settlements in recent years have been contained at affordable levels, including the 1% award payable

Treasurer's report (continued)

from 1 August 2015 and the 1.1% award payable from 1 August 2016 (though it should be noted that whilst this has been paid it is not yet agreed). 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 implemented, 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. The current financial markets (particularly with regard to gilt yields) places continued pressure on the funding of defined benefit schemes.

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 increases in intake for 2015 and 2016 are the first steps in that process. The plan is to grow student numbers by c3000 over the period 2014 to 2022. In addition planning permission has recently been secured to re-develop the University playing fields in association with Norwich Rugby Football Club. This will enhance facilities available to the University, the Rugby Club and the local community.

The financial outlook for the next 2 years reflects the continued investment in academic staffing and the need to generate additional surpluses to support the investment in teaching buildings. As student numbers 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.

Mark Williams
28 November 2016

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 was undertaken during the year and reported to Council in January 2016 to address both the effectiveness of the Council and highlight the new responsibilities of University Councils for the provision of assurance confirmations. The overall finding of this review was positive especially in terms of administration and conduct of Council meetings and Council Members' confidence in its ability to uphold the institution's values and drive forward its strategy.

The most significant finding of the review was that there was little understanding within the institution of what the Council did and how the Council operated outside of those that regularly came into contact with the Council. This is being addressed by the creation of a specific Governance website and an aim to share more widely the key discussions held and decisions made during meetings. Implementation of the recommendations from the review will be monitored by the Governance Committee: a Committee that has been formed by widening the remit of the former Council Membership Committee.

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 usually meets six times a year (minimum requirement is to meet at least four times a year) and has several committees, including the Finance Group, the Governance 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.

Corporate governance statement (continued)

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 three lay members appointed by the Council from amongst its members. The Finance Group, inter alia, recommends to Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Governance Committee considers nominations for co-opted vacancies in the Council membership under the relevant Statute and is responsible for monitoring the implementation of the findings of the Council Effectiveness Review. In future this Committee will also undertake the periodic reviews of Council Effectiveness. The Committee's membership includes the Chair of Council and 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 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.

Corporate governance statement (continued)

- 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.
- 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 the 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. Finally, the impact of the Brexit vote will potentially have an impact on recruitment: it is unclear what the position of EU students joining after the Article 50 process concludes will be. In addition there is some evidence that the Brexit vote is suggesting the UK is a less welcoming country to international students.

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;
- 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;
- Appropriate contingency planning in financial modelling to allow for minor fluctuations in actual levels of student recruitment compared to planned levels;

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.

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.

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 aims to minimise such losses through credit control which is 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
A resolution was passed by Council on 16 May 2016 to appoint KPMG as auditors following a competitive tender. The appointment will take effect with the audit of the 2016/17 financial statements.

J Greenwell.

Joe Greenwell
Signed on behalf of Council on 28 November 2016

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.

Fundraising

UEA fundraising activities are conducted by UEA employed staff. No direct fundraising activity is outsourced to external agencies, though some services in support of fundraising are: such as software provision and data cleansing. The University's Development Office, which currently employs 11 members of staff, is responsible for conducting its fundraising activities.

Methods of fundraising approach include telephone, face-to-face meetings, emails and post.

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

Public benefit statement (continued)

has adopted including the CASE Donor Bill of Rights and the CASE Principles of Practice for Fundraising Professionals in Higher Education, see: http://www.case.org/Samples_Research_and_Tools/Principles_of_Practice.html.

The activities of all the Development Office's staff are monitored through supervision, procedures and training. This applies to major gift fundraisers and regular giving fundraisers.

The activities of the major gift fundraisers, who engage in exploratory meetings with high net worth individuals, organisations, trusts and foundations, are overseen by the Director and Deputy Director of Development. The Deputy Director of Development works with each fundraiser to ensure that, staff are fully trained; appropriate solicitation plans for potential donors are in place; all meetings notes are recorded and copies of correspondence and funding proposals are reviewed and maintained.

The activities of regular giving fundraisers are overseen by the Development Operations Manager, who oversees the Regular Giving Officer who, in turn, oversees the telephone fundraising campaign team. The Development Office employs a team of approximately 25 students, working on a part time basis for 12 weeks each year to carry out the telephone fundraising campaign. The following steps are taken to ensure the telephone campaign is conducted appropriately:

- Full training is provided on fundraising best practice for student callers, including specific training on how to identify potentially vulnerable people, how to accommodate potentially vulnerable people and how to report any concerns they may have.
- Each calling session is overseen by a trained supervisor who is responsible for ensuring all student callers follow best practice and reporting any concerns to the Regular Giving Officer.
- Student callers are required to make notes about each of their calls including their approach, the outcome and any concerns or issues that require attention. All of these call notes, including the amount and frequency of calls made, are reviewed by the Regular Giving Officer.
- The number of calls made to any one individual is monitored and controlled electronically so no individual can be called more than five times within any given campaign of which there are two each year.
- The Regular Giving Officer meets regularly with individual callers to ensure they understand the requirements of the role and to raise any concerns.
- Any members of staff who do not follow best practice are reprimanded, provided with further training and, if necessary, dismissed.

There have been no complaints received by the University or a person acting on behalf of the University in respect of fundraising activity.

The University maintains record of all alumni and supporters communication preferences and abides by these. These records include the following lists:

- "Do not contact" – no contact of any type is made
- "No fundraising" – individuals are excluded from any mass fundraising appeals, by any method
- "Do not phone" – individuals are excluded from telephone campaigns
- "Do not email" - individuals are excluded from email appeals and mass email communications
- Individuals may request to be added to any of these lists at any time.

The number of telephone fundraising calls made to anyone prospect is monitored and controlled electronically so no person can be called more than five times within any given campaign of which there are two each year.

Any request to cease either all contact or a specific form of contact is actioned immediately.

The University is committed to being clear and honest in all fundraising communications and conversations, to allow individuals to make an informed decisions about whether and when they choose to donate.

Full training is provided on fundraising best practice for all fundraisers, including specific training on how to identify potentially vulnerable people, how to accommodate potentially vulnerable people and who and how to report any concerns they may have.

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

Report on the financial statements

Our opinion

In our opinion, the University of East Anglia's group financial statements ("Consolidated") and parent institution financial statements ("University") (together the "financial statements"):

- give a true and fair view of the state of the Consolidated and University affairs as at 31 July 2016 and of the Consolidated and University income and expenditure and the Consolidated 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, and the requirements of the 2015/16 HEFCE Accounts Direction.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated and University Balance Sheet as at 31 July 2016;
- the Consolidated Statement of Comprehensive Income and Income and Expenditure for the year then ended;
- the Consolidated and University Statement of Changes in Reserves for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended; and
- the Statement of 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 Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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, they have made assumptions and considered future events.

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 Memorandum of Assurance and Accountability, and any other terms and conditions attached to them.

