University of East Anglia

Annual Report and Financial Statements

2018 - 2019

Norwich Research Park
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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)		30-Mar-2020
Mark Williams (Treasurer)		31-Jul-2020
Graham Jones		31-Jul-2020
Gillian Maclean		31-Jul-2022
Stephen Blease		31-Jul-2022
Jeremy Clayton		31-Jul-2022
Laura McGillivray		31-Jul-2021
Kathryn Skoyles		31-Jul-2021
Wendy Thomson	Resigned 31 July 2019	
Mark Davies		31-Jul-2021
Jeanette Wheeler	Appointed 24 June 2019	31-Jul-2022
Ex-officio Members		
David Richardson (Vice-Chancellor)		n/a
Neil Ward (Pro-Vice-Chancellor)		31-Jul-2021
Fiona Lettice (Pro-Vice-Chancellor)		31-Jul-2022
Appointed by Senate		
Nalini Boodhoo	Resigned 31 July 2019	
Ratula Chakraborty	Appointed 1 August 2019	31-Jul-2022
Louise Bohn		31-Jul-2021
Elected by the support staff		
Daisy Mailey		31-Jul-2021
Student Members		
Sophie Atherton		31-Jul-2020
Oli Gray	Resigned 31 July 2019	
Amelia Trew	Appointed 1 August 2019	31-Jul-2020

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
Jason Brown BA, FCCA

Bankers

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

NatWest Bank plc
21 Gentlemans Walk
Norwich
NR2 1NA

Investment Managers

Barclays Wealth
1 Colmore Square
Birmingham
B4 6ES

Independent Auditors

KPMG LLP
Dragonfly House
2 Gilders Way
Norwich
NR3 1UB

Business Review

Introduction

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

- This year staff costs include £56.6m in relation to the movement on the USS provision and a further £9.5m has been taken to Other Comprehensive Income in respect of actuarial losses on the UEASSS scheme
- The University has an agreed recovery plan for the local pension scheme (UEASSS) and participates in the recovery plan for the national USS scheme. The University reflects the contributions towards both recovery plans in these financial results and financial forecasts
- The fair value of the hedging financial instrument (SWAP) that backed the fixed Royal Bank of Scotland loan was crystallised and repaid along with the loan as part of the refinancing transaction, completed on 28 September 2018
- The recognition of a full year's consolidation included for Quadrum Institute Biosciences ("QIB") and the Sainsbury Laboratory ("TSL") into the University's financial statements. Reported surpluses for the year are £0.4m for QIB and £1.4m for TSL.

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 £39.8m (2018: £19.8m). This enables continued investment in the University Campus to support student and staff experiences and teaching and research infrastructure.

During the year, the University continued to work on delivery of the 15-year Vision and 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 2016-2020 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. A significant focus has been to work on long-term financial plans that will support planned capital investment and the refurbishment of the "Lasdun Wall", which will support the core themes of the 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 team with one clear vision, right at the heart of a stimulating university community
- Global success: creating closer partnerships with students, staff, alumni and organisations around the world.

The 2016-2020 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 number of academic staff
- Developing an enterprising campus
- Remaining a leader in regional economic and cultural development.

Annual operational plans and targets translate these broad objectives into measurable activities. The University has developed a range of key performance indicators (KPIs) covering both financial and operational activities to support the delivery of the 2016-2020 Plan. The Vice-Chancellor provides regular updates on progress in his reports to Council and the annual report to Court incorporates a summary of overall performance against these broader measures. In this report, assessment of performance is based primarily on the key financial highlights considered below.

During the year, the University has continued 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 issue to be addressed over this period is to commence the refurbishment of the original teaching buildings (the "Lasdun Wall"), which now require substantial investment to bring them up to modern standards.

Business review (continued)

Key Financial Highlights

2018-19 proved to be another successful year for the University and its subsidiaries. Key financial highlights for the year, compared to the previous year, are summarised below:

	2019	2018	Increase/ (decrease)
	£m	£m	on 2018
Group income (excluding joint ventures)	307.6	327.0	(5.9%)
Expenditure	360.7	277.9	29.8%
(Expense)/Surplus for the year before taxation	(51.6)	50.1	
Adjusted Surplus for the year (prior to recognising movement in respect of pension schemes, financial instruments and excluding QIB/TSL gain on first time consolidation (see note 4))	4.8	10.1	
Adjusted Surplus as % of group income	1.7%	3.5%	
Capital expenditure additions	56.1	17.1	228%
Capital grants receivable	3.5	4.5	(22.2%)
Net cash inflow from operating activities	39.8	19.8	101%
Net assets	345.1	406.2	(15%)

Income & Expenditure

The total comprehensive expense for the year is £61.1m (2018: £59.6m). This is after recognising the actuarial loss in respect of pension schemes (£9.5m), and the movement in the USS pension deficit (£56.4m) included within staff costs. Adjusting for these two items the Group has delivered a surplus for the year of £4.8m (2018: £10.1m).

Group income of £307.6m reduced by £19.4m (5.9%) over the previous year. The basic teaching grant from the Office for Students ("OfS") has levelled as all Home and EU undergraduates are now admitted under the new fee regime. Funding body grants increased by £1.5m reflecting the allocation of specific grants during the year in relation to the innovation fund, global challenges research fund and additional capital grant. Recurrent grant remains stable recognising the fact that virtually all remaining funding for teaching relates to Medicine and Science students and funds to support widening access programmes.

Within tuition fees and education contracts income, Home and EU full-time student fees increased by £10m to £101.6m (10.9% up on last year) and Overseas student fees remained constant at £39m (2018: £39.3m). 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. The figure also represents the continuation of higher recruitment into future years of courses. Despite a challenging recruitment market and continued difficulties with international messaging about the UK immigration scene, total revenue for international students is broadly stable. The University continues to benefit from students progressing from the INTO joint venture.

Research income increased by £10m (21.7%) primarily as a result of the increase of research grants in relation to QIB and TSL. Other income at £54m is lower than 2018 (£92m) returning to normal levels after the inclusion of a one off transfer of reserves from QIB and TSL (£40m) in 2018.

Total expenditure increased by £82.7m (29.8%) in the year. This was primarily as a result of an increase in the USS pension liability of £56.4m, accounting for approximately 70% of the change. The remaining difference is in relation to QIB and TSL consolidation reporting a complete financial year's results, opposed to part year in 2018. Interest payable costs have reduced by £2.5m reflecting the lower interest costs as a result of the refinancing of the University's loans.

Reserves

Net assets reduced in the year by £61.1m to £345.1m. The movement includes £68.8m actuarial loss in respect of pension schemes.

Business review (continued)

Capital Expenditure and Grants

Total tangible fixed asset additions in the year amounted to £56.1m (2018: £17.1) and capital grants receivable in the year (excluding joint ventures) relating to tangible fixed asset expenditure amounted to £2.7m (2018: £4.5m). The major areas of expenditure during the year included:

	£m
New Science Building	19.7
Sky House	2.2
Information technology	4.0
Sportspark maintenance and investment	0.4
Earlham Hall development	0.7
NBS expansion	0.4
Faculty and research equipment	2.9
QIB – New Building	14.1
QIB – Equipment	1.9
TSL – Equipment	0.6
Other expenditure	9.2
	56.1

Cash and Debt

Net operating cash flow
Cash inflow from operating activities before endowment expenditure for the year was £39.8m (2018: £19.8m). Total debt service costs, relating to both loans and finance lease commitments were £5.1m (2018: £7.7m). Cash inflow from operating activities before endowment expenditure plus investment income was £42.7m which at 8.0 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 decreased during the year by £10.5m to £95m.

Loans
During September 2018, after two years of planning and negotiations, the University concluded a refinancing package to support the completion of the Lasdun Wall project. The new loan structure consists of a 30 year private placement loan of £75m at a rate of 3% and a 10 year revolving credit facility with Royal Bank of Scotland at a rate of 1.67%. The exercise included the repayment of the existing RBS fixed rate loan (£73m) and close out of the embedded SWAP of £23m. All loans are now on an unsecured basis with the average loan interest rate forecast to reduce from 5.4% to 2.9%.

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 £11m to £33.5m. 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 venture, INTO UEA LLP ("INTO UEA Norwich"), referred to in note 15 to the financial statements, is well established with progress broadly in line with original expectations. The University's share of surpluses in the joint venture for the year includes a £1m surplus (2018: £0.9m).

Outlook

In recent years the University has seen an increase in student recruitment benefitting significantly from the lifting of the cap on Home/EU undergraduates. 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. Overall the University fell approximately 2% short of entry targets this year which is a significant achievement in a highly competitive market at a time of a demographic dip in the number of eighteen-year-old students. This is not anticipated to have a significant financial impact at the bottom line as the University will be in a position to manage costs appropriately. 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 delivering a Top 25 performance in two of the main UK tables this year (The Times/Sunday Times Good University Guide and the Complete University Guide), as well as maintaining its strong performance in the National Student Survey. UEA also maintained its position in the Top 200 universities globally in the Times Higher Education world rankings and world top 50 for research citations. In order to maintain this enviable position it is vital that the University continues to perform well on the various measures reflected in the league tables. 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 number of students recruited.

