University of East Anglia

Financial Statements

2010 - 2011

Norwich NR4 7TJ

Telephone 01603 456161

http://www.uea.ac.uk

Charity Trustees and Members of Council

	Date of appointment	Term of Office	Date of resignation
Ex-officio Members			
Richard Jewson (Chair)	1 August 2010	3 years	
Edward Acton (Vice-Chancellor)	1 August 2009	5 years	
Jonathan Sisson (Treasurer)	1 August 2006 reappointed 1 August 2010	3 years	
Trevor Davies (Pro-Vice-Chancellor)	1 August 2007 reappointed 1 August 2010	1 year	31 July 2011
David Richardson (Pro-Vice-Chancellor)	1 August 2011	3 years	
Tom Ward (Pro-Vice-Chancellor)	1 August 2009	3 years	
Appointed by Senate			
Nigel Norris	1 August 2010	3 years	
Catherine Waddams	1 August 2009	3 years	
Elected by the support staff			
Stewart Thompson	1 August 2009	3 years	
Independent Members			
Richard Dales	1 August 2007 reappointed 1 August 2010	3 years	
David Edwards	1 August 2008 reappointed 1 August 2011	3 years	
David Hill	1 August 2008	3 years	31 July 2011
Vicki Keller Dorsey	1 August 2010	3 years	
Laura McGillivray	1 August 2009	3 years	
June de Moller	1 August 2008	3 years	31 July 2011
David White	1 August 2007 reappointed 1 August 2010	3 years	
Graham Jones	1 August 2011	3 years	
Kathryn Skoyles	1 August 2011	3 years	
Student Members			
Rob Bloomer	1 August 2010 reappointed 1 August 2011	1 year	
Tom Dolton	1 August 2010	1 year	31 July 2011
Matthew Myles	1 August 2011	1 year	

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

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

Treasurer
Jonathan Sisson, FCA

Director of Finance
Stephen Donaldson, BSc, ACA

Bankers

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

NatWest Bank plc
Norfolk House
Exchange Street
Norwich
NR2 1DD

Investment Managers

Barclays Wealth
1 Colmore Square
Birmingham
B4 6ES

Schroder Investment Management Limited
31 Gresham Street
London
EC2V 7QA

Independent Auditors

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

Contents

Treasurer's report

Introduction

The trustees present their report and the audited consolidated financial statements of the University and its subsidiaries for the year ended 31 July 2011.

The University's mission, set out in the corporate plan developed in 2008, is to understand, empower and act, to enhance the lives of individuals and the prospects of communities in a rapidly changing world.

The vision arising from the mission incorporates three basic components:-

- Understanding. To advance understanding through research, scholarly communication and research-led teaching, underpinned by a commitment to excellence, interdisciplinarity and creativity
- Empowerment. To empower our students by providing an exceptional education – and a wider experience that is second to none – equipping them with marketable skills and preparing them for global citizenship
- Action. To respond to the grand challenges of the 21st century through the fruits of our research, the talents of our graduates, our engagement with policy-makers, businesses and communities, and our undertaking to be sustainable.

During 2011, the University has continued to make significant progress in implementing the key priorities included in the corporate plan. In financial terms the focus has been to improve the efficient management of the University in order to release funds that can be directed towards the improvement of the student experience, particularly the recruitment of additional academic staff, and also to expand the post graduate research base of the University. These areas continue to be priorities for the University in the coming year, and the introduction of the new fee regime for undergraduates from September 2012 provides a renewed focus on improving the student experience. A wide ranging exercise to restructure administrative support functions was completed in 2011 in order to underpin these developments. The changes take effect from 2012 and will both enhance the level of service provided to students and release funds for direct investment in academic services.

The University has developed a range of key performance indicators (KPIs) covering both financial and operational activities to support the delivery of the above. The report to Court each year incorporates a summary of overall performance against these broader measures and the Vice-Chancellor provides regular updates on progress in his reports to Council. In this report, assessment of performance is based primarily on the key financial highlights considered below.

Key Financial Highlights

2011 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:-

	2011	2010	Increase/ (decrease) on 2010
	£m	£m	
Group income (excluding joint ventures)	204.4	196.7	4%
Expenditure	203.1	193.0	5%
Surplus for the year transferred to reserves	2.6	4.3	(37%)
Surplus excluding joint ventures as % of group income	1.1%	2.2%	
Capital expenditure	14.4	21.7	(34%)
Capital grants received (excluding joint ventures)	2.6	19.7	(87%)
Operating cash flow before endowment expenditure	16.5	18.0	(8%)
Net debt (excluding Low Carbon Venture Capital Fund)	36.3	38.9	(7%)
Net assets (excluding joint ventures)	176.3	178.6	(1%)

Income & Expenditure

The surplus for the year of £2.6m (2010: £4.3m) is reported after taking into account the University's share of surpluses and deficits in joint ventures amounting to £0.3m (2010: £nil). Future prospects for the joint ventures are considered later in this report. Excluding joint ventures shows the surplus on the University's core activities for the year to be £2.3m, compared to £4.3m for 2010.