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.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Council and auditors

As explained more fully in Statement of responsibilities of Council set out on page 9, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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 Section 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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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 Grimbly

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
28 November 2016

Consolidated and University Statement of Comprehensive Income and Expenditure for the year ended 31 July 2016

	Note	**2016 Consolidated £000**	**2016 University £000**	2015 Consolidated £000	2015 University £000
Income					
Tuition fees and education contracts	1	**133,751**	**133,751**	121,448	121,448
Funding body grants	2	**31,758**	**31,758**	32,442	32,442
Research grants and contracts	3	**34,152**	**34,152**	39,097	39,097
Other income	4	**47,455**	**52,229**	47,622	49,466
Investment income	5	**511**	**508**	442	442
Donations and endowments	6	**2,448**	**2,448**	3,977	3,977
Total income		**250,075**	**254,846**	245,028	246,872
Expenditure					
Staff costs	7	**138,826**	**137,983**	143,073	142,180
Other operating expenses		**82,583**	**82,430**	83,234	83,525
Depreciation	11	**18,653**	**18,665**	18,048	18,062
Interest payable and other finance costs	8	**7,838**	**7,838**	6,157	6,157
Total expenditure	9	**247,900**	**246,916**	250,512	249,924
Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures		**2,175**	**7,930**	(5,484)	(3,052)
Gain on investments		**189**	**189**	37	37
Share of operating profit in joint ventures before exceptional items	14	**1,734**	**-**	1,615	-
Surplus/(deficit) before taxation		**4,098**	**8,119**	(3,832)	(3,015)
Taxation	10	**(72)**	**(72)**	(1,369)	(1,540)
Surplus/(deficit) for the year		**4,026**	**8,047**	(5,201)	(4,555)
Actuarial loss in respect of pension schemes	19	**(6,818)**	**(6,818)**	(5,630)	(5,630)
Change in fair value of hedging financial instruments	19	**(9,198)**	**(9,198)**	(5,948)	(5,948)
Total comprehensive expense for the year		**(11,990)**	**(7,969)**	(16,779)	(16,133)
Represented by:					
Endowment comprehensive income for the year		**472**	**472**	693	693
Restricted comprehensive income/(expense) for the year		**351**	**351**	(7,060)	(7,060)
Unrestricted comprehensive expense for the year		**(12,813)**	**(8,792)**	(10,412)	(9,766)
		(11,990)	**(7,969)**	(16,779)	(16,133)
Surplus/(deficit) for the year attributable to:					
Non controlling interest		**(266)**	**-**	(326)	-
University		**4,292**	**8,047**	(4,875)	(4,555)
Total comprehensive income/(expense) for the year attributable to:					
Non controlling interest		**(266)**	**-**	(326)	-
University		**(11,724)**	**(7,969)**	(16,453)	(16,133)

All items of income and expenditure relate to continuing activities.

Consolidated and University Statements of Changes in Reserves for the year ended 31 July 2016

	Income and expenditure reserves			Total excluding Non controlling interest	Non controlling interest	Total reserves
	Endowment	Restricted	Unrestricted			
	£000	£000	£000	£000	£000	£000
Consolidated						
Balance at 1 August 2014	**6,093**	**7,232**	**333,886**	**347,211**	**906**	**348,117**
Surplus/(deficit) from the income and expenditure statement	693	75	(5,643)	(4,875)	(326)	(5,201)
Other comprehensive expense	-	-	(11,578)	(11,578)	-	(11,578)
Release of restricted funds spent in the year	-	(7,135)	7,135	-	-	-
Total comprehensive income/(expense) for the year	693	(7,060)	(10,086)	(16,453)	(326)	(16,779)
Balance at 1 August 2015 and 31 July 2015	**6,786**	**172**	**323,800**	**330,758**	**580**	**331,338**
Surplus/(deficit) from the income and expenditure statement	472	463	3,357	4,292	(266)	4,026
Other comprehensive expense	-	-	(16,016)	(16,016)	-	(16,016)
Release of restricted funds spent in the year	-	(112)	112	-	-	-
Total comprehensive income/(expense) for the year	472	351	(12,547)	(11,724)	(266)	(11,990)
Balance at 31 July 2016	**7,258**	**523**	**311,253**	**319,034**	**314**	**319,348**
University						
Balance at 1 August 2014	**6,093**	**7,232**	**318,869**	**332,194**	**-**	**332,194**
Surplus/(deficit) from the income and expenditure statement	693	75	(5,323)	(4,555)	-	(4,555)
Other comprehensive expense	-	-	(11,578)	(11,578)	-	(11,578)
Release of restricted funds spent in the year	-	(7,135)	7,135	-	-	-
Total comprehensive income/(expense) for the year	693	(7,060)	(9,766)	(16,133)	-	(16,133)
Balance at 1 August 2015 and 31 July 2015	**6,786**	**172**	**309,103**	**316,061**	**-**	**316,061**
						-
Surplus from the income and expenditure statement	472	463	7,112	8,047	-	8,047
Other comprehensive expense	-	-	(16,016)	(16,016)	-	(16,016)
Release of restricted funds spent in the year	-	(112)	112	-	-	-
Total comprehensive income/(expense) for the year	472	351	(8,792)	(7,969)	-	(7,969)
Balance at 31 July 2016	**7,258**	**523**	**300,311**	**308,092**	**-**	**308,092**

Consolidated and University Balance Sheets as at 31 July 2016

	Note	2016 Consolidated £000	2016 University £000	2015 Consolidated £000	2015 University £000
Non -current assets					
Fixed assets	11	499,994	500,166	485,321	485,512
Heritage assets	11/12	9,860	9,860	9,860	9,860
Investments	13	23,178	29,079	21,387	27,288
Investment in joint venture	14	314	-	580	-
		533,346	539,105	517,148	522,660
Current assets					
Stock		385	385	347	347
Trade and other receivables	15	26,239	26,617	29,857	29,928
Investments	16	46,500	46,500	36,303	36,303
Cash and cash equivalents		25,541	23,359	14,181	12,287
		98,665	96,861	80,688	78,865
Less - Creditors: amounts falling due within one year	17	(69,278)	(84,489)	(80,108)	(99,074)
Net current assets/(liabilities)		29,387	12,372	580	(20,209)
Total assets less current liabilities		562,733	551,477	517,728	502,451
Creditors: amounts falling due after more than one year	18	(149,252)	(149,252)	(111,488)	(111,488)
Provisions					
Pension provisions	19	(55,993)	(55,993)	(45,960)	(45,960)
Other provisions	19	(38,140)	(38,140)	(28,942)	(28,942)
Total net assets		319,348	308,092	331,338	316,061
Restricted Reserves					
Income and expenditure reserve - endowment reserve	20	7,258	7,258	6,786	6,786
Income and expenditure reserve - restricted reserve	21	523	523	172	172
Unrestricted Reserves					
Income and expenditure reserve - unrestricted reserve		311,253	300,311	323,800	309,103
		319,034	308,092	330,758	316,061
Non-controlling interest		314	-	580	-
Total Reserves		319,348	308,092	331,338	316,061

The notes on pages 22 to 51 are an integral part of these financial statements

The financial statements on pages 18 to 51 were approved by the Council on 28 November 2016 and were signed on its behalf on that date by:

David Richardson
Vice-Chancellor

Mark Williams
Treasuer

Ian Callaghan
Director of Finance

Consolidated Cash Flow Statement for the year ended 31 July 2016

	Note	2016 £000	2015 £000
Cash flow from operating activities			
Surplus/(deficit) for the year		**4,026**	(5,201)
Adjustment for non-cash items			
Depreciation	11	**18,653**	18,048
Impairment of fixed asset investments	13	**(88)**	11
Gain on investments	13	**(189)**	(37)
Increase in stocks		**(38)**	(55)
Decrease/(Increase) in debtors	15	**3,521**	(3,886)
Decrease in creditors	17	**(5,634)**	(361)
Increase in pension provision	19	**3,215**	12,319
Increase in other provisions		**-**	450
Share of operating surplus in joint venture	14	**(1,734)**	(1,615)
Adjustment for investing or financing activities			
Investment income	5	**(511)**	(442)
Interest payable	8	**6,409**	5,617
Endowment income	6	**(1,639)**	(2,039)
Loss/(profit) on the sale of fixed assets		**1,161**	(24)
Capital grant income	2/3/4	**(5,055)**	(6,941)
Net cash inflow from operating activities		**22,097**	15,844
Cash flows from investing activites			
Dividend received from joint venture		**2,000**	2,390
Proceeds from sale of fixed assets		**147**	399
Capital grant receipts		**3,981**	7,657
Investment income		**608**	202
Payments to acquire fixed assets		**(37,450)**	(30,970)
New non-current asset investments		**(1,514)**	(6,754)
New deposits		**(10,197)**	(13,981)
		(42,425)	(41,057)
Cash flows from financing activities			
Interest paid		**(7,611)**	(4,399)
Interest element of finance lease		**(7)**	(9)
Endowment cash received		**1,639**	2,039
New secured loans		**40,579**	33,005
Finance lease received		**-**	137
Repayments of amounts borrowed		**(2,834)**	(2,993)
Capital element of finance lease payments		**(78)**	(50)
		31,688	27,730
Increase in cash and cash equivalents in the year		**11,360**	2,517
Cash and cash equivalents at beginning of year		**14,181**	11,664
Cash and cash equivalents at end of year		**25,541**	14,181

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

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

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 2016. Intra-group revenue 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 financial statements of that body are not consolidated within these financial statements.

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

3 Recognition of income

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

Grant funding

Grant funding including funding council block grant, research grants from government sources and grants (including research grants) from non government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

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

Donations and endowments

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

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

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

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.

Statement of accounting policies (continued)

3 Recognition of income (continued)

Donations and endowments (continued)

2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

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

4 Accounting for retirement benefits
The two principal pension schemes for the University's stall are the Universities Superannuation Scheme (USS) and the University of East Anglia Staff Superannuation Scheme (USSS). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

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

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

Defined Benefit Plan
Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

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

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

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

Statement of accounting policies (continued)

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

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

8 Foreign currency
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date.

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

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

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

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

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

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

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

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

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

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

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

Statement of accounting policies (continued)

11 Investments
Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

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

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

12 Stock
Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

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

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

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

(a) the University has a present obligation (legal or constructive) as a result of a past event;
(b) It is probably that an outflow of economic benefits will be required as a result of a past event;
(c) A reliable estimate can be made of the amount of the obligation.

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

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

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

16 Taxation
The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011, It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation

Statement of accounting policies (continued)

16 Taxation (continued)
computations in periods different from those in which they are included in the financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

17 Financial Instruments
Financial instruments are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

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

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

19 Related party transactions
The University discloses transactions with related parties which are not wholly owned subsidiaries. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Council, separate disclosure is necessary to understand the effect of the transitions on the consolidated financial statements.

20 Transition to 2015 SORP
The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 34.

Application of first time adoption grants certain exemption from the full requirements of SORP in the transition period. The following exemptions have been taken into these financial statements:
Fair value or revaluation has been used for deemed cost for properties measured at fair value.

Notes to the financial statements

1	Tuition fees and education contracts	**2016 Consolidated £000**	**2016 University £000**	2015 Consolidated £000	2015 University £000
	Full-time students	**71,004**	**71,004**	62,202	62,202
	Full-time students charged overseas fees	**37,947**	**37,947**	36,094	36,094
	Part-time fees	**2,012**	**2,012**	1,802	1,802
	Short course fees	**1,419**	**1,419**	2,095	2,095
	Other teaching contracts	**18,338**	**18,338**	16,637	16,637
	Research training support grants	**3,031**	**3,031**	2,618	2,618
		133,751	**133,751**	121,448	121,448

2	Funding body grants	**2016 Consolidated £000**	**2016 University £000**	2015 Consolidated £000	2015 University £000
	Recurrent grant				
	Higher Education Funding Council for England ("HEFCE") - teaching	**10,585**	**10,585**	12,395	12,395
	Higher Education Funding Council for England ("HEFCE") - research	**15,414**	**15,414**	15,665	15,665
	Specific grants				
	Higher Education Innovation Fund	**2,721**	**2,721**	1,270	1,270
	Higher Education Funding Council for England ("HEFCE") - special	**565**	**565**	946	946
	National College for Teaching and Leadership	**7**	**7**	2	2
	Capital grant	**2,466**	**2,466**	2,164	2,164
		31,758	**31,758**	32,442	32,442

3	Research grants and contracts	**2016 Consolidated £000**	**2016 University £000**	2015 Consolidated £000	2015 University £000
	Research councils	**14,098**	**14,098**	13,996	13,996
	Research charities	**4,703**	**4,703**	4,254	4,254
	Government (UK and overseas)	**11,672**	**11,672**	18,505	18,505
	Industry and commerce	**1,348**	**1,348**	468	468
	Other	**2,331**	**2,331**	1,874	1,874
		34,152	**34,152**	39,097	39,097

Notes to the financial statements (continued)

4	Other income	2016 Consolidated £000	2016 University £000	2015 Consolidated £000	2015 University £000
	Residences, catering and conferences	**24,198**	**24,198**	21,822	21,822
	Other services rendered	**4,121**	**2,330**	4,482	2,850
	Other capital grants	**1,847**	**1,847**	4,521	4,521
	Other income	**17,289**	**23,854**	16,797	20,273
		47,455	**52,229**	**47,622**	49,466

5	Investment income	2016 Consolidated £000	2016 University £000	2015 Consolidated £000	2015 University £000
	Investment income on endowments (note 20)	**118**	**118**	91	91
	Other investment income	**393**	**390**	351	351
		511	**508**	442	442

6	Donations and endowments	2016 Consolidated £000	2016 University £000	2015 Consolidated £000	2015 University £000
	New endowments (note 20)	**1,639**	**1,639**	2,039	2,039
	Donations with restrictions	**642**	**642**	75	75
	Unrestricted donations	**167**	**167**	1,863	1,863
		2,448	**2,448**	3,977	3,977

7	Staff costs	2016 Consolidated £000	2016 University £000	2015 Consolidated £000	2015 University £000
	Wages and salaries	**110,200**	**109,486**	105,562	104,669
	Social security costs	**8,806**	**8,737**	7,776	7,776
	Movement on USS provision	**2,396**	**2,396**	13,057	13,057
	Other pension costs (note 24)	**17,424**	**17,364**	16,678	16,678
		138,826	**137,983**	143,073	142,180

Emoluments of the Vice-Chancellors (there being two post holders during the prior year) :	2016 £000	2015 £000
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
1 August 2015 to 31 July 2016 - Salary	**225**	-
1 August 2015 to 31 July 2016 - Benefits	**8**	-
1 August 2015 to 31 July 2016 - Pension contribution	**38**	-
	271	254

Notes to the financial statements (continued)

7 Staff costs (continued)

Remuneration of other higher paid staff, excluding employer's pension contributions	2016	2015
	Number of staff	
£100,000 - £109,999	**11**	11
£110,000 - £119,999	**5**	8
£120,000 - £129,999	**5**	3
£130,000 - £139,999	**6**	2
£140,000 - £149,999	**2**	3
£150,000 - £159,999	**3**	3
£160,000 - £169,999	**3**	3
£170,000 - £179,999	**2**	1
£180,000 - £189,999	**1**	1
£190,000 - £199,999	**1**	1
£200,000 - £209,999	**1**	1
£290,000 - £299,999	**-**	1
	40	38

Average staff numbers by category:	Number of staff	
Academic	**1,016**	982
Associate tutors	**756**	681
Research and analogous	**389**	364
Secretarial and clerical	**758**	708
Technical	**175**	165
Admin, senior library and computing	**463**	454
Others	**546**	522
	4,103	3,876

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	2016 £000	2015 £000
Key management personnel compensation	**1,215**	1,193

Council Members

No council member has received any remuneration or waived payments from the University during the year (2015: £nil). Total expenses paid to members of the Council during the year was £1,000 (2015: £1,000).