The University's recruitment of EU students remains constant after the Brexit referendum but it remains to be seen how this will be impacted as the negotiations around Brexit continue during the remainder of 2019 and after the 31 January 2020 revised leaving date. The University has guaranteed that EU students entering in 2020 will be charged no more in fees than UK students for the duration of their courses.

Uncertainty continues in respect of the national pension scheme for university employees (USS). The scheme had a triennial valuation as at 31 March 2017 which has been used across the sector and resulted in significant increases in the deficits held on University balance sheets. The adjustment is not an actuarial liability but an accounting provision to reflect that there is a contractual obligation to fund the deficit in the scheme over a number of years. Therefore the movement on this provision will be reported as part of the staff costs eroding surpluses. Subsequent to this a new March 2018 valuation has now been completed and agreed. This results in a decrease of £35.9m in the provision for the obligation to fund the deficit on the USS pension. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020. The current position has seen USS agree contribution rates until October 2021, when these will be subject to further increases based upon a further valuation to be undertaken as at March 2020. Unions have secured a result in favour of industrial action but the details of the action are, as yet, unknown. Staff costs continue to represent around 60% of total expenditure excluding depreciation and interest, meaning that any increase in employee costs will have an impact on the overall financial position. The annual pay award for 2019/20 was 1.8% (2018/19: 2%).

In these uncertain times and in an increasingly competitive market place, the current 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 2016-2020 Plan continue to be the further improvement of the student experience, by maintaining a strong 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 15-20 years, need complete refurbishment. We mentioned above the Lasdun Wall plan and the first stages of this project are well underway with the opening of the New Science building in September 2019 delivering a significant improvement to the current Science laboratories as well as providing additional general purpose teaching space. This first stage of the project is already provided for in the capital plan, funded from the balance of borrowings already secured. Funding for the subsequent refurbishment programme relies on growth in student numbers and the increases in intake in recent years are the first steps in that process. The plan is to grow student numbers by c3000 over the period to 2025. The first 1500 of these additional numbers have been secured and planning is taking place to support recruitment of the second phase. To support these additional numbers investment has been made to provide additional study spaces in the library and to support the Students' Union in making available additional provision during the day.

The Lasdun Wall project requires a new building, known as The Sky House (Phase 0) to be constructed. Planning permission has been submitted and the necessary infrastructure works to facilitate the building are underway. The building is scheduled to be completed and fully operational by mid-2022. Once this building becomes available the subsequent phases of the Lasdun Wall project can commence.

The financial outlook for the next few years is secure and the emphasis remains on delivering a strong operating cash flow to complement the loan facility in order to deliver the Lasdun Wall project and ensure UEA remains the "must go to" University for promoting the success of staff and students.

David Richardson
25 November 2019

Mark Williams
25 November 2019

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 in January 2016 to address the effectiveness of Council and highlight the new responsibilities of Council for the provision of assurance confirmations.

Statement of Council responsibilities in respect of the financial statements

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

They are required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.* The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Council are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

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

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

The Council is responsible for keeping proper accounts and proper records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council are also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

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

Corporate governance statement (continued)

University constitution and structural organisation
Council usually meets six times a year (the minimum requirement is to meet at least four times a year) and has several committees, including Finance Committee, Governance Committee, Audit Committee and Senior Officers' Remuneration Committee (SORC). All of these committees are formally constituted with written terms of reference, delegated powers and specified membership, including a proportion of lay members. All Committees (except Audit Committee and Governance Committee) now include student membership. Day to day management of the University is the responsibility of the Vice-Chancellor and other members of the Executive Team.

A separate body, the Senate, is the academic authority of the University, drawing its membership from the academic and academic-related staff, students of the University and representatives of its partner institutions. Council consult and receive recommendations from Senate on all academic matters, and retain ultimate responsibility for decisions where academic issues involve financial or other resource implications. In addition, Senate welcomes Council members to their meetings, as observers.

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

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

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

A number of changes were made to SORC last year to ensure that the University complies with the new CUC Remuneration Code published in June 2018. The Vice-Chancellor is not a member of SORC but attends in respect of the discussions related to the other members of the Executive Team. The Deputy Chair of Council chairs SORC, but the Chair of Council remains a member of SORC. In light of the CUC Code, SORC are meeting more frequently and have agreed a programme of further activity to ensure continuing compliance with the CUC Code and the OfS accounts direction. This year, SORC has also taken responsibility for reviewing the salaries of the Directors of Professional Services.

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

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

Audit Committee review the process for identifying and managing risk and undertake an annual programme of activity, designed to provide assurance to Council on the effectiveness of key controls. As part of the review of the effectiveness of the system of internal controls, plans are put in place to address any weaknesses identified and ensure continuous improvement of the system of internal controls as necessary. 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 internal and external auditors assist audit Committee in their work.

Corporate governance statement (continued)

Principal risks and uncertainties and financial risk management
As mentioned above, the University has in place a risk register, which is regularly updated and reviewed by the Executive Team and Audit Committee and at least annually by Council. The risk register identifies the key risks, their potential impact on the operation of the University, the likelihood of those risks occurring, and the mitigating actions being taken. The internal audit programme is prepared with reference to the University risk register. Outlined below are the key risk groups mitigating actions.

Student recruitment, Teaching Excellence Framework and performance measures
The University has been successful in recent years in recruiting additional student numbers, specifically Home/EU undergraduates. However, the recruitment market both at home and abroad is ever more competitive and this is compounded by the current demographic dip in the number of 18 year olds in the UK. Continued challenges in the overseas market include visa policy, competition from other countries (notably the USA and Australia) and greater local provision in the UK's traditional recruitment markets. The University has welcomed the recent announcement that the post-study work visa will be reintroduced. The risk is mitigated by a range of activities including regular and routine reviews of admissions targets and progress against achieving those targets, regular review of courses and product provision, significant investment in brand awareness and recognition, significant investment in international recruitment both directly and through our relationship with INTO together with core activity in five countries. This is supported by a programme of highly successful open days and applicant visit days, monitoring and management of social media channels, investment to raise the profile of the University during confirmation and clearing activity and a network of overseas representation (both directly and indirectly engaged).

The Executive Team 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 help 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. As part of the process to conclude the re-financing, a number of scenarios were tested including the impact of lower student recruitment, and appropriate mitigation was possible.

During the academic year 2018/19 the government's review of tertiary education was published. Whilst much of the media coverage is focussed on the potential impact on tuition fees, the review is about the entirety of provision post-18 and it is anticipated that the detail of the review will provide opportunities as well as risks. It will be key to ensure that any outcome of the review is not regressive in terms of access to higher education particularly for students from lower participation backgrounds. The outcomes of the review have yet to be taken forward and it remains to be seen how this will fit into the political agenda following the outcome of the general election especially whilst Brexit remains unresolved.

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 student surveys and league tables, has been very positive but there was a dip in student satisfaction as measured by the National Student Survey results in 2018. The University's general reputation is also continuing to lag behind 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 University's success at achieving the Teaching Excellence Framework (TEF) Gold Rank in the first year of introduction is further testament to the quality of provision for students. The TEF ranking is awarded for a three year period (subsequently extended). Currently the award is made at university level but there are plans to move to a subject level TEF. The University has taken part in subject level TEF pilots. It remains to be seen how prospective students will respond to TEF as opposed to the more traditional league table measures, but lessons from the TEF pilots should provide a strong platform from which to respond to any changes.

Staff recruitment and retention
The University's ability to recruit high quality staff is key to future growth and so the University places a significant emphasis on the recruitment, retention and performance of staff. This has been enhanced this year by the appointment of the University's first Director of People and Culture. 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 fast approaching and plans are being formulated to increase the number of academic staff returned in the REF with recruitment and retention activity being focussed on this as a key priority. A People and Culture Strategy Group has been established as part of our response to the latest staff survey and to ensure a co-ordinated approach to all people related matters. We are also working to support non-UK EU nationals with the EU Settlement Scheme processes (staff and students).

Financial risk

As mentioned above the University has successfully concluded a re-financing package which has been designed to reduce to cost of borrowing and provide security of funding for major projects. The re-financing was concluded on 28 September 2018 and is reflected in these financial statements. As a result, the University continues to be subject to financial covenants monitored on an annual basis and maintenance of performance against the covenants is a key aspect of our financial and operational planning. The long-term financial plan has been tested against the covenant requirements and consistently meets them. In addition, all of the University's debt is now provided on an unsecured basis. The Executive Team and Finance Committee routinely monitor financial performance to ensure that commitments are met as and when they fall due.

A potentially significant area of financial risk arises from the University's participation in the Universities Superannuation Scheme (USS) where the 2017 valuation proved to be highly contentious and led to an additional out of cycle valuation being undertaken as at 31 March 2018. Following extensive discussions between UUK, UCU and USS it was agreed that the increase in employer and employee contributions would be held below the level originally requested by the Trustee. The higher contributions took effect from 1 October 2019 and are held at this level for two years. This valuation was equally contentious and the increased employee contributions are the subject of industrial action ballots undertaken by UCU and Unison. Both ballots have secured a result in favour of industrial action but the details of the action are, as yet, unknown. As a consequence of the agreement to accept lower contributions, a further valuation will take place as at 31 March 2020. This carries significant risks in terms of the level of funding whilst gilt yields remain low.