Group income, excluding joint ventures, increased by £7.7m (4%) over the year as a result of increases in tuition fees and contracts income of £7.0m (10%), and increases in research grants and contracts income of £0.4m (1.5%).

Within tuition fees and contracts income, Home and EU full-time student fees increased by £1.6m (5.7% up on last year) and Overseas student fees increased by £4.5m (up by 24% on last year). The increase in Home/EU fee income reflects the fifth year impact of variable tuition fees introduced for students commencing their studies from September 2006 and therefore reflects the full impact for courses of five years or longer. The increase in Overseas student fee income includes the annual uplift in fee rates together with increased numbers of students. Growth in overseas student numbers arises for two reasons; firstly, from the transfer of students completing their studies at the INTO joint ventures and, secondly, through direct recruitment of students overseas. Direct recruitment also benefits from the joint marketing efforts with INTO.

Treasurer's report (continued)

Funding body grants (excluding joint ventures) of £61.9m were unchanged from 2010, reflecting a fall of £1.5m in the basic teaching grant from the Higher Education Funding Council for England ("HEFCE"), offset by a number of specific special project grants received in the year. Other income at £37.2m represented a very small increase of £0.2m (0.4%) on last year, with increases in residences and consultancy income offset by falls in catering and conference income. Endowment and investment income increased by £0.1m (8.1%) reflecting £0.3m interest on the Low Carbon Investment Fund, used to cover running costs of the fund, offset by a general fall in interest rates over the year.

Total expenditure has increased by £10.1m (5.2%) in the year. Staff costs increased by £5.6m (5%), reflecting the impact of pay awards, comprising the annual uplift in pay scales of 0.4% and the cost of annual increments where applicable, together with the impact of increasing numbers of staff. During the year a significant investment was made in recruiting additional academic staff as referred to earlier. Other operating expenses amounted to £67.5m, an increase of £4.5m (7%) on last year. In addition to the impact of annual inflation, the increase in costs includes a number of one-off charges including a £1.5m increase in estates maintenance costs in respect of certain long term maintenance projects, £1.4m in relation to early retirement and redundancy costs partly related to the restructuring of administrative support services referred to in the introduction, and £0.5m increase in the costs of purchasing gas. Depreciation costs increased by £0.3m (2%) in the year, as a result of further investment in facilities and equipment. Interest payable costs decreased in the year by £0.4m, primarily reflecting a reduction of £0.3m in the net interest cost on the pension liability.

Reserves

Reserves increased in the year by £4.0m to £59.0m. The increase includes the retained surplus for the year of £2.6m, together with actuarial gains on the pension schemes of £1.3m. The actuarial gain on the University's scheme of £1.3m reflects £4.0m in respect of better than expected returns on the pension scheme assets during the year, less the £2.7m impact of changes in assumptions used to calculate liabilities, notably improvements in longevity, a lower discount rate and higher long term salary increases.

Capital Expenditure and Grants

Total fixed asset additions in the year amounted to £14.4m (2010: £21.7m) and capital grants receivable in the year (excluding joint ventures) relating to fixed asset expenditure amounted to £2.6m (2010: £11.2m). The major areas of expenditure during the year included:-

	£m
Sportspark – new gym and sports pitches	2.1
Science research facilities and laboratory refurbishment	2.1
Biomass energy centre	0.4
Create new integrated administration service centres	1.5
Faculty equipment, including research funded equipment	1.0
IT investments	1.4
Upgrade main car park	0.5
Long term maintenance, site infrastructure and DDA Act works	3.8
Other, including minor works	1.6
	14.4

Cash and Debt

<u>Net operating cash flow</u>

Cash inflow from operating activities before endowment expenditure for the year was £16.5m (2010: £18.0m). Interest received on invested funds amounted to £1.4m (2010:£1.3m). Total debt service costs, relating to both bank loans and finance lease commitments were £7.6m (2010: £7.1m). Net operating cash flow before endowment expenditure plus investment income, totalling £17.9m (2010: £19.3m), therefore comfortably exceeds the debt service costs, which represents the principal financial covenant required under the terms of the University's banking facility.

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

- surplus for the year before taxation, excluding expenditure from endowment funds, interest payable, investment income and interest receivable of £6.2m; down from £8.4m last year;
- adjustments to exclude non operating cash items included within the surplus (e.g. depreciation; capital grant release; profits, losses and impairment of fixed assets; share of profits/losses in joint ventures and pension scheme provisions) amounting to £9.1m; marginally down from £9.6m last year;
- decrease in working capital (stocks, debtors and creditors) of £1.3m; compared to no change in working capital last year.

Treasurer's report (continued)

Net debt
After allowing for investment returns, cost of financing, and net capital expenditure, the net inflow of funds amounted to £2.1m, compared to £12.0m inflow last year. The change arises principally as a result of the receipt of the Low Carbon Venture Capital Fund of £8m in 2010. As a result of the net inflow of funds, consolidated net debt, being loans and finance leases less cash and short term deposits, has fallen during the year by £2.1m to £28.8m.