Notes to the financial statements (continued)

8	Interest payable and other finance costs	2016 Consolidated £000	2016 University £000	2015 Consolidated £000	2015 University £000
	Bank interest	**6,402**	**6,402**	5,608	5,608
	Finance lease interest	**7**	**7**	9	9
	Net interest charge on pension liability (note 23)	**1,429**	**1,429**	540	540
		7,838	**7,838**	6,157	6,157

9	Analysis of total expenditure by activity	2016 Consolidated £000	2016 University £000	2015 Consolidated £000	2015 University £000
	Academic and related expenditure	**104,845**	**105,048**	94,609	94,609
	Administration and central services	**55,780**	**55,782**	59,995	59,995
	Premises	**37,235**	**37,150**	35,191	35,191
	Residences, catering and conferences	**17,331**	**17,428**	16,357	16,357
	Research grants and contracts	**26,305**	**26,322**	24,539	24,539
	Other expenses	**6,404**	**5,186**	19,821	19,233
		247,900	**246,916**	250,512	249,924
	Other operating expenses include:				
	External auditors' remuneration in respect of audit services	**155**	**147**	65	55
	External auditors' remuneration in respect of non-audit services	**61**	**49**	166	157
	Operating lease rentals:				
	Land and buildings	**210**	**210**	270	264
	Other	**185**	**185**	246	245
	Impairment of trade receviables	**121**	**80**	(101)	(105)

10	Taxation	2016 Consolidated £000	2016 University £000	2015 Consolidated £000	2015 University £000
	Recognised in the statement of comprehensive income				
	Current tax expense	**-**	-	(182)	-
	Adjustments in respect of prior years	**-**	-	11	-
	On receipt of research and development credit	**72**	**72**	1,540	1,540
	Total tax expense	**72**	**72**	1,369	1,540

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.

Notes to the financial statements (continued)

10 Taxation (continued)

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% (2015: 20.0%). The differences are explained below:

	2016 Consolidated £000	2015 Consolidated £000
Surplus before taxation	**4,098**	8,119
UK corporation tax at 20.0% (2015: 20.0%)	**820**	1,624
Effects of :		
Adjustments in respect of prior years	**-**	11
Tax deducted on payment of research credit	**72**	-
Surpluses not subject to corporation tax	**(820)**	(266)
	72	1,369

11 Fixed assets

Consolidated	**Freehold land and buildings £000**	**Assets in the course of construction (L&B) £000**	**Fixtures, Fittings and Equipment £000**	**Assets in the course of construction (FF&E) £000**	**Heritage assets £000**	**Total £000**
Cost or valuation						
At 1 August 2015	507,910	4,823	48,134	163	9,860	570,890
Additions at cost	3,117	27,448	3,621	448	-	34,634
Transfers	512	(512)	-	-	-	-
Disposals	(2,318)	(5)	(5,704)	-	-	(8,027)
At 31 July 2016	**509,221**	**31,754**	**46,051**	**611**	**9,860**	**597,497**
Consisting of:						
Valuation as at 31 July 2015	416,821	-	-	-	-	416,821
Cost	92,400	31,754	46,051	611	9,860	180,676
At 31 July 2016	**509,221**	**31,754**	**46,051**	**611**	**9,860**	**597,497**
Accumulated depreciation						
At 1 August 2015	34,601	-	41,108	-	-	75,709
Charge for the year	14,115	-	4,538	-	-	18,653
Eliminated on disposals	(1,015)	-	(5,704)	-	-	(6,719)
At 31 July 2016	**47,701**	**-**	**39,942**	**-**	**-**	**87,643**
Net book value						
At 31 July 2016	**461,520**	**31,754**	**6,109**	**611**	**9,860**	**509,854**
At 31 July 2015	473,309	4,823	7,026	163	9,860	495,181

Notes to the financial statements (continued)

11 Fixed assets (continued)

University	Freehold land and buildings	Assets in the course of construction (L&B)	Fixtures, Fittings and Equipment	Assets in the course of construction (FF&E)	Heritage assets	Total
	£000	**£000**	**£000**	**£000 `**	**£000**	**£000**
Cost or valuation						
At 1 August 2015	508,211	4,823	45,490	163	9,860	568,547
Additions at cost	3,117	27,448	3,623	448	-	34,636
Transfers	512	(512)	-	-	-	-
Disposals	(2,345)	(5)	(5,704)	-	-	(8,054)
At 31 July 2016	**509,495**	**31,754**	**43,409**	**611**	**9,860**	**595,129**
Consisting of:						
Valuation as at 31 July 2015	416,821	-	-	-	-	416,821
Cost	92,674	31,754	43,409	611	9,860	178,308
At 31 July 2016	**509,495**	**31,754**	**43,409**	**611**	**9,860**	**595,129**
Accumulated depreciation						
At 1 August 2015	34,711	-	38,464	-	-	73,175
Charge for the year	14,127	-	4,538	-	-	18,665
Eliminated on disposals	(1,033)	-	(5,704)	-	-	(6,737)
At 31 July 2016	**47,805**	**-**	**37,298**	**-**	**-**	**85,103**
Net book value						
At 31 July 2016	**461,690**	**31,754**	**6,111**	**611**	**9,860**	**510,026**
At 31 July 2015	473,500	4,823	7,026	163	9,860	495,372

At 31 July 2016, freehold land and buildings included £53.1m (2015 - £53.1m) in respect of freehold land which is not depreciated.

A full valuation of the University's properties was carried out on 31 July 2014 by Gerald Eve LLP.

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

	Consolidated and University	
	2016	2015
	£000	£000
Cost	**1,886**	1,886
Accumulated depreciation	**(1,264)**	(1,101)
Charge for the year	**(151)**	(163)
Net book value	**471**	622

Notes to the financial statements (continued)

11 Fixed assets (continued)

Consolidated and University

The acquisition and construction of buildings with cost totalling £114,012,000 were funded, in whole or in part, by grants totalling £40,669,000 from HEFCE and its predecessor councils. Under the terms of the Financial Memorandum between HEFCE and the University, should any of these buildings be sold, the University may have to pay to HEFCE a proportion of the proceeds equal to the proportion of the cost which was grant-funded. It is not the intention of the University to dispose of any such buildings.

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.

12 Heritage assets

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

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

13 Non-Current Investments

	Subsidiary companies	Subsidiary investment in spinouts	Other fixed assets investments	Total
Consolidated	**£000**	**£000**	**£000**	**£000**
At 1 August 2015	-	1,278	20,109	21,387
Additions	-	-	4,347	4,347
Disposals	-	-	(2,833)	(2,833)
Additional provisions made	-	-	88	88
Increase in value	-	-	189	189
At 31 July 2016	**-**	**1,278**	**21,900**	**23,178**
University	**£000**	**£000**	**£000**	**£000**
At 1 August 2015	6,097	1,214	19,977	27,288
Additions	-	-	3,966	3,966
Disposals/dissolved	(75)	-	(2,364)	(2,439)
Additional provisions made	75	-	-	75
Increase in value	-	-	189	189
At 31 July 2016	**6,097**	**1,214**	**21,768**	**29,079**

Notes to the financial statements (continued)

13 Non-Current Investments (continued)

Investments comprise :	Consolidated	University
	£000	£000
CVCP Properties PLC	35	35
Norwich Reseach Park LLP	833	833
Investments held by Carbon Connections UK Limited	133	-
Investments held for the Low Carbon Innovation Fund	17,736	17,736
Investments held for Endowment Funds	3,163	3,163
	21,900	21,767

The following companies, all registered in England and Wales, were 100% owned subsidiary undertakings at 31 July 2016:

Name	**Principal activity**
UEA Student Residences Limited	Not trading
UEA Estate Services Limited	Property construction
UEA Enterprises Limited	Developing intellectual property
East Anglian University Residences Limited	Property management
UEA NRP Investments Limited	Holding company
UEA Accommodation 2 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
UEA Pension Trustees Limited	Not trading

Carbon Connections UK Limited, Low Carbon Innovation Fund Limited, Incrops Limited, UEA NPH Limited and UEA Pension Trustee 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 Estate Services Limited, UEA Enterprises 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.