Building and service risks

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

Regulatory and legislative changes

During the past year, two fundamental new regulatory and legislative changes have taken place with significant impact on the higher education sector. The General Data Protection Regulations (GDPR) came into force on 25 May 2018 and, in common with all other data processors, the University undertook a significant programme of work to ensure an acceptable level of compliance with the new regulations. This included training for all staff, strengthening of the data protection team and the formal nomination of a Data Protection Officer. The team has worked across the University and closely with other higher education colleagues and has developed an action plan to ensure enhanced compliance. The Office for Students (OfS) became the regulator of higher education teaching provision in April 2018 and, at the same time, responsibility for research funding transferred to UK Research and Innovation. This brought with it a fundamental change to the regulatory framework for higher education and with the start of the new academic year the full regulatory framework is now in place. The University has identified each of the new regulatory requirements of the OfS and has strategies to ensure appropriate monitoring and compliance with these requirements.

Brexit

The continuing uncertainty around Brexit is challenging for the University and our staff and students. We have established a group that is monitoring the potential impacts and mitigating risk where possible supported by regular discussions at Executive Team level. A number of presentations have been made to staff and students about their rights post-Brexit and we are actively promoting the EU Settlement Scheme to all eligible people.

Sustainability

The University declared a "Climate and Bio-diversity emergency" during 2018-19 and sustainability is very high on both our agenda and that of many of our stakeholders and poses a serious risk to society. During 2019-20, and building on the strong history of the University through the Climatic Research Unit, we will review our impact on sustainability and develop proposals to reduce our impact both now and in the future. Responses to this emergency are likely to impact both finance and reputation as well as requiring individuals to change their behaviour.

Capacity

We have ambitious plans and are in the process of developing the next five-year stage of our strategic plan aligned to the 2015-2030 Vision. The anticipated significant levels of change will require high levels of capacity to both deliver and receive change from the entire University. In addition, the most significant building projects are due to commence during 2019-20 which will inevitably cause some disruption. We are working hard to make change and simplify policies, processes and procedures to free up capacity but this could be a limiting factor to some of our plans if not managed appropriately.

Fundraising

UEA fundraising activities are conducted by UEA employed staff. No direct fundraising activity is outsourced to external agencies, although some services in support of fundraising are contracted, such as software provision and data cleansing. The University's Development Office is responsible for conducting its fundraising activities, led by the Director of Development who reports to the Chief Resources Officer (operations) and the Vice-Chancellor (strategy). The University has established a volunteer board under

Corporate governance statement (continued)

the banner of the Difference Campaign, and this Campaign Advisory Board provides a reference point for strategy development and to assist with introductions and meetings where possible. No Board members are remunerated for their assistance in any fundraising. All UEA fundraisers are salaried members of staff, and there is no commission element within their pay.

A formal Due Diligence policy has been adopted by the University (revised 2018) to govern the receipting of gifts to ensure that appropriate scrutiny is given to any potential gift before it is accepted This policy escalates acceptance criteria from the decision of the Director of Development (under £100k), to the CRO and Vice-Chancellor jointly (£100k to £1m), the Executive Team (£1m to £5m) and to Council (over £5m).

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

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

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

Any request to cease either all contact or a specific form of contact is actioned immediately. The University is committed to being clear and honest in all fundraising communications and conversations, to allow individuals to make informed decisions about whether and when they choose to donate. The University complies with all relevant legislation and guidance issued by the Fundraising Regulator and the Information Commissioner's Office and is working to achieve full compliance with the GDPR (General Data Protection Regulations) and PECR (Privacy and Electronic Communications Regulations). The University has chosen to pay the Fundraising Regulator's levy.

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

Statement of disclosure of information to auditors

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

Availability of financial statements on the web site

The Annual Financial Statements are available on the University's web site. The maintenance and integrity of the University's web site is the responsibility of 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.

J Greenwell

Joe Greenwell
Signed on behalf of Council on 25 November 2019

Public benefit statement

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

The University's vision is set out on page 4.

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

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

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 Sainsbury Centre for Visual Arts provides open access to world art including activities for school children
- There is an active programme of research activity within the Faculty of Science and the Faculty of Medicine and Health Sciences, linked closely with the Norfolk & Norwich University Hospital NHS Foundation Trust to advance understanding and effectiveness of medicine, and translate research into practice
- The Tyndall Centre for Climate Change Research and the Climatic Research Unit engage in research on the effects of climate change
- The Quadram Institute (a collaboration between Quadram Institute Biosciences, UEA, BBSRC and the Norfolk and Norwich University Hospital) links researchers and clinicians to advance understanding of the impact of food on health, so providing a scientific framework for enhancing healthy ageing
- Sportspark provides a wide range of sports facilities to the University and local community and is also working with a wide variety of organisations to improve wellbeing by physical activity
- The University is a member of the Norwich Opportunity Area partnership board which aims to raise aspiration for children in Norwich.

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

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

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

Public benefit statement (continued)

(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 participate in, and benefit from its activities. Not everyone has the same level of educational opportunity, support or information to enable them to secure university education and so the University has put in place a range of activities designed to widen participation to students who might not otherwise benefit.

To that end the University has created a new team to encourage young people from disadvantaged areas to move on to higher education. The 10 champions, part of UEA's existing Widening Participation team, are based in colleges and sixth forms throughout Norfolk as part of the Government's new £120 million National Collaborative Outreach Programme.

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

The initiative will run until the end of 2020 (extended for two years from the original end date). At the end of this period there is anticipated to be some legacy funding to encourage continued collaborative working with the other Higher Education institutions. Nationally, the aim is to double the proportion of young people from disadvantaged backgrounds choosing to enter higher education by 2020, with particular focus on pupils from ethnic minorities and disadvantaged white males.

Examples of other widening participation initiatives include:

- Summer Schools – targeted at students from low participation neighbourhoods, less advantaged communities, low income households and other under-represented groups
- Mentoring scheme – using current 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 and as mentors and at open days for prospective students in order to provide the maximum benefit to prospective students.

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of University of East Anglia (“the University”) for the year ended 31 July 2019 which comprise the Group and University Balance Sheets, the Group and University Statements of Comprehensive Income and Expenditure, the Group and University Statements of Changes in Reserves, the Group Statement of Cash flow and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and the University’s affairs as at 31 July 2019, and of the Group’s and the University’s income and expenditure, gains and losses and changes in reserves, and of the Group’s cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland,* and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 19 June 2018 and point 12d of the accounts direction dated 25 October 2019, issued by the Office for Students.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of fixed assets, the valuation of investments, the valuation of trade and other receivable and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group’s future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group’s future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Council’s conclusions, we considered the inherent risks to the Group’s business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Council responsibilities

As explained more fully in their statement set out on page 8, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

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

- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

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

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

SBeavis

Stephanie Beavis
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Dragonfly House
2 Gilders Way
Norwich
NR3 1UB

27 November 2019

Consolidated and University Statement of Comprehensive Income and Expenditure for the year ended 31 July 2019

	Note	**2019 Consolidated £000**	**2019 University £000**	2018 Consolidated £000	2018 University £000
Income					
Tuition fees and education contracts	1	**158,351**	**158,351**	152,786	152,786
Funding body grants	2	**34,703**	**34,703**	33,202	33,202
Research grants and contracts	3	**55,904**	**35,673**	45,937	35,865
Other income	4	**54,340**	**49,504**	92,035	50,396
Investment income	5	**1,188**	**791**	703	576
Donations and endowments	6	**3,148**	**3,035**	2,380	2,380
Total income		**307,634**	**282,057**	327,043	275,205
Expenditure					
Staff costs - excluding movement on USS provision	7	**175,186**	**163,839**	159,672	153,417
Staff costs - movement on USS provision[b]	7	**56,390**	**56,390**	(2,133)	(2,133)
Other operating expenses		**102,135**	**91,883**	91,687	85,362
Depreciation and amortisation	12	**21,859**	**21,316**	21,052	19,897
Interest payable and other finance costs	8	**5,091**	**5,091**	7,658	7,658
Total expenditure	9	**360,661**	**338,519**	277,936	264,201
(Expense)/surplus before other gains/losses and share of operating surplus/deficit of joint ventures		**(53,027)**	**(56,462)**	49,107	11,004
Gain on investments		**413**	**199**	56	56
Share of operating profit in joint ventures	15	**1,033**	**-**	896	-
(Expense)/surplus before taxation		**(51,581)**	**(56,263)**	50,059	11,060
Taxation	10	**-**	**-**	-	-
(Expense)/surplus for the year[a]		**(51,581)**	**(56,263)**	50,059	11,060
Actuarial (loss)/gain in respect of pension schemes	20	**(11,383)**	**(11,383)**	4,695	4,695
Change in fair value of hedging financial instruments	20	**1,902**	**1,902**	4,814	4,814
Total comprehensive (expense)/surplus for the year		**(61,062)**	**(65,744)**	59,568	20,569
Represented by:					
Endowment comprehensive income for the year		**767**	**767**	567	567
Restricted comprehensive income for the year		**260**	**198**	5,908	107
Unrestricted comprehensive (expense)/income for the year		**(62,089)**	**(66,709)**	53,093	19,895
		(61,062)	**(65,744)**	59,568	20,569
(Deficit)/Surplus for the year attributable to:					
Non controlling interest		**44**	**-**	**(231)**	-
University		**(51,625)**	**(56,263)**	50,290	11,060
Total comprehensive (expense)/income for the year attributable to:					
Non controlling interest		**44**	**-**	(231)	-
University		**(61,106)**	**(65,744)**	59,799	20,569

All items of income and expenditure relate to continuing activities.