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

Readily accessible funds in the form of cash and short term deposits, excluding endowment assets and also excluding the Low Carbon Venture Capital Fund, decreased marginally during the year by £1.2m to £51.8m. A prudent policy is applied to the investment of short term deposits. In particular, the University regards the security of deposits as being far more important than the marginally better interest rates that may be available from certain overseas or lower rated banks. This has been particularly important over the last couple of years which has seen great uncertainty over the safety of deposits.

Joint Ventures

The joint ventures, INTO UEA LLP ("INTO UEA Norwich") and University Campus Suffolk Limited ("UCS"), referred to in note 11 to the financial statements, are becoming well established following their set up a few years ago and progress is broadly in line with original expectations. The University's share of surpluses/deficits in joint ventures for the year comprises a £1.3m surplus in respect of UCS (2010: £1.0m) and a £0.7m surplus (2010: £nil) in respect of INTO UEA Norwich.

UCS, a joint venture with the University of Essex, provides higher education, applied research and consultancy services with delivery of services in Ipswich and through other independent centres across Suffolk and Norfolk. UCS commenced trading at the beginning of 2007/08. The total income of UCS for the year was £37m (2010: £35m) and its operating surplus before exceptional items and taxation £2.7m (2010: £1.6m). UCS has not required any direct financial support from the joint venture partners and is funded through its operations and bank loans. The University has however provided guarantees of up to £9m in respect of the bank loans.

INTO UEA Norwich, a joint venture with INTO University Partnerships Limited, provides educational services. The company commenced trading in February 2006 and operates from premises on the edge of the Norwich campus. Following a period of trading losses during the early stages of development, the financial statements for the year to July 2011 show a surplus of £1.1m (2010: £0.4m) on turnover of £13.4m (2010: £11.9m). The joint venture partners have, to date, each provided loan funding to support the activities of INTO UEA Norwich and £0.7m remains owed to the University at 31 July 2011.

During 2010 the University established a second joint venture with INTO University Partnerships Limited, known as INTO UEA (London Campus) LLP ("INTO UEA London"), to provide educational services from premises in London. The operation is similar in many ways to INTO UEA Norwich, with the bulk of activity based on pre-university courses, but it also incorporates graduate and post graduate courses taught by UEA academics. In addition to the direct financial benefits this offers, the new college will also provide further opportunities to attract students to Norwich and provide a London base for Norwich run courses where appropriate. The financial statements for the first full year of trading to 31 July 2011 show a loss of £2.6m on turnover of £4.5m. Comparative figures for the 7months' trading during last year showed a loss of £1.9m on turnover of £0.9m. Trading to date is slightly down on the original plan, reflecting a slower build up in student numbers than originally anticipated. The joint venture partners have, to date, each provided loan funding to support the activities of INTO UEA London and £0.85m remains owed to the University at 31 July 2011.

Outlook

The financial outlook, by reference to financial plans considered by Council, shows a potential deficit arising in 2011/12. 2011/12 represents a particularly difficult year for the University, and the sector in general, as the reduction in grant funding from HEFCE begins to take effect a year in advance of the increase in student tuition fees.

Beyond 2011/12 financial planning becomes much more difficult. The principal area of uncertainty and potential cause for concern relates to the level of applications from students. In the case of Home/EU undergraduate students, this concern relates to an expected general downward pressure on demand for places as a result of the new fee regime, and also the impact of changes in the way in which universities will be allowed to recruit students in future. The impact of demographic changes is also likely to depress the level of students entering higher education over the next few years. Under current proposals, all universities will experience a reduction in the baseline allocation of students that they are allowed to recruit. In addition to this allocation, universities will have unlimited freedom to recruit more high achieving students (A level grades AAB and above), but only universities charging an average fee of below £7,500 will be able to request an increased allocation of students achieving lower grades.

Treasurer's report (continued)

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

In relation to International students, there remain serious concerns over the negative impact of changes in immigration regulations and the University's intake for 2011 has highlighted a worrying downturn in demand from certain countries which appears to be linked directly to the new regulations. The University continues to monitor developments and to lobby for the introduction of arrangements that do not penalise and threaten this crucial source of funding for bona fide institutions.

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

With pay costs representing around 62% of total expenditure excluding depreciation and interest, pay increases are of particular concern. Fortunately pay settlements for the last two years have been contained at affordable levels and this is expected to continue to be the case in 2011/12. There has also been concern in recent years over the seemingly inexorable rise in pension costs. Fortunately reforms to the national Universities Superannuation Scheme (USS) have now been agreed and take effect from October 2011. These changes will alleviate future funding pressures on the scheme and any future increases in contributions that may be necessary will be shared between employees and employers.