Notes to the financial statements (continued)

14 Investments in joint ventures

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

University of Suffolk Ltd ("UoS"), a company limited by guarantee, is a joint venture between the University and the University of Essex. UoS'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.

	Year ended 31 July 2016		Year ended 31 July 2015	
	£000	**£000**	£000	£000
Income and expenditure account				
Income		9,049		9,840
Surplus before tax		1,734		1,615
Balance sheet				
Fixed assets		695		777
Current assets	5,631		6,217	
Creditors: amounts due within one year	(6,012)		(6,414)	
		(381)		(197)
Share of net assets		314		580

15 **Trade and other receivables**	**2016 Consolidated £000**	**2016 University £000**	2015 Consolidated £000	2015 University £000
Amounts falling due within one year:				
Research grants receivables	**5,918**	**5,918**	7,325	7,325
Other trade receivables	**12,796**	**12,533**	11,571	11,128
Interest receivable	**143**	**143**	240	240
Prepayments and accrued income	**7,382**	**7,345**	10,721	10,723
Amounts due from subsidiary companies	**-**	**678**	-	512
	26,239	**26,617**	29,857	29,928

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

Trade debtors are stated after provisons for impairment of £928,000 (2015: £807,000).

Notes to the financial statements (continued)

16 Current investments

	Consolidated and University	
	2016	2015
	£000	£000
Short term deposits	**46,500**	36,303
	46,500	36,303

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority.

At 31 July 2016 the weighted average interest rate of these fixed term rates deposits was 0.88% per annum (2015: 0.75% per annum) and the remaining weighted average period for which the interest rate is fixed on these deposits was 6 months (2015: 4 months). The fair value of these deposits was not materially different from the book value.

17 Creditors: amounts falling due within one year

	2016 Consolidated £000	**2016 University £000**	2015 Consolidated £000	2015 University £000
Bank loans	**2,578**	**2,578**	2,424	2,424
Bank and other loan interest	**-**	**-**	1,209	1,209
HEFCE loan	**211**	**211**	410	410
Obligations under finance leases	**15**	**15**	67	67
Trade creditors	**5,459**	**5,447**	4,828	4,827
Capital creditors	**3,299**	**3,299**	6,115	6,115
Corporation tax	**723**	**723**	1,540	1,540
Other taxation and social security	**-**	**-**	2,621	2,783
Accruals and deferred income	**56,993**	**54,364**	60,894	58,687
Amounts due to subsidiary companies	**-**	**17,852**	-	21,012
	69,278	**84,489**	80,108	99,074

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

Deferred income

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

	2016 Consolidated £000	**2016 University £000**	2015 Consolidated £000	2015 University £000
Donations and endowments	**470**	**470**	375	375
Research grants received on account	**11,647**	**11,647**	9,223	9,223
Grant income	**19,574**	**19,574**	20,648	20,648
	31,691	**31,691**	30,246	30,246

Notes to the financial statements (continued)

18 Creditors: amounts falling due after more than one year

	Consolidated and University	
	2016	2015
	£000	£000
Bank loans	**115,636**	78,214
Private Placement loans	**33,000**	33,000
HEFCE loan	**507**	139
Obligations under finance leases	**109**	135
	149,252	111,488

Bank loans and HEFCE loans are repayable as follows :

	Consolidated and University	
	2016	2015
	£000	£000
Due within one year or less	**2,789**	2,834
Due between one and two years	**2,890**	2,717
Due between two and five years	**14,424**	8,749
Due in five years or more	**131,829**	99,887
	151,932	114,187

The net finance lease obligations are as follows :

	Consolidated and University	
	2016	2015
	£000	£000
Due within one year or less	**15**	67
Due between one and two years	**15**	18
Due between two and five years	**46**	54
Due in five years or more	**48**	63
	124	202

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

The details of the loans are as follows:

Lender	**Amount £000**	**Term**	**Interest rate**	**Borrower**
Royal Bank of Scotland	65,695	30 years	5.9%	University
Royal Bank of Scotland	12,519	26 years	5.1%	University
Private placement loan	33,000	30 years	3.9%	University
European Investment Bank	40,000	20 years	2.7%	University
HEFCE	718	-	-	University
	151,932			

Bank and private placement are secured over the Group's freehold land and buildings. The HEFCE loans are unsecured.

Notes to the financial statements (continued)

19 Provision for liabilities

	Obligation to fund deficit on USS Pension £000	UEASSS pension scheme provision £000	Total Pensions Provisions £000	Termination value of SWAP £000	Total Provisions £000
	Consolidated and University				
At 1 August 2015	27,690	18,270	45,960	28,942	74,902
Additional provision in the year	3,215	6,818	10,033	9,198	19,231
At 31 July 2016	**30,905**	**25,088**	**55,993**	**38,140**	**94,133**

USS deficit

The obligation to fund the past deficit on the Universitys' Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payments over the period of the contracted obligation in assessing the value of this provision.

UEASSS provision

The University operates a defined benefits persion, University of East Anglia Staff Superannuation Scheme (UEASSS). The provision is the projected variance of future scheme liabilites to the current value of the scheme's assets (Note 24).

Termination value of SWAP

The RBS loan agreements (note 18) are linked to a SWAP arrangement which fixes the interest rates of the loans. The provision is only payable should the loan or SWAP be terminated early.

20 Endowment Reserves

	Restricted Permanent £000	Unrestricted Permanent £000	Expendable £000	2016 Total £000	2015 Total £000
	Consolidated and University				
Balance at 1 August 2015					
Capital	3,036	14	3,194	**6,244**	5,467
Accumulated income	284	1	257	**542**	626
	3,320	15	3,451	**6,786**	6,093
New endowments	12	-	1,627	**1,639**	2,039
Investment income	96	-	22	**118**	91
Expenditure	(37)	-	(1,436)	**(1,473)**	(1,473)
	59	-	(1,414)	**(1,355)**	(1,382)
Increase in market value of investments	194	-	(6)	**188**	36
Balance at 31 July 2016	**3,585**	**15**	**3,658**	**7,258**	6,786
Represented by					
Capital	3,243	14	3,417	**6,674**	6,244
Accumulated income	342	1	241	**584**	542
	3,585	**15**	**3,658**	**7,258**	6,786

Notes to the financial statements (continued)

20 Endowment Reserves (continued)

	Consolidated and University				
	Restricted Permanent £000	**Unrestricted Permanent £000**	**Expendable £000**	**2016 Total £000**	2015 Total £000
Analysis by type of purpose					
Lectureships	90	-	5	**95**	97
Scholarships and bursaries	2,923	-	1,261	**4,184**	4137
Research support	-	-	19	**19**	41
Prize funds	526	15	190	**731**	669
Other	46	-	2,183	**2,229**	1842
	3,585	15	3,658	**7,258**	6,786

Analysis by asset		
Investments	**3,173**	3,002
Cash and cash equivalents	**4,085**	3,784
	7,258	6,786

21 Restricted Reserves

Reserves with restrictions are as follows:	Consolidated and University		
	Donations £000	**2016 Total £000**	2015 Total £000
Balances at 1 August 2015	172	**172**	7,232
New donations	463	**463**	75
Capital grants utilised	-	**-**	(7,077)
Expenditure	(112)	**(112)**	(58)
Balances at 31 July 2016	523	**523**	172

Analysis of donations by type of purpose:		
Scholarships and bursaries	**272**	159
Prize funds	**88**	13
Other	**163**	0
	523	172

22 Capital commitments

At 31 July 2016 the Group had outstanding commitments for capital expenditure of £4,635,000 (2015: £1,477,000).