The Statement of accounting policies and notes on pages 21 to 45 are an integral part of these financial statements.

Isolated effect of USS Pension Provision Movement				
[a](Expense)/surplus for the year	**(51,581)**	**(56,263)**	50,059	11,060
[b]Movement on the USS provision	**56,390**	**56,390**	(2,133)	(2,133)
Surplus for the year with USS provision movement removed	**4,809**	**127**	47,926	8,927

Consolidated and University Statements of Changes in Reserves for the year ended 31 July 2019

	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 2017	**7,674**	**14,075**	**324,863**	**346,612**	**-**	**346,612**
Surplus from the income and expenditure statement	567	6,394	43,329	50,290	(231)	50,059
Other comprehensive income	-	-	9,509	9,509	-	9,509
Release of restricted funds spent in the year	-	(486)	486	-	-	-
Total comprehensive income for the year	567	5,908	53,324	59,799	(231)	59,568
Balance at 1 August 2018 and 31 July 2018	**8,241**	**19,983**	**378,187**	**406,411**	**(231)**	**406,180**
Surplus/(deficit) from the income and expenditure statement	767	1,237	(53,629)	(51,625)	44	(51,581)
Other comprehensive expense	-	-	(9,481)	(9,481)	-	(9,481)
Release of restricted funds spent in the year	-	(977)	977	-	-	-
Total comprehensive income/(expense) for the year	767	260	(62,133)	(61,106)	44	(61,062)
Balance at 31 July 2019	**9,008**	**20,243**	**316,054**	**345,305**	**(187)**	**345,118**
University						
Balance at 1 August 2017	**7,674**	**14,075**	**318,368**	**340,117**	**-**	**340,117**
Surplus from the income and expenditure statement	567	593	9,900	11,060	-	11,060
Other comprehensive income	-	-	9,509	9,509	-	9,509
Release of restricted funds spent in the year	-	(486)	486	-	-	-
Total comprehensive income for the year	567	107	19,895	20,569	-	20,569
Balance at 1 August 2018 and 31 July 2018	**8,241**	**14,182**	**338,263**	**360,686**	**-**	**360,686**
						-
Surplus/(deficit) from the income and expenditure statement	767	1,175	(58,205)	(56,263)	-	(56,263)
Other comprehensive expense	-	-	(9,481)	(9,481)	-	(9,481)
Release of restricted funds spent in the year	-	(977)	977	-	-	-
Total comprehensive income for the year	767	198	(66,709)	(65,744)	-	(65,744)
Balance at 31 July 2019	**9,008**	**14,380**	**271,554**	**294,942**	**-**	**294,942**

The Statement of accounting policies and notes on pages 21 to 45 are an integral part of these financial statements.

Consolidated and University Balance Sheets as at 31 July 2019

	Note	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
Non -current assets					
Intangible assets	11	**45**	**-**	94	-
Fixed assets	12	**532,598**	**514,959**	498,552	496,848
Heritage assets	12/13	**13,477**	**13,477**	13,448	13,448
Investments	14	**15,847**	**19,010**	15,278	18,532
Investment in joint venture	15	**554**	**-**	646	-
		562,521	**547,446**	528,018	528,828
Current assets					
Stock		**471**	**431**	453	444
Trade and other receivables	16	**31,332**	**22,205**	47,679	24,931
Investments	17	**33,000**	**22,000**	76,000	66,000
Cash and cash equivalents		**52,335**	**38,254**	40,632	27,366
		117,138	**82,890**	164,764	118,741
Less - Creditors: amounts falling due within one year	18	**(81,112)**	**(82,183)**	(79,921)	(80,427)
Net current assets		**36,026**	**707**	84,843	38,314
Total assets less current liabilities		**598,547**	**548,153**	612,861	567,142
Creditors: amounts falling due after more than one year	19	**(145,383)**	**(145,293)**	(142,214)	(142,124)
Provisions					
Pension provisions	20	**(107,918)**	**(107,918)**	(39,087)	(39,087)
Other provisions	20	**(128)**	**-**	(25,380)	(25,245)
Total net assets		**345,118**	**294,942**	406,180	360,686
Restricted Reserves					
Income and expenditure reserve - endowment reserve	21	**9,008**	**9,008**	8,241	8,241
Income and expenditure reserve - restricted reserve	22	**20,243**	**14,380**	19,983	14,182
Unrestricted Reserves					
Income and expenditure reserve - unrestricted reserve		**316,054**	**271,554**	378,187	338,263
		345,305	**294,942**	406,411	360,686
Non-controlling interest		**(187)**	**-**	(231)	-
Total Reserves		**345,118**	**294,942**	406,180	360,686

The Statement of accounting policies and notes on pages 21 to 45 are an integral part of these financial statements.

The financial statements on pages 17 to 45 were approved by the Council on 25 November 2019 and were signed on its behalf on that date by:

David Richardson
Vice-Chancellor

Joe Greenwell
Chair

Ian Callaghan
Chief Resource Officer
and University Secretary

Consolidated Cash Flow Statement
for the year ended 31 July 2019

	Note	2019 £000	2018 £000
Cash flow from operating activities			
(Deficit)/surplus for the year		**(51,581)**	50,059
Adjustment for non-cash items			
Depreciation and amortisation	12	**21,859**	21,052
Release of provision on fixed asset investments	14	**(89)**	(563)
Gain on investments	14	**(413)**	(234)
(Increase) in stocks		**(18)**	(21)
Decrease/(increase) in debtors	16	**16,289**	(2,301)
Increase/(decrease) in creditors	18	**582**	(4,665)
increase/(decrease) in pension provision	20	**57,448**	(1,556)
Utilisation of other provisions	20	**(7)**	-
Share of operating surplus in joint venture	15	**(1,033)**	(896)
Adjustment for investing or financing activities			
Investment income	5	**(1,188)**	(703)
Interest payable	8	**4,252**	6,750
Endowment income	6	**(1,634)**	(1,688)
Donation of artwork		**(29)**	(20)
Loss on the disposal of fixed assets		**206**	(40,514)
Capital grant income	2/3/4	**(4,963)**	(4,879)
Net cash inflow from operating activities		**39,681**	19,821
Cash flows from investing activites			
Dividend received from joint venture		**1,125**	250
Capital grant receipts		**5,020**	9,882
Investment income		**1,246**	712
Payments to acquire fixed assets		**(53,356)**	(19,742)
New non-current asset investments		**(67)**	7,175
Withdrawal of/(new) deposits		**43,000**	(10,500)
		(3,032)	(12,223)
Cash flows from financing activities			
Interest paid		**(4,251)**	(6,748)
Interest element of finance lease		**(1)**	(2)
Endowment cash received		**1,634**	1,688
New private placement loan		**75,000**	-
Repayments of amounts borrowed		**(73,970)**	(2,889)
Repayment of SWAP on refinancing		**(23,344)**	-
Capital element of finance lease payments		**(14)**	(16)
		(24,946)	(7,967)
Increase in cash and cash equivalents in the year		**11,703**	(369)
Cash and cash equivalents at beginning of year		**40,632**	30,796
Cash and cash equivalents arising on consolidation of new subsidiaries		**-**	10,205
Cash and cash equivalents at end of year		**52,335**	**40,632**

The Statement of accounting policies and notes on pages 21 to 45 are an integral part of these financial stateme

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group'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 the Group has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

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

2. Going concern

After making enquiries, the Council has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the financial statements have been prepared on a going concern basis.

3. 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 2018. Intra-group revenue and profits between the University and its subsidiaries are eliminated fully on consolidation. Consistent accounting policies are applied across the group.

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

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

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

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

4. 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 Group is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the 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 Group is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the 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 Group is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

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

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

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

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

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

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

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

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

Statement of accounting policies (continued)

6. Employee benefits

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

7. Finance Leases

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

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

8. 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.

9. 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.

10. Intangible assets

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

11. Fixed Assets

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

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

Land and buildings

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

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

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

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

Equipment

Equipment, including computers and software, costing less than de 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.

Statement of accounting policies (continued)

12. 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.

13. 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.

14. Stock

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

15. 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.

16. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

(a) the Group has a present obligation (legal or constructive) as a result of a past event;
(b) It is 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 Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

17. 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.

18. 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 limited company 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 computations in periods

Statement of accounting policies (continued)

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.