In setting future financial plans the University has needed to make assumptions of future income and cost changes at a time of great uncertainty. Nevertheless, the University continues to prioritise significant investment in enhancing the student experience, developing the post graduate research base, and protecting the capital investment needed to deliver high quality services. Furthermore, the University remains committed to investment in joint initiatives with the John Innes Centre and the Institute of Food Research, two local research institutes funded by the Biotechnology and Biological Sciences Research Council ("BBSRC"). The long-term goal to develop an internationally acclaimed centre of research in Norwich was recently boosted by the award of £26m government funding to provide the infrastructure needed to expand and attract new investment onto the Norwich Research Park.

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

JM Gibson

28/11/11

Corporate governance statement

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

Principles and ethos of the University

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

Statement of the responsibilities of Council

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

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

In preparing the financial statements, the Council ensures that:

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

The Council has taken reasonable steps to:

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

University constitution and structural organisation

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

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

In respect of its strategic and development responsibilities, the Council receives recommendations and advice from the Finance Group, which includes two lay members appointed by the Council from amongst its members. The Finance Group, inter alia, recommends to Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

Corporate governance statement (continued)

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

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

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

Statement on Internal Control

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

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

Principal risks and uncertainties and financial risk management

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

Significant changes in funding of Home and EU students

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

- Despite student loan support, the significant increase in tuition fees may result in an overall fall in level of demand for university places.
- New measures to increase student choice and apply downward pressure on fee levels are being introduced which could affect recruitment at individual institutions. These measures, as currently proposed, comprise two distinct elements:
    - Universities will have unlimited ability to recruit students achieving A level grades AAB (or equivalent).
    - The numbers of students achieving below these grades will continue to be subject to a cap for each university this will be set at a level below the number of students actually recruited in 2010. The precise rules including the possible exclusion from this process of certain vulnerable subject areas, have yet to be finalised. The overall reduction in capped numbers generated in this way, estimated to be approximately 20,000 students nationally, will create a pool of student places available, subject to a bidding process, to those universities charging an average fee of no more than £7,500 p.a.

Corporate governance statement (continued)

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

- Future plans allow for a modest fall in student numbers as a prudent planning assumption in the light of the uncertainties and risks faced by the University.
- The 2011/12 intake included a significantly higher proportion of AAB+ students than was recruited in 2010 (the base year) and maintaining this trend in 2012/13 will help to compensate for the reduction in number of other students the University is able to recruit.
- Continuing to promote applications and conversions through well-resourced open and visit days and by improving the University's position in the league tables.
- Considerable focus and investment is placed on maintaining and managing key relationships with senior management at the various funding bodies and lobby groups such as the 1994 Group.

Management believe that the University is better placed than many to weather the storm, due to its history of good positive cash generation and strong net asset position.

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

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

This risk is mitigated in a number of ways:

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

Failure to secure a place in the Top 20
The University's position in main league tables remains crucial to the success of both home and overseas student recruitment and also to the recruitment of staff and growth in research contracts. The Times League Table is the principal reference point and the University has recently slipped from 23 to 28, albeit there has been a welcome improvement in the World University rankings from 175 to 145. The recent investment in academic staffing and on-going targeted efforts to improve employability, entry grades, and good honours numbers are gradually beginning to feed through into improved league table performance. The University continues to drive hard on all of these priorities and, as the Research Excellence Framework (REF) exercise approaches efforts to improve the research performance also intensify.

Staff recruitment and retention
The University's ability to recruit high quality academic staff is key to future growth and so the University places a significant emphasis on the recruitment, retention and performance of academic staff. A significant increase in academic staff, first initiated in 2010, is being further expanded in 2012, with faculties establishing appointment strategies to ensure that appointments are only made at the highest level of quality. Furthermore the University is investing heavily in new research programmes in collaboration with research institutions on the Norwich Research Park, adding to the attractiveness of the University to leading academics. Within the UK, the University's recruitment comes at a time when other institutions are cutting back and so the current climate offers excellent opportunities to attract high calibre staff. However, of concern in some areas are the much tighter immigration rules which have recently been introduced which currently make it extremely difficult to recruit staff from outside the EU.

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

Corporate governance statement (continued)

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

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

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

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

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

Signed on behalf of Council on 28 / 11 / 2011:

Public benefit statement

The University of East Anglia (the “University”) is an exempt charity under the Charities Act 1993 and as such is regulated by HEFCE on behalf of the Charity Commission for England and Wales. The members of the Council, who are trustees of the charity, are disclosed on page 1.

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

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

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

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

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

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

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

In relation to the core teaching role fulfilled by the University, the advancement of education is promoted across a wide range of subject areas. The structure of the University is based around four Faculties, namely; Arts and Humanities; Health; Social Sciences; and Science and incorporates 24 separate Schools of study as listed below:

Public benefit statement (continued)

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

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

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

- Aim Higher initiative; a programme aimed at raising the aspirations of young people from disadvantaged backgrounds and making them aware of the range of opportunities available to them in higher education
- Higher Education Advisers; the University has a team of advisers who work with sixth form teachers to support students considering higher education and also runs events for teachers and careers counsellors to support them in their roles
- Foundation degree courses; an opportunity for students to access opportunities before continuing on to a full undergraduate course
- Outreach services; activities are undertaken across the various Schools where the purpose is to: raise aspirations and educational attainment among people from non traditional backgrounds and under-represented communities to prepare them for HE; ensure opportunity to succeed on their programme of study; improve their employment prospects and open possibilities for postgraduate study; and give them opportunities to return to learning throughout their lives.