Notes to the financial statements (continued)

23 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

The University participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the University recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

PENSION COSTS

The amount recognised in compehensive income and expenditure:

	2016	2015
	£000	£000
Staff costs - contribution payments	15,074	13,705
Staff costs - movement on deficit provision	2,396	13,057
Net interest	820	421
	18,290	27,183

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Price inflation (CPI)	2.2%	2.2%

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	98% of S1NA ["light"] YoB tables – no age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Notes to the financial statements (continued)

23 Pensions (continued)

Universities Superannuation Scheme (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.3
Males currently aged 45 (years)	26.4	26.2
Females currently aged 45 (years)	28.8	28.6

The funding of the scheme was:	**2016**	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS102 total scheme deficit	£8.5bn	£11.1bn
FRS102 total funding level	85%	82%

University of East Anglia Staff Superannuation Scheme

The University of East Anglia operates a defined benefit scheme in the UK, which provides both pensions in retirement and death benefits to members. Pension benefits are related to the members' final salary at retirement and their length of service. Since 1 November 2007, the scheme has been closed to new members. Contributions to the scheme for the year beginning 1 August 2016 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 (subject to finalisation of the actuarial valuation of the Scheme as at 31 July 2015).

Preliminary results of the full actuarial valuation of the Scheme as at 31 July 2015 have been updated to 31 July 2016 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	31 July 2016	31 July 2015
Discount rate	**2.50%**	3.70%
Inflation assumption (CPI)	**2.00%**	2.40%
Rate of increase in salaries	**3.25%**	3.65%
Rate of increase in pensions in payment	**2.00%**	2.40%

Assumed life expectancies on retirement at age 63 are:

Retiring today	Males	**24.1**	24.1
	Females	**26.5**	26.5
Retiring in 20 years time	Males	**26.6**	26.4
	Females	**29.0**	28.9

The fair value and retrun on the plan assets were as follows:	**Value at 31 July 2016**	Value at 31 July 2015
The assets in the scheme were:	**£000**	£000
Equity and Property	**49,343**	46,226
Bonds and Cash	**71,133**	60,516
Fair value of scheme assets	**120,476**	106,742
The actual return on assets over the year was	**14,215**	9,114
Present value of funded obligations	**145,564**	125,012
Fair value of scheme assets	**120,476**	106,742
Deficit in funded scheme/ net liability in balance sheet	**(25,088)**	(18,270)

Notes to the financial statements (continued)

23 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2016**	2015
	£000	£000
Benefit obligation at the beginning of the year	**125,012**	111,821
Current service cost	**2,776**	2,553
Interest cost	**4,550**	4,609
Contributions by scheme participants	**45**	51
Actuarial losses	**17,344**	10,203
Benefits paid	**(4,163)**	(4,295)
Past service cost	**-**	70
Liabilities at the end of the year	**145,564**	125,012

Reconciliation of opening and closing balances of the fair value of scheme assets	**2016**	2015
	£000	£000
Fair value of scheme assets at the beginning of the year	**106,742**	98,022
Interest income on scheme assets	**3,941**	4,109
Return on assets, excluding interest income	**10,530**	5,313
Contribution by employers	**3,637**	3,850
Contribution by scheme participants	**45**	51
Benefits paid	**(4,163)**	(4,295)
Scheme administrative cost	**(256)**	(308)
Fair value of scheme assets at the end of year	**120,476**	106,742

The amounts recognised in comprehensive income and expenditure:	**2016**	2015
	£000	£000
Service cost - including current service costs, past service costs and settlements	**2,776**	2,623
Service cost - administrative cost	**256**	308
Net interest on the net defined benefit liability	**609**	500
	3,641	3,431

Remeasurements of the net defined benefit liability	**2016**	2015
	£000	£000
Actuarial losses on the liabilities	**17,344**	10,203
Return on assets, excluding interest income	**(10,530)**	(5,313)
	6,814	4,890

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 £433,000 (2015: £401,000).

Notes to the financial statements (continued)

24 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.

25 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 over The Sainsbury Laboratory.

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.

26 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.

27 Operating lease commitments

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

	Consolidated and University	
	2016	2015
	£000	£000
Payments due:		
Not later than one year	**561**	601
Later than one year and not later than five years	**980**	759
Later than five years	**351**	404
	1,892	1,764

28 Related Party Transactions

During the year ended 31 July 2016, the University had transactions with a number of organisations which fell within the definition of Related Parties within section 33 of FRS102. Transactions are disclosed where members of Council and other senior members of staff disclose an interest in an organisation with whom the University undertakes transactions which are considered material to the University’s financial statements and/or the other party.

Due to the nature of the University's operations and the composition of the Council (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)

28 Related Party Transactions (continued)

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

University of Suffolk Ltd (formally University Campus Suffolk Ltd)
During the year the University supplied University of Suffolk Ltd (UoS) with goods and services to the value of £440,000 (2015: £437,000). At 31 July the balance outstanding was £4,000 (2015: £6,000). The University also received services from UoS to the value of £94,000 (2015: £112,000). At 31 July the balance outstanding was £nil (2015: £nil).

INTO UEA LLP
During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £688,000 (2015: £1,064,000). At 31 July the balance outstanding was £61,000 (2015: £208,000). The University also received services from INTO to the value of £363,000 (2015: £242,000). At 31 July the balance outstanding was £23,000 (2015: £10,000).

Union of UEA Students Ltd
During the year the University supplied Union of UEA Students Ltd (UUS) with goods and services to the value of £1,098,000 (2015: £1,167,000). At 31 July the balance outstanding was £61,000 (2015: £208,000). The University also received services from UUS to the value of £4,247,000 (2015: £4,200,000). At 31 July the balance outstanding was £4,000 (2015: £21,000).

Norwich Powerhouse LLP
During the year the University paid £756,000 (2015: nil) directly to Norwich Powerhouse LLP's creditors on their behalf.

29 Connected Charities

During the year, one charitable institution was connected to the University of East Anglia. This connected institution, the University of Suffolk (UoS), a company limited by guarnatee, has been consolidated in accordance with FRS102. The movements in the year on the total funds of this connected institution, as reported in thier own accounts, were as follows:

	2016 UCS £000	2015 UCS £000
Opening reserves	**9,821**	13,368
Net income for the year	**(1,345)**	(3,547)
Closing reserves	**8,476**	9,821

30 Teaching Agency for Schools Bursaries

	2016 £000	2015 £000
Funding at the beginning of the year	**(68)**	3
Training Bursary funds received during the year	**2,434**	1,833
Training Bursary payments during the year	**(2,267)**	(1,904)
Funding at the end of the year	**99**	(68)

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.