19. Financial Instruments

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

20. Agency Income

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

21. Reserves

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

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

22. Related party transactions

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

23. Accounting estimates and judgements

USS deficit recovery plan provision

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

In addition, because the USS scheme is in deficit and a funding plan has been agreed, section 28 of FRS102 requires individual employers to recognise a liability for the contributions payable that arise from the agreement to fund the scheme (to the extent that they relate to the deficit) and the resulting expense in profit and loss. A deficit modeller was utilised to product the provision estimate with a discount rate at 31 July 2019 of 1.58%.

Holiday earned but not taken and other employee benefits provision

This is calculated in respect of holiday earned but not taken at the balance sheet date based on data provided across the whole population of employees.

Pension provisions

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

Intangibles, Property, Plant and Equipment

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

Provision for bad and doubtful debts

A provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently each year but necessarily requires a degree of estimation. Specific provision is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.

Notes to the financial statements

1	Tuition fees and education contracts	**2019 Consolidated £000**	**2019 University £000**	2018 Consolidated £000	2018 University £000
	Full-time students	**101,624**	**101,624**	91,597	91,597
	Full-time students charged overseas fees	**38,972**	**38,972**	39,262	39,262
	Part-time fees	**2,289**	**2,289**	2,065	2,065
	Short course fees	**1,271**	**1,271**	1,340	1,340
	Other teaching contracts	**10,919**	**10,919**	15,459	15,459
	Research training support grants	**3,276**	**3,276**	3,063	3,063
		158,351	**158,351**	152,786	152,786

2	Funding body grants	**2019 Consolidated £000**	**2019 University £000**	2018 Consolidated £000	2018 University £000
	Recurrent grant				
	Higher Education Funding Council for England ("HEFCE") - teaching	**-**	**-**	7,729	7,729
	Office for Students ("OfS") - teaching	**11,336**	**11,336**	2,430	2,430
	Higher Education Funding Council for England ("HEFCE") - research	**-**	**-**	10,406	10,406
	UK Research and Innovation ("UKRI") - research	**16,023**	**16,023**	5,455	5,455
	Specific grants				
	Higher Education Innovation Fund ("HEFECE") - other	**-**	**-**	2,940	2,940
	Higher Education Innovation Fund ("UKRI") - other	**3,311**	**3,311**	-	-
	Higher Education Funding Council for England ("HEFCE") - special	**-**	**-**	939	939
	UK Research and Innovation ("UKRI") - special	**408**	**408**	83	83
	Office for Students ("OfS") - special	**960**	**960**	4	4
	National College for Teaching and Leadership	**-**	**-**	5	5
	Capital grants ("HEFCE")	**-**	**-**	3,211	3,211
	Office for Students ("OfS") - capital grants	**1,192**	**1,192**	-	-
	UK Research and Innovation ("UKRI") - capital grants	**1,473**	**1,473**	-	-
		34,703	**34,703**	33,202	33,202

3	Research grants and contracts	**2019 Consolidated £000**	**2019 University £000**	2018 Consolidated £000	2018 University £000
	Research councils	**26,891**	**14,862**	20,252	13,948
	Research charities	**12,419**	**6,138**	8,216	5,842
	Government (UK and overseas)	**12,703**	**10,990**	12,693	11,922
	Industry and commerce	**1,535**	**1,356**	2,214	1,591
	Other	**2,356**	**2,327**	2,562	2,562
		55,904	**35,673**	45,937	35,865

Notes to the financial statements (continued)

4	Other income	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
	Residences, catering and conferences	**28,328**	**28,328**	27,864	27,864
	Other services rendered	**4,718**	**2,062**	4,466	2,595
	Other capital grants	**431**	**318**	1,272	1,272
	Arising on the consolidation of QIB/TSL/ICN/UPP	**-**	**-**	39,960	-
	Other income	**20,863**	**18,796**	18,473	18,665
		54,340	**49,504**	**92,035**	50,396

5	Investment income	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
	Investment income on endowments (note 21)	**171**	**171**	101	101
	Other investment income	**1,017**	**620**	602	475
		1,188	**791**	703	576

6	Donations and endowments	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
	New endowments (note 21)	**1,634**	**1,634**	1,688	1,688
	Donations with restrictions (note 22)	**1,206**	**1,175**	593	593
	Unrestricted donations	**308**	**226**	99	99
		3,148	**3,035**	2,380	2,380

7	Staff costs	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
	Wages and salaries	**137,302**	**127,866**	125,315	120,270
	Social security costs	**12,509**	**11,660**	11,447	10,985
	Apprenticeship levy	**624**	**599**	565	550
	Movement on USS provision	**56,390**	**56,390**	(2,133)	(2,133)
	Other pension costs (note 24)	**24,751**	**23,714**	22,345	21,612
		231,576	**220,229**	157,539	151,284

Emoluments of the Vice-Chancellor:	2019 £000	2018 £000
Salary	**265**	253
Bonus	**-**	-
Benefits - accomodation related	**10**	7
Loans	**-**	-
Relocation costs	**-**	-
Salary and benefits	**275**	260
Pension contribution	**49**	45
	324	305

Notes to the financial statements (continued)

7 Staff costs (continued)

Emoluments of the Vice-Chancellor (continued)

The Vice-Chancellor was in post full-time for the whole of the 2018-19 financial year. His remuneration and that of other members of the Executive Team is considered annually by the Senior Officers' Remuneration Committee (SORC), chaired by the Deputy Chair of Council. In respect of salaries for 2019-20 and beyond this also included a review of salaries for the Directors of Professional Services.
SORC met on 9 October 2018 to review the salaries of the Vice-Chancellor and the Executive Team for 2018-19. It noted the considerable success of the University under the leadership of the Vice-Chancellor in pursuing the objectives set out in the Vision and the Strategic Plan. The outcomes of the Vice-Chancellor's appraisal conducted by the Chair of Council were carefully considered and these confirmed continued strong performance in meeting his personal and institutional priorities and in his leadership of the Executive Team. In arriving at an appropriate remuneration package for the Vice-Chancellor for 2018/19 SORC also took into account comparative data provided by the Committee of University Chairs and by the Universities and College Employers Association in respect of institutions of a similar turnover and data from comparator institutions operating in a similar environment to UEA (campus based, dual-intensive institutions). The Council had carefully reviewed the University's long-term financial plan which requires a growth in student numbers to deliver the long-term capital requirements. These are driven by a need for significant investment in the University's original buildings to ensure they can deliver high quality staff and student facilities in the future. The success in achieving strong recruitment during the demographic dip was recognised as was the maintained position in world reputation rankings and the continued performance in domestic rankings.

The Vice-Chancellor is a non-executive member of the Norfolk and Norwich University Hospital NHS Foundation Trust board. He received £13,000 in 2019 (2018: £13,000) in remuneration for this role. He is also a member of the boards of Anglia Innovation Partnership LLP and Aurora Universities Network (of which he is Chair) which are non-remunerated roles.

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

The Vice-Chancellor’s basic salary is 12.0 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. Excluding student workers who could be paid through a third party the Vice-Chancellor's basic salary is 8.1 times (2018: 7.9 times) the median total remuneration for the remaining staff.

The Vice-Chancellor’s total remuneration is 12.7 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff. Excluding student workers who could be paid through a third party the Vice-Chancellor's total salary is 9.9 times (2018: 9.0 times) the median total remuneration for the remaining staff.

The University has chosen to early adopt section 12 of the 2019 Office for Students Accounts Direction dated 25 October and calculate the median pay ratios above only on the staff for whom it reports to HMRC.

Notes to the financial statements (continued)

7 Staff costs (continued)

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

	2019 Consolidated	**2019 University**	2018 Consolidated	2018 University
	Number of staff		Number of staff	
£100,000 - £104,999	**12**	**11**	3	3
£105,000 - £109,999	**6**	**5**	5	5
£110,000 - £114,999	**14**	**10**	6	6
£115,000 - £119,999	**4**	**3**	5	5
£120,000 - £124,999	**3**	**3**	6	6
£125,000 - £129,999	**3**	**3**	1	1
£130,000 - £134,999	**3**	**2**	1	1
£135,000 - £139,999	**2**	**2**	2	2
£140,000 - £144,999	**1**	**1**	2	2
£145,000 - £149,999	**2**	**2**	-	-
£150,000 - £154,999	**1**	**1**	1	1
£155,000 - £159,999	**1**	**1**	1	1
£160,000 - £164,999	**-**	**-**	3	3
£165,000 - £169,999	**1**	**1**	1	1
£170,000 - £174,999	**-**	**-**	2	2
£175,000 - £179,999	**1**	**-**	-	-
£180,000 - £184,999	**2**	**-**	-	-
£185,000 - £189,999	**-**	**-**	2	2
£190,000 - £194,999	**-**	**-**	1	1
£250,000 - £254,999	**1**	**-**	-	-
	57	**45**	42	42

Average staff numbers by category:

	2019 Consolidated	**2019 University**	2018 Consolidated	2018 University
	Number of staff		Number of staff	
Academic	**1,154**	**1154**	1,115	1,115
Associate tutors	**643**	**643**	661	661
Research and analogous	**488**	**308**	492	325
Secretarial and clerical	**840**	**830**	816	805
Technical	**202**	**167**	191	166
Admin, senior library and computing	**531**	**514**	491	477
Others	**541**	**540**	545	540
	4,399	**4,156**	4,311	4,089

Key management personnel

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

	2019	2018
	£000	£000
Key management personnel compensation	**1,575**	1,296

Severance payments

During the year the group paid compensation for loss of office of £537,000 (2018: £310,000) to 88 employees (2018: 82 employees).