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

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

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

We have audited the group and parent institution financial statements (the ''financial statements'') of University of East Anglia for the year ended 31 July 2011 which comprise the statement of accounting policies, the consolidated income and expenditure account, the statement of consolidated total recognised gains and losses, the consolidated and University balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the Council and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and institution's affairs as at 31 July 2011 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

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

In our opinion, in all material respects:

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

- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Norwich

28 November 2011

Statement of accounting policies

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

1 Basis of preparation

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

2 Basis of consolidation

The consolidated financial statements incorporate the University and all of its subsidiary undertakings and joint ventures for the year ended 31 July 2011. Intra-group sales and profits between the University and its subsidiaries are eliminated fully on consolidation. Consistent accounting policies are applied across the group.

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

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

3 Recognition of income

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

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

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

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

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

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

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

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

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

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

Statement of accounting policies (continued)

4 Pension costs

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

USS

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

UEASSS

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

The amounts charged to the income and expenditure account are as follows. The current service costs and gains and losses on settlements and curtailments are included as part of staff costs. The expected return on assets, net of the impact of the unwinding of the discounts on the scheme's liabilities, is shown within interest payable or other finance income. Actuarial gains and losses, including differences between expected and actual return on assets, are recognised immediately in the statement of total recognised gains and losses. Further details regarding the scheme are contained in note 26 to the financial statements.

Other pension schemes

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

5 Tangible fixed assets and depreciation

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

a Land and buildings are stated at purchase cost, together with any incidental costs of acquisition and attributable finance costs, or, if donated, at open market value at the date of donation. Land is held freehold and is not depreciated. Freehold buildings are depreciated over their expected useful life of 50 years, on a straight line basis. Leasehold buildings are depreciated over the shorter of the lease term and 50 years. No depreciation is charged on assets in the course of construction.

b Adaptations and remodelling of buildings are capitalised at cost and are depreciated over their expected useful life of between fifteen and twenty five years, on a straight line basis.

c Plant and equipment are capitalised at cost and are depreciated over their expected useful lives on a straight line basis, equipment over four years and plant over fifteen years.

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

Heritage assets

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

6 Library books and periodicals

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

Statement of accounting policies (continued)

7 Investments

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

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

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

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

8 Deferred capital grants

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

9 Accounting for charitable donations

Unrestricted donations

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

Endowment funds

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

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

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

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

Donations for fixed assets

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

10 Foreign currencies

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

11 Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Tax Act 2010 and Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

Statement of accounting policies (continued)

12 Stocks

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

13 Cash and liquid resources

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

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

14 Leases

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

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

15 Finance costs

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

16 Provisions

Provisions are recognised to the extent the University or its subsidiary undertakings have a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

17 Repairs and maintenance

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

18 Changes in accounting policies

During the year, the University has adopted FRS 30 'Heritage Assets.' The standard introduces new disclosure requirements for reporting the nature and value of heritage assets. These are provided in note 10. The adoption of FRS 30 has no impact on the comparatives as previously reported.

Consolidated income and expenditure account for the year ended 31 July 2011

	Note	2011 £000	2010 £000
Income			
Funding body grants	1	69,298	68,950
Tuition fees and education contracts	2	89,482	79,834
Research grants and contracts	3	29,844	29,223
Other income	4	41,790	40,050
Endowment and investment income	5	1,549	1,430
Total income: group and share of joint ventures' income		231,963	219,487
Less: share of joint ventures' income		(27,535)	(22,813)
Group income		204,428	196,674
Expenditure			
Staff costs	6	110,319	104,694
Other operating expenses	7	67,495	63,031
Depreciation	10	19,517	19,172
Interest payable	8	5,752	6,138
Total expenditure	7	203,083	193,035
Group surplus before tax		1,345	3,639
Share of operating profit/(loss) in joint ventures		333	(4)
Surplus before taxation		1,678	3,635
Taxation	9	244	(113)
Surplus after taxation		1,922	3,522
Transfers from endowment funds	21	681	766
Surplus for the year retained within general reserves	22	2,603	4,288

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

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

Statement of consolidated total recognised gains and losses for the year ended 31 July 2011

	Note	2011 £000	2010 £000
Surplus for the financial year (before endowment transfer)		1,922	3,522
Increase in value of endowment asset investments	21	241	276
New endowments	21	1,841	1,154
Actuarial gain/(loss) in respect of pension schemes	26	1,338	(4,594)
Exceptional actuarial gains - effect of the change of the measurement of inflation from RPI to CPI	26	-	5,578
Group total recognised gains relating to the year		5,342	5,936
Share of actuarial gain in respect of pension schemes in joint ventures		20	166
Share of new endowments in respect of joint ventures		-	68
Total recognised gains relating to the year		5,362	6,170