Notes to the financial statements (continued)

31 Higher Education Funding Council for England Partner Colleges

	2016	2015
	£000	£000
Balance at the beginning of the year	**-**	-
Funds received during the year	**3,840**	4,554
Payments during the year	**(3,840)**	(4,554)
Balance at the end of the year	**-**	-

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

32 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 charge amounts to £1,500,000. The council does not expect any material loss to the University to arise in respect of this guarantee.

The University had 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 University was released from this guarantee in February 2016.

Notes to the financial statements (continued)

33 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Balance Sheet - Consolidated

	Notes	Add Notes	2007 SORP	1 August 2014 Effect of transition to 2015 SORP	**2015 SORP**	2007 SORP	31 July 2015 Effect of transition to 2015 SORP	**2015 SORP**
			£000	£000	**£000**	£000	£000	**£000**
Non-current assets								
Fixed Assets	11	A	242,169	229,471	**471,640**	251,005	234,316	**485,321**
Heritage assets	11/12		9,860	-	**9,860**	9,860	-	**9,860**
Investments	13	F	12,168	2,350	**14,518**	18,474	2,913	**21,387**
Investment in joint venture	14	G	24,608	(23,702)	**906**	23,668	(23,088)	**580**
			288,805	208,119	**496,924**	303,007	214,141	**517,148**
Endowment assets		F	7,564	(7,564)	**-**	7,345	(7,345)	**-**
Current assets								
Stock			292	-	**292**	347	-	**347**
Trade and other receivables	15		25,731	-	**25,731**	29,857	-	**29,857**
Investments	16	F	22,412	-	**22,412**	40,303	(4,000)	**36,303**
Cash and cash equivalents	22	F	6,450	5,214	**11,664**	5,749	8,432	**14,181**
			54,885	5,214	**60,099**	76,256	4,432	**80,688**
Less: Creditors: amounts falling due within one year	17	B,C	(53,069)	(23,585)	**(76,654)**	(56,250)	(23,858)	**(80,108)**
Net current (liabilities)/assets			1,816	(18,371)	**(16,555)**	20,006	(19,426)	**580**
Total assets less current liabilities			298,185	182,184	**480,369**	330,358	187,370	**517,728**
Creditors: amounts falling due after more than one year	18		(81,247)	-	**(81,247)**	(111,488)	-	**(111,488)**
Provisions								
Pension liability	19	D	(13,799)	(14,212)	**(28,011)**	(18,270)	(27,690)	**(45,960)**
Other provision	19	E	-	(22,994)	**(22,994)**	-	(28,942)	**(28,942)**
Total net assets			203,139	144,978	**348,117**	200,600	130,738	**331,338**
Deferred capital grants		C	133,287	(133,287)	**-**	133,903	(133,903)	**-**
Restricted Reserves								
Income and expenditure reserve - endowment reserve	20	B	7,564	(1,471)	**6,093**	7,345	(559)	**6,786**
Income and expenditure reserve - restricted reserve	21	B	-	7,232	**7,232**	-	172	**172**
Unrestricted Reserves								
Income and expenditure reserve - unrestricted			62,288	271,598	**333,886**	59,352	264,448	**323,800**
			203,139	144,072	**347,211**	200,600	130,158	**330,758**
Non-controlling interest			-	906	**906**	-	580	**580**
Total Reserves			203,139	144,978	**348,117**	200,600	130,738	**331,338**

Notes to the financial statements (continued)

33 Transition to FRS102 and the 2015 SORP (continued)

Balance Sheet - University

	Notes	Add Notes	2007 SORP	1 August 2014 Effect of transition to 2015 SORP	2015 SORP	2007 SORP	31 July 2015 Effect of transition to 2015 SORP	2015 SORP
			£000	£000	**£000**	£000	£000	**£000**
Non-current assets								
Fixed Assets	11	A	244,965	226,818	**471,783**	253,641	231,871	**485,512**
Heritage assets	11/12		9,860	-	**9,860**	9,860	-	**9,860**
Investments	13	F	18,058	2,350	**20,408**	24,375	2,913	**27,288**
			272,883	229,168	**502,051**	287,876	234,784	**522,660**
Endowment assets		F	7,564	(7,564)	**-**	7,345	(7,345)	**-**
Current assets								
Stock			292	-	**292**	347	-	**347**
Trade and other receivables	15		27,836	-	**27,836**	29,928	-	**29,928**
Investments	16	F	22,412	-	**22,412**	40,303	(4,000)	**36,303**
Cash and cash equivalents		F	2,020	5,214	**7,234**	3,855	8,432	**12,287**
			52,560	5,214	**57,774**	74,433	4,432	**78,865**
Less: Creditors: amounts falling due within one year	17	B,C	(71,805)	(23,574)	**(95,379)**	(75,235)	(23,839)	**(99,074)**
Net current liabilities			(19,245)	(18,360)	**(37,605)**	(802)	(19,407)	**(20,209)**
Total assets less current liabilities			261,202	203,244	**464,446**	294,419	208,032	**502,451**
Creditors: amounts falling due after more than one year	18		(81,247)	-	**(81,247)**	(111,488)	-	**(111,488)**
Provisions								
Pension liability	19	D	(13,799)	(14,212)	**(28,011)**	(18,270)	(27,690)	**(45,960)**
Other provision	19	E	-	(22,994)	**(22,994)**	-	(28,942)	**(28,942)**
Total net assets			166,156	166,038	**332,194**	164,661	151,400	**316,061**
Deferred capital grants		C	110,487	(110,487)	**-**	111,594	(111,594)	**-**
Restricted Reserves								
Income and expenditure reserve - endowment reserve	20	B	7,564	(1,471)	**6,093**	7,345	(559)	**6,786**
Income and expenditure reserve - restricted reserve	21	B	-	7,232	**7,232**	-	172	**172**
Unrestricted Reserves								
Income and expenditure reserve - unrestricted			48,105	270,764	**318,869**	45,722	263,381	**309,103**
Total Reserves			166,156	166,038	**332,194**	164,661	151,400	**316,061**

Notes to the financial statements (continued)

33 Transition to FRS102 and the 2015 SORP (continued)

Statement of Comprehensive Income - Consolidated

	Note	Add Notes	2007 SORP £000	STRGL £000	Effect of transition to 2015 SORP £000	**2015 SORP £000**
Income						
Tuition fees and education contracts	1	F	143,114	-	(21,666)	**121,448**
Funding body grants	2	F	36,793	-	(4,351)	**32,442**
Research grants and contracts	3	B,F	39,931	-	(834)	**39,097**
Other income	4	B,F	49,941	-	(2,319)	**47,622**
Investment income	5	B,F	467	-	(25)	**442**
Donations and endowments	6	B,F	312	1,173	2,492	**3,977**
Less share of joint venture income		F	(27,741)		27,741	**-**
Total income			242,817	1,173	1,038	**245,028**
Expenditure						
Staff costs	7	C,D	129,811	-	13,262	**143,073**
Other operating expenses	9	A	82,887	-	347	**83,234**
Depreciation	11	A	23,240	-	(5,192)	**18,048**
Interest payable and other finance costs	8	D	5,736	-	421	**6,157**
Total expenditure	9		241,674	-	8,838	**250,512**
Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures			1,143	1,173	(7,800)	**(5,484)**
Gain on investments		F	-	37	-	**37**
Share of operating profit in joint ventures before exeptional items		G	1,787	(296)	124	**1,615**
Surplus/(deficit) before taxation			2,930	914	(7,676)	**(3,832)**
Taxation	10		(1,369)	-	-	**(1,369)**
Surplus/(deficit) after taxation			1,561	914	(7,676)	**(5,201)**
Actuarial loss in respect of pension schemes	24	F	-	(5,630)	-	**(5,630)**
Change in fair value of hedging financial instruments		E	-	-	(5,948)	**(5,948)**
Transfer from endowment fund		B	1,429	-	(1,429)	**-**
Total comprehensive income/(expense) for the year			2,990	(4,716)	(15,053)	**(16,779)**