Council Members

No council member has received any remuneration or waived payments from the University during the year (2018: £nil). Total expenses paid to members of the Council during the year were £2,000 (2018: £2,000).

8 Interest payable and other finance costs

	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
Bank interest	**4,251**	**4,251**	6,748	6,748
Finance lease interest	**1**	**1**	2	2
Net interest charge on pension liability (note 24)	**839**	**839**	908	908
	5,091	**5,091**	7,658	7,658

9 Analysis of total expenditure by activity

	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
Academic and related expenditure	**133,876**	**134,367**	123,579	123,915
Administration and central services	**63,823**	**59,100**	53,690	52,773
Premises	**33,133**	**32,456**	33,296	32,831
Residences, catering and conferences	**23,583**	**23,582**	31,963	23,333
Research grants and contracts	**41,651**	**26,014**	27,562	27,657
Other expenses	**64,595**	**63,000**	7,846	3,692
	360,661	**338,519**	277,936	264,201
Other operating expenses include:				
External auditors' remuneration in respect of audit services	**125**	**90**	94	72
External auditors' remuneration in respect of non-audit services	**157**	**150**	263	267
Operating lease rentals:				
Land and buildings	**281**	**281**	534	512
Other	**209**	**209**	130	126
Impairment of trade receivables	**147**	**146**	198	222

10 Taxation

The tax assessed for the year differs from the standard rate of corporation tax in the UK for the year of 20.0% (2018: 20.0%). The differences are explained below:

	2019 Consolidated £000	2018 Consolidated £000
(Deficit)/surplus before taxation	**(51,581)**	50,059
UK corporation tax at 19.0% (2018: 19.0%)	**(10,316)**	10,012
Effects of :		
Surpluses not subject to corporation tax	**10,316**	(10,012)
	-	-

11 Intangible assets

Software	Consolidated £000
At 1 August 2018	**94**
Amortisation charge for the year	**(49)**
At 31 July 2019	**45**

Notes to the financial statements (continued)

12 Fixed assets

Consolidated	Freehold land and buildings	Assets in the course of construction (L&B)	Fixtures, Fittings and Equipment	Assets in the course of construction (FF&E)	Heritage assets	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 August 2018	567,906	14,647	61,917	232	13,448	658,150
Additions at cost	17,795	27,167	8,121	2,979	29	56,091
Transfers	7,088	(7,088)	208	(208)	-	-
Disposals	(14,829)	-	(6,187)	-	-	(21,016)
At 31 July 2019	**577,960**	**34,726**	**64,059**	**3,003**	**13,477**	**693,225**
Consisting of:						
Valuation as at 31 July 2014	416,821	-	-	-	-	416,821
Cost	161,139	34,726	64,059	3,003	13,477	276,404
At 31 July 2019	**577,960**	**34,726**	**64,059**	**3,003**	**13,477**	**693,225**
Accumulated depreciation						
At 1 August 2018	93,606	-	52,544	-	-	146,150
Charge for the year	15,797	-	6,013	-	-	21,810
Eliminated on disposals	(14,632)	-	(6,178)	-	-	(20,810)
At 31 July 2019	**94,771**	**-**	**52,379**	**-**	**-**	**147,150**
Net book value						
At 31 July 2019	**483,189**	**34,726**	**11,680**	**3,003**	**13,477**	**546,075**
At 31 July 2018	474,300	14,647	9,373	232	13,448	512,000

University	Freehold land and buildings	Assets in the course of construction (L&B)	Fixtures, Fittings and Equipment	Assets in the course of construction (FF&E)	Heritage assets restated	Total
	£000	£000	£000	£000 `	£000	£000
Cost or valuation						
At 1 August 2018	552,652	14,647	42,075	230	13,448	623,052
Additions at cost	3,655	27,167	7,009	1,596	29	39,456
Transfers	7,088	(7,088)	208	(208)	-	-
Disposals	-	-	(2,900)		-	(2,900)
At 31 July 2019	**563,395**	**34,726**	**46,392**	**1,618**	**13,477**	**659,608**
Consisting of:						
Valuation as at 31 July 2014	416,821	-	-	-	-	416,821
Cost	146,574	34,726	46,392	1,618	13,477	242,787
At 31 July 2019	**563,395**	**34,726**	**46,392**	**1,618**	**13,477**	**659,608**
Accumulated depreciation						
At 1 August 2018	78,182	-	34,574	-	-	112,756
Charge for the year	15,927	-	5,389	-	-	21,316
Eliminated on disposals	-	-	(2,900)	-	-	(2,900)
At 31 July 2019	**94,109**	**-**	**37,063**	**-**	**-**	**131,172**
Net book value						
At 31 July 2019	**469,286**	**34,726**	**9,329**	**1,618**	**13,477**	**528,436**
At 31 July 2018	474,470	14,647	7,501	230	13,448	510,296

Notes to the financial statements (continued)

12 Fixed assets (continued)

At 31 July 2019, freehold land and buildings included £53.1m (2018 - £53.1m) in respect of freehold land which is not depreciated.

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

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

	Consolidated and University	
	2019	2018
	£000	£000
Cost	**1,886**	1,886
Accumulated depreciation	**(1,491)**	(1,491)
Charge for the year	**(68)**	(68)
Net book value	**327**	327

Consolidated and University

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

Freehold land & buildings includes a building funded in part by grants of £14,559,000 from the Sports Lottery Fund. As a condition of grant the operation of the building is regulated by a Community Use Agreement expiring in August 2019.

13 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.

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

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

	2019	**2018**	**2017**	**2016**	**2015**
	£000	**£000**	**£000**	**£000**	**£000**
Acquisitions by donation	**29**	**20**	**1,220**	**25**	**1,344**

14 Non-Current Investments

Consolidated	**Subsidiary investment in spinouts £000**	**Other fixed asset investments £000**	**Total £000**
At 1 August 2018	1,278	14,000	15,278
Additions	-	2,036	2,036
Disposals	-	(1,969)	(1,969)
Additional impairments made	(75)	164	89
Increase in value	-	413	413
At 31 July 2019	**1,203**	**14,644**	**15,847**

Notes to the financial statements (continued)

14 Non-Current Investments (continued)

University	**Subsidiary companies £000**	**Subsidiary investment in spinouts £000**	**Other fixed asset investments £000**	**Total £000**
At 1 August 2018	4,930	1,214	12,388	18,532
Additions	-	-	2,037	2,037
Disposals/dissolved	-	-	(1,758)	(1,758)
Additional provisions made	-	-	-	-
Increase in value	-	-	199	199
At 31 July 2019	**4,930**	**1,214**	**12,866**	**19,010**

Other investments comprise :	Consolidated £000	University £000
CVCP Properties PLC	35	35
Plant Biosciences Limited	1,148	
Syrinix Limited	70	-
Intelligent Fingerprinting Limited	23	
Spectral Edge Limited	215	
Nature Metrics Limited	12	
Iceni Diagnostics Limited	8	
Norwich Reseach Park LLP	833	833
Investments held by Carbon Connections UK Limited	20	-
Investments held for the Low Carbon Innovation Fund	7,829	7,827
Investments held for Endowment Funds	4,171	4,171
Programme related investments	280	-
	14,644	12,866

The following companies were 100% owned or controlled subsidiary undertakings at 31 July 2019:

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

Notes to the financial statements (continued)

14 Non-Current Investments (continued)

The following company was 67% owned at 31 July 2019:

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

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

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

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

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

15 Investments in joint ventures

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

INTO UEA LLP is a joint venture between the University and INTO University Partnerships Limited. The University's 50% interest is held by UEA INTO Holdings Limited, a wholly owned subsidiary of the University. A 50% share of INTO UEA LLP's gross assets and liabilities are included in the University's consolidated balance sheet and 50% of its income and net result are reported in the University's consolidated income and expenditure account. INTO UEA LLP's principal activity is the provision of pre-University education for international students. INTO UEA LLP is registered at The Registry, University of East Anglia, Norwich Research Park, Norwich NR4 7TJ.