Opening reserves and endowments	59,961
Total recognised gains for the year (as above)	5,362
Closing reserves and endowments	65,323

Consolidated balance sheet as at 31 July 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	10	**229,790**	234,949
Investments in joint ventures	11		
Share of gross assets		**49,018**	41,485
Share of gross liabilities		**(25,243)**	(17,561)
		23,775	23,924
Other investments	12	**941**	544
		254,506	259,417
Endowment assets	14	**6,342**	4,941
Current assets			
Stocks		**202**	375
Debtors	15	**22,186**	20,902
Investments	16	**57,034**	59,946
Cash at bank and in hand		**2,265**	1,931
		81,687	83,154
Creditors: amounts falling due within one year	17	**(42,815)**	(40,678)
Net current assets		**38,872**	42,476
Total assets less current liabilities		**299,720**	306,834
Creditors: amounts falling due after more than one year	18	**(89,116)**	(91,616)
Provisions for liabilities	19	**-**	(9)
Net assets excluding pension liability		**210,604**	215,209
Pension liability	26	**(10,481)**	(12,704)
Net assets including pension liability		**200,123**	202,505
Deferred capital grants	20	**134,800**	142,544
Endowment funds			
Expendable	21	**3,998**	2,868
Permanent	21	**2,344**	2,073
		6,342	4,941
Reserves			
Income and expenditure account excluding pension reserve		**69,462**	67,724
Pension reserve	26	**(10,481)**	(12,704)
Income and expenditure account including pension reserve	22	**58,981**	55,020
Total funds		**200,123**	202,505

The financial statements on pages 16 to 49 were approved by the Council on 28 November 2011 and have been signed on its behalf

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

University balance sheet as at 31 July 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	10	**218,833**	223,676
Investments in subsidiary undertakings	13	**15,287**	15,287
Other investments	12	**36**	36
		234,156	238,999
Endowment assets	14	**6,342**	4,941
Current assets			
Stocks		**203**	375
Debtors	15	**25,926**	25,403
Investments	16	**57,034**	59,946
Cash at bank and in hand		**-**	107
		83,163	85,831
Creditors: amounts falling due within one year	17	**(45,881)**	(42,748)
Net current assets		**37,282**	43,083
Total assets less current liabilities		**277,780**	287,023
Creditors: amounts falling due after more than one year	18	**(88,929)**	(91,371)
Provisions for liabilities	19	**-**	(9)
Net assets excluding pension liability		**188,851**	195,643
Pension liability	26	**(10,481)**	(12,704)
Net assets including pension liability		**178,370**	182,939
Deferred capital grants	20	**107,275**	114,890
Endowment funds			
Expendable	21	**3,998**	2,868
Permanent	21	**2,344**	2,073
		6,342	4,941
Reserves			
Income and expenditure account excluding pension reserve		**75,234**	75,812
Pension reserve	26	**(10,481)**	(12,704)
Income and expenditure account including pension reserve	22	**64,753**	63,108
Total funds		**178,370**	182,939

The financial statements on pages 16 to 49 were approved by the Council on 28 November 2011 and have been signed on its behalf

Edward Acton
Vice-Chancellor

Jonathan Sisson
Treasurer

Stephen Donaldson
Director of Finance

Consolidated cash flow statement
for the year ended 31 July 2011

	Note	2011 £000	2011 £000	2010 £000	2010 £000
Net cash inflow from operating activities before endowment expenditure			16,517		17,998
Endowment expenditure			(805)		(878)
Net cash inflow from operating activities after endowment expenditure	23		15,712		17,120
Returns on investments and servicing of finance					
Interest and dividends received		1,540		1,424	
Bank interest paid		(5,211)		(5,313)	
Interest element of finance leases		(24)		(37)	
			(3,695)		(3,926)
Taxation					
Taxation refunded/(paid)			244		(13)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(14,863)		(21,506)	
Net payments to acquire fixed asset investments		(1,005)		(370)	
Net receipt/(payments) to divest /(acquire) endowment assets		277		(102)	
Capital grants received (excluding joint ventures)		2,579		19,230	
Receipts from sales of investments		1,000		365	
Endowments received		1,841		1,154	
			(10,171)		(1,229)
Cash inflow before use of liquid resources and financing			2,090		11,952
Management of liquid resources			2,000		(15,000)
Financing					
Capital element of finance lease payments		(71)		(119)	
Loans advanced		-		2,600	
Loans repaid		(2,248)		(1,678)	
			(2,319)		803
Increase/(decrease) in cash for the year	24		1,771		(2,245)