Notes to the financial statements (continued)

33 Transition to FRS102 and the 2015 SORP (continued)

Statement of Comprehensive Income - University

	Note	Add Notes	2007 SORP £000	STRGL £000	Effect of transition to 2015 SORP £000	**2015 SORP £000**
Income						
Tuition fees and education contracts	1		121,448	-	-	**121,448**
Funding body grants	2	B	34,990	-	(2,548)	**32,442**
Research grants and contracts	3	B	39,867	-	(770)	**39,097**
Other income	4	B	47,601	-	1,865	**49,466**
Investment income	5		442	-	-	**442**
Donations and endowments	6	B,F	312	1,173	2,492	**3,977**
Total income			244,660	1,173	1,039	**246,872**
Expenditure						
Staff costs	7	C,D	128,926	-	13,254	**142,180**
Other operating expenses	9	A	83,150	-	375	**83,525**
Depreciation	11	A	23,490	-	(5,428)	**18,062**
Interest payable and other finance costs	8	D	5,736	-	421	**6,157**
Total expenditure	9		241,302	-	8,622	**249,924**
Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures			3,358	1,173	(7,583)	**(3,052)**
Gain on investments		F	-	37	-	**37**
Surplus/(deficit) before taxation			3,358	1,210	(7,583)	**(3,015)**
Taxation	10		(1,540)	-	-	**(1,540)**
Surplus/(deficit) after taxation			1,818	1,210	(7,583)	**(4,555)**
Actuarial loss in respect of pension schemes	24	F	-	(5,630)	-	**(5,630)**
Change in fair value of hedging financial instruments		E	-	-	(5,948)	**(5,948)**
Transfer from endowment fund		B	1,429	-	(1,429)	**-**
Total comprehensive income/(expense) for the year			3,247	(4,420)	(14,960)	**(16,133)**

Notes to the financial statements (continued)

33 Transition to FRS102 and the 2015 SORP (continued)

<u>**Cashflow**</u>

	Notes	Add Notes	2007 SORP £000	STRGL £000	Effect of transition to 2015 SORP £000	2015 SORP £000
Cash flow from operating activities						
Surplus/(deficit) for the year			2,930	914	(9,045)	**(5,201)**
Adjustment for non-cash items					-	
Depreciation	11	A	23,240	-	(5,192)	**18,048**
Impairment of fixed asset investment	13		11	-	-	**11**
Gain on investments	13	F	-	(37)	-	**(37)**
Increase in stocks			(55)	-	-	**(55)**
Increase in debtors	15		(3,886)	-	-	**(3,886)**
(Decrease)/Increase in creditors	17	B,C	(1,288)	-	927	**(361)**
Increase in pension provision		D,F	(1,159)	5,630	7,848	**12,319**
Increase in other provisions		E	450	-	-	**450**
Share of operating (surplus)/deficit in joint venture	14	G	(1,787)	296	(124)	**(1,615)**
Adjustment for investing or financing activities					-	
Investment income	5		(442)	-	-	**(442)**
Interest payable	8		5,617	-	-	**5,617**
Endowment income	6	B,F	-	(1,173)	(866)	**(2,039)**
Profit on the sale of fixed assets		A	(371)	-	347	**(24)**
Capital grant income	2/3/4	B	(8,120)	-	1,179	**(6,941)**
Net cash inflow/(outflow) from operating activities			15,140	5,630	(4,926)	**15,844**
Cash flows from investing activites						
Dividend received from joint venture			2,390	-	-	**2,390**
Proceeds from sale of fixed assets			399	-	-	**399**
Capital grants receipts		B	7,676	-	(19)	**7,657**
Investment income			202	-	-	**202**
Payments to acquire fixed assets			(30,970)	-	-	**(30,970)**
New non-current asset investments			(6,754)	-	-	**(6,754)**
New deposits		B,F	(17,891)	-	3,910	**(13,981)**
			(44,948)	-	3,891	**(41,057)**
Cash flows from financing activities						
Interest paid			(4,399)	-	-	**(4,399)**
Interest element of finance lease			(9)	-	-	**(9)**
Endowment cash received		B	2,724	-	(685)	**2,039**
New secured loans			33,005	-	-	**33,005**
Finance lease received			137	-	-	**137**
Repayments of amounts borrowed			(2,993)	-	-	**(2,993)**
Capital element of finance lease payments			(50)	-	-	**(50)**
			28,415	-	(685)	**27,730**
Increase/(decrease) on cash and cash equivalents in year			(1,393)	5,630	(1,720)	**2,517**

Notes to the financial statements (continued)

33 Transition to FRS102 and the 2015 SORP (continued)

Additional notes - relating to transition to FRS102

A Revaluation of fixed assets
FRS102 allowed first time adopters to measure tangible fixed assets at its fair value on the date of transition to FRS102, and use that fair value as it deemed cost. The University applied this at 1 August 2014 and revalued those land and buildings that were not planned for total refurbishment.

B Government grants and non-exchange transactions
The University has chosen to adopt the performance model in recognising government grants (previously deferred capital grants) under HEI SORP 2015 and FRS102. Using this model deferred capital grants were released into reserves at 1 August 2014 except where they had unmet performance criteria. In such cases they are shown as deferred income.
Previously held deferred income relating to rent premium was released to reserves at 1 August 2014 being a non-exchange transaction.
Under FRS102 endowments and donations are non-exchange transactions and so are released to income on receipt except where there are performance conditions attached. These transactions are held as deferred income until such time as the performance condition has been met.

C Holiday pay accrual
FRS102 requires short term employees benefits to be charged to the statement of consolidated income and expenditure. This has resulted in the University recognising a liability for holiday pay that was not recognised under previous UK GAAP.

D Pension liability
FRS102 requires an institution to recognise its obligation to fund past deficits within a defined benefits multi-employer pension scheme. As USS is such a scheme the University calculated a provision at 1 August 2014 to reflect this. This is remeasured to fair value at each year end and the gains/losses recognised in the statement of consolidated income and expenditure.

E SWAP provision
The University has a SWAP arrangement relating to the RBS bank loans. Under FRS102 this has to be revalued at fair value. The impact of this was calculated at 1 August 2014 and adjusted each subsequent year end.

F Other adjustments arising on transition to FRS102
In addition to the transition adjustments identified above which affect the surplus/deficit for the following year the following adjustments have arisen which have had no effect on net reserves but which have affected the presentation of these assets on the balance sheet. The main items are:

(i) Endowment assets are now shown as investments or cash and cash equivalents according to their component parts.
(ii) Short term, highly liquid investments are shown as cash and cash equivalent under FRS102.
(iii) Joint venture income is no longer shown within the relevant income category then removed before Group income.

All items under previous UK GAAP that were shown on the statement of consolidated total recognised gains and losses (STRGL) are under FRS102 shown on the face of the statement of consolidated income and expenditure. There is no impact on reserves for these adjustments.

Additional notes - other adjustments affecting prior periods

G Investment in joint venture
Following a review of the accounting for University Campus Suffolk, the Council has revised the Consolidated balance sheet and Consolidated Statement of Income and Expenditure to appropriately reflect a company limited by guarantee.