	Year ended 31 July 2019		Year ended 31 July 2018	
	£000	**£000**	£000	£000
Income and expenditure account				
Income		8,832		8,878
Surplus before tax		1,033		896
Balance sheet				
Fixed assets		620		568
Current assets	6,171		7,147	
Creditors: amounts due within one year	(6,237)		(7,069)	
		(66)		78
Share of net assets		554		646

Notes to the financial statements (continued)

16 Trade and other receivables

	2019 Consolidated £000	**2019 University £000**	2018 Consolidated £000	2018 University £000
Amounts falling due in more than one year	**5,075**	-	5,400	-
Research grants receivable	**7,662**	**6,473**	6,667	6,667
Other trade receivables	**12,436**	**10,693**	14,994	12,117
Interest receivable	**157**	**157**	215	215
Prepayments and accrued income	**6,002**	**4,368**	20,403	4,940
Amounts due from subsidiary companies	**-**	**514**	-	992
	31,332	**22,205**	47,679	24,931

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

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

Trade debtors are stated after provisons for impairment of :	**878**	**835**	739	689

17 Current investments

	2019 Consolidated £000	**2019 University £000**	2018 Consolidated £000	2018 University £000
Short term deposits	**33,000**	**22,000**	76,000	66,000
	33,000	**22,000**	76,000	66,000

At 31 July for these fixed term deposits				
The weighted average interest rate :	**1.15%**	**1.11%**	0.84%	0.81%
The remaining weighted average period for which the interest rate is fixed:	**4**	**4**	4	4

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

18 Creditors: amounts falling due within one year

	2019 Consolidated £000	**2019 University £000**	2018 Consolidated £000	2018 University £000
Bank loans	**1,909**	**1,909**	3,845	3,845
Office for Students (OfS) loan	**145**	**145**	363	363
Obligations under finance leases	**15**	**15**	15	15
Trade creditors	**10,592**	**9,412**	5,773	4,564
Capital creditors	**5,279**	**5,279**	2,573	2,197
Other taxation and social security	**3,793**	**3,795**	3,324	3,197
Accruals and deferred income	**59,379**	**49,247**	64,028	55,914
Amounts due to subsidiary companies	**-**	**12,381**	-	10,332
	81,112	**82,183**	79,921	80,427

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:

	2019 Consolidated £000	**2019 University £000**	2018 Consolidated £000	2018 University £000
Donations and endowments	**1,287**	**1,287**	1,754	1,754
Research grants received on account	**17,629**	**12,769**	16,200	15,689
Grant income	**9,744**	**9,744**	10,121	10,121
	28,660	**23,800**	28,075	27,564

Notes to the financial statements (continued)

19 Creditors: amounts falling due after more than one year	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
Bank loans	**37,246**	**37,156**	109,135	109,045
Private Placement loans	**108,000**	**108,000**	33,000	33,000
Office for Students (OfS) loan	**73**	**73**	-	-
Obligations under finance leases	**64**	**64**	79	79
	145,383	**145,293**	142,214	142,124

Bank, private placement and OfS loans are repayable as follows :	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
Due within one year or less	**2,054**	**2,054**	4,208	4,208
Due between one and two years	**2,033**	**2,033**	5,003	5,003
Due between two and five years	**6,206**	**6,206**	16,431	16,431
Due in five years or more	**137,081**	**136,990**	120,702	120,612
	147,374	**147,283**	146,344	146,254

The net finance lease obligations are as follows :	2019 Consolidated £000	2019 University £000	2018 Consolidated £000	2018 University £000
Due within one year or less	**15**	**15**	15	15
Due between one and two years	**16**	**16**	15	15
Due between two and five years	**48**	**48**	48	48
Due in five years or more	**-**	**-**	16	16
	79	**79**	94	94

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

The details of the loans are as follows:

Lender	Amount £000	Term	Interest rate	Borrower
Private placement loan	33,000	30 years	3.9%	University
Private placement loan	75,000	30 years	3.0%	University
European Investment Bank	39,066	20 years	2.7%	University
Office for Students	218	-	-	University
HSBC	90	-	-	Iceni Seedcorn LLP
	147,374			

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

Notes to the financial statements (continued)

20 Provision for liabilities

Consolidated

	Obligation to fund deficit on USS pension £000	UEASSS pension scheme provision £000	Total Pensions Provisions £000	Termination value of SWAP £000	Building de-contamination provision £000	Total Provisions £000
At 1 August 2018	28,398	10,689	39,087	25,245	135	64,467
Utilised in the year	-	-	-	(25,245)	(7)	(25,252)
Movement in the year	56,987	11,844	68,831	-	-	68,831
At 31 July 2019	**85,385**	**22,533**	**107,918**	**-**	**128**	**108,046**

University

	Obligation to fund deficit on USS pension £000	UEASSS pension scheme provision £000	Total Pensions Provisions £000	Termination value of SWAP £000	Building de-contamination provision £000	Total Provisions £000
At 1 August 2018	28,398	10,689	39,087	25,245	-	64,332
Utilised in the year	-	-	-	(25,245)	-	(25,245)
Movement in the year	56,987	11,844	68,831	-	-	68,831
At 31 July 2019	**85,385**	**22,533**	**107,918**	**-**	**-**	**107,918**

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 24.

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £83.1 million to £248.4 million. £165.1 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of significant one-off pension costs / gains. More details on the 2017 actuarial valuation are set out in note 24.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 24. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £49,508,000, a decrease of £35,877,000 from the current year end provision.

The major assumptionsused to calculate the obligations are:

	2019	2018
Discount rate	**1.58%**	2.10%
Salary growth	**2.00%**	2.00%

Sensitivity analysis

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

Change in assumptions at 31 July 2019	Approximate impact £000
0.5% pa decrease in discount rate	3,687
0.5% pa increase in salary inflation over duration	3,653
0.5% pa increase in salary inflation year 1 only	419
0.5% increase in staff changes over duration	3,690
0.5% increase in staff changes year 1 only	423
1% increase in deficit contributions from April	540
1 year increase in term	6,660

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).

Notes to the financial statements (continued)

20 Provision for liabilities (continued)

Termination value of SWAP

The RBS loan agreements were linked to a SWAP arrangement which fixed the interest rates of the loans. The provision materialised and was paid when the loan was terminated during the year.

Building decontamination provision

Quadrum Institute Biosciences (QIB) has provided for the possible decomtaminatiion costs which may be incurred when they vacate their current building.

21 Endowment Reserves

	Consolidated and University				
	Restricted Permanent £000	**Unrestricted Permanent £000**	**Expendable £000**	**2019 Total £000**	2018 Total £000
Balance at 1 August 2018					
Capital	3,711	16	3,893	**7,620**	7,072
Accumulated income	392	2	227	**621**	602
	4,103	18	4,120	**8,241**	7,674
New endowments	21	-	1,613	**1,634**	1,688
Investment income	137	-	34	**171**	101
Expenditure	(76)	-	(1,161)	**(1,237)**	(1,278)
	61	-	(1,127)	**(1,066)**	(1,177)
Increase in market value of investments	199	1	(1)	**199**	56
Balance at 31 July 2019	**4,384**	**19**	**4,605**	**9,008**	8,241
Represented by					
Capital	3,924	17	4,394	**8,335**	7,620
Accumulated income	460	2	211	**673**	621
	4,384	**19**	**4,605**	**9,008**	8,241

	Consolidated and University				
	Restricted Permanent £000	**Unrestricted Permanent £000**	**Expendable £000**	**2019 Total £000**	2018 Total £000
Analysis by type of purpose					
Lectureships	103	-	4	**107**	104
Scholarships and bursaries	3,493	-	1,146	**4,639**	4384
Research support	-	-	416	**416**	91
Prize funds	735	19	94	**848**	813
Other	53	-	2,945	**2,998**	2849
	4,384	19	4,605	**9,008**	8,241

	2019	2018
Analysis by asset		
Investments	**4,171**	3,374
Cash and cash equivalents	**4,837**	4,867
	9,008	8,241

Notes to the financial statements (continued)

22 Restricted Reserves

Reserves with restrictions are as follows:

	Consolidated			
			2019	2018
	Arising on consolidation £000	**Donations £000**	**Total £000**	Total £000
Balances at 1 August 2018	5,801	14,182	**19,983**	14,075
Arising on the consolidation of QIB/TSL				5,801
New donations	31	1,206	**1,237**	593
Expenditure	-	(977)	**(977)**	(486)
Balances at 31 July 2019	5,832	14,411	**20,243**	19,983

		University	
		2019	2018
	Donations £000	**Total £000**	Total £000
Balances at 1 August 2018	14,182	**14,182**	14,075
New donations	1,175	**1,175**	593
Expenditure	(977)	**(977)**	(486)
Balances at 31 July 2019	14,380	**14,380**	14,182

Analysis of donations by type of purpose:		
Scholarships and bursaries	**628**	411
Research support	**1**	1
Prize funds	**99**	101
Capital	**13,455**	13,448
Other	**197**	221
	14,380	14,182

23 Capital commitments

At 31 July 2019 the Group had outstanding commitments for capital expenditure of £9,303,000 (2018: £21,336,000).

24 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 Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual 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. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Notes to the financial statements (continued)

24 Pensions (continued)

Universities Superannuation Scheme (continued)

PENSION COSTS

The amount recognised in compehensive income and expenditure:

	2019	2018
	£000	£000
Staff costs - contribution payments	**19,696**	18,064
Staff costs - movement on deficit provision	**56,390**	(2,133)
Net interest	**596**	554
	76,682	16,485

The latest available full actuarial valuation of the Retirement Income Builder was at 31 March 2017 (“the valuation date”), which was carried out using the projected unit method. The valuation as at 31 March 2018 was finalised after the year end.