Reconciliation of net cash flow to movement in net debt

	Note	2011 £000	2010 £000
Increase/(decrease) in cash for the year		1,771	(2,245)
Loans advanced during the year net of repayments		2,248	(922)
Capital element of hire purchase payments		71	119
(Decrease)/increase in short term deposits		(2,000)	15,000
Change in net funds		2,090	11,952
Net debt at beginning of year		(30,896)	(42,848)
Net debt at end of year	24	(28,806)	(30,896)

Notes to the financial statements

		Consolidated 2011 £000	2010 £000
1	**Funding body grants**		
	Basic recurrent grant - Higher Education Funding Council for England ("HEFCE")	47,478	48,979
	Basic recurrent grant - Training Development Agency for Schools ("TDA")	2,009	2,050
	Special grants (HEFCE)	5,918	5,089
	Special grants (TDA)	192	191
	Deferred capital grants released in the year (note 20)	6,288	5,533
	Included in group income	61,885	61,842
	Share of joint ventures' income	6,969	6,765
	Share of joint ventures' deferred capital grants released in the year	444	343
		69,298	68,950

HEFCE capital grants received are transferred to the deferred capital grant fund (note 20) and released to income as explained in the statement of accounting policies.

		2011 £000	2010 £000
2	**Tuition fees and education contracts**		
	Full-time students	29,104	27,538
	Full-time students charged overseas fees	22,779	18,316
	Part-time fees	1,489	1,636
	Short course fees	1,340	2,188
	Other teaching contracts	16,079	14,597
	Research training support grants	3,386	2,891
	Included in group income	74,177	67,166
	Share of joint ventures' income	15,305	12,668
		89,482	79,834

		2011 £000	2010 £000
3	**Research grants and contracts**		
	Grants from research councils	15,651	16,366
	Grants from UK charities	4,460	4,640
	Other grants	9,543	8,217
	Included in group income	29,654	29,223
	Share of joint ventures' income	149	-
	Share of joint ventures' deferred capital grants released in the year	41	-
		29,844	29,223

Included in group income above are deferred capital grants released in the year of £1,080,000 (2010: £1,289,000).

Notes to the financial statements (continued)

		Consolidated 2011 £000	Consolidated 2010 £000
4	**Other income**		
	Residences, catering and conferences	16,577	16,579
	Other services rendered	4,584	3,945
	Deferred capital grants released in the year - residences, catering and conferences	23	23
	Deferred capital grants released in the year - other	2,430	2,558
	Donations received	112	113
	Other income	13,446	13,801
	Included in group income	37,172	37,019
	Share of joint ventures' income	3,733	2,170
	Share of joint ventures' deferred capital grants released in the year	885	861
		41,790	40,050

		2011 £000	2010 £000
5	**Endowment and investment income**		
	Income from expendable endowment assets (note 21)	60	55
	Income from permanent endowment assets (note 21)	64	57
	Other investment income and interest receivable	1,416	1,312
	Included in group income	1,540	1,424
	Share of joint ventures' investment income	9	6
		1,549	1,430

		2011 £000	2010 £000
6	**Staff costs**		
	Wages and salaries	89,889	85,222
	Social security costs	6,768	6,377
	Other pension costs (note 26)	13,662	13,095
		110,319	104,694

Staff costs are analysed by activity in note 7 below.

	2011 £000	2010 £000
Emoluments of the Vice-Chancellors:		
August 2009 - Salary + benefits	-	17
August 2009 - Pension Contributions	-	4
1 September 2009 - 31 July 2010 - Salary + benefits	-	183
1 September 2009 - 31 July 2010 - Pension Contributions	-	41
1 August 2010 - 31 July 2011 - Salary + benefits	196	-
1 August 2010 - 31 July 2011 - Pension Contributions	45	-
	241	245

Notes to the financial statements (continued)

6 Staff costs (continued)

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

	Number of staff 2011	Number of staff 2010
£100,000 - £109,999	6	5
£110,000 - £119,999	6	3
£120,000 - £129,999	1	2
£130,000 - £139,999	2	1
£140,000 - £149,999	1	-
£150,000 - £159,999	-	1
£160,000 - £169,999	3	3
£170,000 - £179,999	1	-
£180,000 - £189,999	3	3
£210,000 - £219,999	-	1
£230,000 - £239,999	1	-
	24	19

	2011	2010
Average number of staff employed by category:		
Academic	862	792
Associate tutors	763	722
Research and analogous	329	325
Secretarial and clerical	618	594
Technical	145	140
Admin, senior library and computing	424	415
Others	476	484
	3,617	3,472

7 Analysis of expenditure by activity

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	2011 Total £000	2010 Total £000 restated
Academic departments	65,253	491	19,659	-	85,403	79,719
Academic services	6,137	1,234	7,475	-	14,846	13,984
Research grants and contracts	12,629	1,086	8,151	-	21,866	22,136
Residences, catering and conferences	4,291	3,563	4,507	-	12,361	12,726
Premises	5,460	11,978	11,414	5,235	34,087	31,128
Administration and central services	15,222	1,042	12,914	-	29,178	25,770
Other expenses	1,327	123	3,375	517	5,342	7,572
Year ended 31 July 2011	110,319	19,517	67,495	5,752	203,083	193,035
Year ended 31 July 2010	104,694	19,172	63,031	6,138	193,035	

Comparatives for the previous year have been restated to bring them into line with the activity totals reported to HESA.