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

The 2017 valuation was the fourth valuation for the scheme 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 £60.0 billion and the value of the scheme’s technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount rate	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%
Price inflation (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme’s experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2019	2018
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	Post retirement: 96.5% of SAPS S1NMA “light” for males and 101.3% of RFV00 for females.	96.5% of SAPS S1NMA “light” for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

Notes to the financial statements (continued)

24 Pensions (continued)

Universities Superannuation Scheme (continued)

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	**2.44%**	2.64%
Pensionable salary growth	**n/a**	n/a
Pension increases (CPI)	**2.11%**	2.02%

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £83.1 million to £248.4 million as set out in note 20. £165.1 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of significant one-off pension costs / gains.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the exisitng deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £49,508,000, a decrease of £35,878,000 from the current year end provision and a lower face of the Statement of Comprehensive Income of (£25,241,000).

University of East Anglia Staff Superannuation Scheme

The University of East Anglia operates a defined benefit scheme in the UK, which provides both pensions in retirement and death benefits to members. Pension benefits are related to the members' final salary at retirement and their length of service. Since 1 November 2007, the scheme has been closed to new members. Contributions to the scheme for the year beginning 1 August 2019 are expected to be 43.7% of pensionable salaries for those members who participate in the University's salary sacrifice arrangements and 35.7% of pensionable salaries for those that do not, plus additional annual contributions of £73,000 payable in equal monthly instalments to 31 May 2025.

Preliminary results of the full actuarial valuation of the Scheme as at 31 July 2018 have been updated to 31 July 2019 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	31 July 2019	31 July 2018
Discount rate	**2.00%**	2.60%
Inflation assumption (CPI)	**2.40%**	2.30%
Rate of increase in salaries	**3.65%**	3.55%
Rate of increase in pensions in payment in excess of Guaranteed Minimum Pension	**2.40%**	2.30%

Assumed life expectancies on retirement at age 63 are:

Retiring today	Males	**24.0**	23.7
	Females	**26.3**	25.7
Retiring in 20 years time	Males	**25.4**	25.2
	Females	**27.8**	27.3

Notes to the financial statements (continued)

24 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

The fair value and retrun on the plan assets were as follows:	**Value at 31 July 2019**	Value at 31 July 2018
The assets in the scheme were:	**£000**	£000
Equity and Property	**62,728**	61,074
Bonds and Cash	**83,864**	71,760
Fair value of scheme assets	**146,592**	132,834
The actual return on assets over the year was	**14,763**	4,945
Present value of funded obligations	**169,125**	143,523
Fair value of scheme assets	**146,592**	132,834
Deficit in funded scheme/ net liability in balance sheet	**(22,533)**	(10,689)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2019**	2018
	£000	£000
Benefit obligation at the beginning of the year	**143,523**	143,657
Current service cost	**2,927**	3,285
Interest cost	**3,680**	3,680
Contributions by scheme participants	**72**	60
Actuarial (gains)/losses	**23,017**	(2,821)
Benefits paid	**(4,819)**	(4,338)
Past service cost	**725**	-
Liabilities at the end of the year	**169,125**	143,523

Reconciliation of opening and closing balances of the fair value of scheme assets	**2019**	2018
	£000	£000
Fair value of scheme assets at the beginning of the year	**132,834**	128,296
Interest income on scheme assets	**3,437**	3,326
Return on assets, excluding interest income	**11,634**	1,874
Contribution by employers	**3,742**	3,871
Contribution by scheme participants	**72**	60
Benefits paid	**(4,819)**	(4,338)
Scheme administrative cost	**(308)**	(255)
Fair value of scheme assets at the end of year	**146,592**	132,834

The amounts recognised in comprehensive income and expenditure:	**2019**	2018
	£000	£000
Service cost - including current service costs, past service costs and settlements	**3,652**	3,285
Service cost - administrative cost	**308**	255
Net interest on the net defined benefit liability	**243**	354
	4,203	3,894

Remeasurements of the net defined benefit liability	**2019**	2018
	£000	£000
Actuarial losses on the liabilities	**23,017**	(2,821)
Return on assets, excluding interest income	**(11,634)**	(1,874)
	11,383	(4,695)

Notes to the financial statements (continued)

24 Pensions (continued)

Other Pension Schemes

The University contributed to the National Health Service Pension Scheme, a multi-employer defined benefit pension scheme. This is accounted for as a defined contribution scheme because it is not possible to identify the University's share of underlying scheme liabilities. Contributions in the year were £396,000 (2018: £422,000).

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

On 1 October 2017, Deployed Employees transferred employment to the Institute under TUPE.

Deployed Employees retain their membership of the Research Councils Pension Scheme (RCPS), where applicable, with QIB becoming an admitted employer in the scheme. The RCPS is a defined benefit scheme funded from annual grant-in-aid on a pay-as-you-go basis. The RCPS Pension Scheme is a multi-employer scheme and QIB is unable to identify its share of the underlying assets and liabilities. QIB therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Liabilities for the payment of future benefits are the responsibility of the RCPS and accordingly are not included in these Financial Statements. Contributions in the period were £339,000 (2018: £318,000). QIB also paid in £360,00 into an Aviva Stakeholder Pension scheme.

25 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.

26 Operating lease commitments

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

	Consolidated					
	Land & Buildings £000	**Other £000**	**2019 £000**	Land & Buildings £000	Other £000	2018 £000
Payments due:						
Not later than one year	**303**	**309**	**612**	272	262	534
Later than one year and not later than five years	**747**	**366**	**1,113**	794	422	1,216
Later than five years	**249**	**-**	**249**	306	-	306
	1,299	**675**	**1,974**	1,372	684	2,056

	University					
	Land & Buildings £000	**Other £000**	**2019 £000**	Land & Buildings £000	Other £000	2018 £000
Payments due:						
Not later than one year	**303**	**308**	**611**	272	262	528
Later than one year and not later than five years	**747**	**362**	**1,109**	794	422	1,455
Later than five years	**249**	**-**	**249**	306	-	299
	1,299	**670**	**1,969**	1,372	684	2,282

Notes to the financial statements (continued)

27 Related Party Transactions

During the year ended 31 July 2019, 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 (listed in note 7). Transactions with these organisations are immaterial to the University and are conducted at arm's length.

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

INTO UEA LLP
During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £710,000 (2018: £651,000). At 31 July the balance outstanding was £18,000 (2018: £180,000). The University also received services from INTO to the value of £396,000 (2018: £436,000). At 31 July the balance outstanding was £3,000 (2018: £2,000).

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 £940,000 (2018: £947,000). At 31 July the balance outstanding was £25,000 (2018: £26,000). The University also received services from UUS to the value of £1,429,000 (2018: £1,384,000). At 31 July the balance outstanding was £4,000 (2018: £4,000).

Anglia Innovation Partnership LLP
During the year the Group received services from Anglia Innovation Partnership LLP to the value of £347,000 (2018: £285,000). At 31 July the balance outstanding was £nil (2018: £nil).

QI Partners
During the year the Groupy supplied QI Partners with goods and services to the value of £608,000 (2018: £32,000). At 31 July the balance outstanding was £163,000 (2018: £nil). During the year the Group also received services from QI Partners to the value of £1,114,000 (2018: £1,910,000). At 31 July the balance outstanding was £nil (2018: £nil).

Norfolk and Norwich University Hospital
During the year the Group supplied Norfolk and Norwich University Hospital (NNUH) with goods and services to the value of £1,454,000 (2018: £2,851,000). At 31 July the balance outstanding was £528,000 (2018: £1,081,000). The University also received services from NNUH to the value of £744,000 (2018: £547,000). At 31 July the balance outstanding was £132,000 (2018: £30,000).

Biotechnology and Biological Science Research Council
During the year the Group received research grants from Biotechnology and Biological Science Research Council (BBSRC) to the value of £16,625,000 (2018: £10,470,000). At 31 July £893,000 was unspent (2018: £ 515,000). The Group also received services from BBSRC to the value of £201,000 (2018: £3,000). At 31 July the balance outstanding was £nil (2018: £nil).

Notes to the financial statements (continued)

28 Department for Education Bursaries

	2019 £000	2018 £000
Initial Teacher Training Bursaries		
Funding at the beginning of the year	**177**	103
Training Bursary funds received during the year	**2,469**	2,470
Training Bursary payments during the year	**(2,597)**	(2,396)
Funding at the end of the year	**49**	177

	2019 £000	2018 £000
Educational Psychology Bursaries		
Funding at the beginning of the year	**-**	-
Training Bursary funds received during the year	**154**	-
Training Bursary payments during the year	**(150)**	-
Funding at the end of the year	**4**	-

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

The amount paid out in excess of funds received during the year is recoverable from the Department of Education.

29 Office for Students: Partner Colleges

	2019 £000	2018 £000
Balance at the beginning of the year	**28**	-
Funds received during the year	**400**	400
Payments during the year	**(400)**	(372)
Balance at the end of the year	**28**	28

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

30 Contingent liabilities

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

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

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

31 Post balance sheet events

As set out in Note 24 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £35,878,000 in the provision for the Obligation to fund the deficit on the USS pension which would instead be £49,508,000. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.