Notes to the financial statements (continued)

7 Analysis of expenditure by activity (continued)

	Consolidated 2011 £000	Consolidated 2010 £000
The depreciation charge has been funded by:		
Deferred capital grants released excluding joint ventures (note 20)	9,821	9,403
General income	9,696	9,769
	19,517	19,172

Other expenses

	Consolidated 2011 £000	Consolidated 2010 £000
Included in other operating expenses are:		
External auditors' remuneration - fees payable for the audit of the University and its subsidiary undertakings	65	78
External auditors' remuneration in respect of non-audit services	73	68
Internal auditors' remuneration	68	82
	206	228

Trustees

No trustee has received any remuneration or waived payments from the University during the year in respect of their services as trustees (2010: £nil). Expenses paid to members of the Council during the year were £1,000 (2010: £1,000).

8 Interest and other finance costs

	Consolidated 2011 £000	Consolidated 2010 £000
Bank interest	5,211	5,313
Finance lease interest	24	37
Interest payable excluding pension scheme	5,235	5,350
Net interest charge on pension liability (note 26)	517	788
	5,752	6,138

9 Taxation

	Consolidated 2011 £000	Consolidated 2010 £000
(a) Analysis of (credit)/charge in the year		
Corporation tax at 20.7% (2010: 21.0%) on profit of subsidiaries		
Current - current period	(131)	108
- adjustments in respect of prior periods	(113)	5
	(244)	113

Notes to the financial statements (continued)

9 Taxation (continued)

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

(b) Factors affecting tax (credit)/charge in the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for the year of 20.7% (2010: 21.0%). The differences are explained below:

		2011 £000	2010 £000
Surplus before taxation		1,678	3,635
UK corporation tax at 20.7% (2010: 21.0%)		347	763
Effects of :			
	Adjustments in respect of prior periods	(113)	5
	Surpluses not subject to corporation tax	(478)	(655)
		(244)	113

10 Tangible fixed assets

Consolidated	Freehold land and buildings £000	Assets in the course of construction (L&B) £000	Plant and equipment £000	Assets in the course of construction (P&E) £000	Heritage assets £000	Total £000
Cost						
At 1 August 2010	307,064	3,783	56,697	902	9,860	378,306
Additions at cost	7,901	2,864	3,627	4	-	14,396
Transfers	3,501	(3,501)	902	(902)	-	-
Disposals	(238)	(5)	(5,617)	-	-	(5,860)
At 31 July 2011	318,228	3,141	55,609	4	9,860	386,842
Depreciation						
At 1 August 2010	94,709	-	48,648	-	-	143,357
Charge for the year	14,344	-	5,173	-	-	19,517
Eliminated on disposals	(204)	-	(5,618)	-	-	(5,822)
At 31 July 2011	108,849	-	48,203	-	-	157,052
Net book value						
At 31 July 2011	209,379	3,141	7,406	4	9,860	229,790
At 31 July 2010	212,355	3,783	8,049	902	9,860	234,949

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2011 was £1,377,000 (2010: £1,669,000) and depreciation during the period on these assets was £292,000 (2010: £292,000).

Notes to the financial statements (continued)

10 Tangible fixed assets (continued)

University	Freehold land and buildings	Assets in the course of construction (L&B)	Plant and equipment	Assets in the course of construction (P&E)	Heritage assets	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2010	295,024	3,783	53,336	902	9,860	362,905
Additions at cost	7,462	2,864	3,527	4	-	13,857
Transfers	3,501	(3,501)	902	(902)	-	-
Disposals	(168)	(5)	(5,608)	-	-	(5,781)
At 31 July 2011	305,819	3,141	52,157	4	9,860	370,981
Depreciation						
At 1 August 2010	92,681	-	46,548	-	-	139,229
Charge for the year	13,790	-	4,905	-	-	18,695
Eliminated on disposals	(168)	-	(5,608)	-	-	(5,776)
At 31 July 2011	106,303	-	45,845	-	-	152,148
Net book value						
At 31 July 2011	199,516	3,141	6,312	4	9,860	218,833
At 1 August 2010	202,343	3,783	6,788	902	9,860	223,676

Included in plant and equipment are assets held under finance leases. The net book value of these assets at 31 July 2011 was £384,000 (2010: £461,000) and depreciation during the period on these assets was £77,000 (2010: £77,000).

Consolidated and University

The acquisition and construction of buildings with cost totalling £110,372,000 and net book value of £68,017,000 was funded, in whole or in part, by grants totalling £41,527,000 from HEFCE and its predecessor councils. Under the terms of the Financial Memorandum between HEFCE and the University, should any of these buildings be sold the University may have to pay to HEFCE a proportion of the proceeds equal to the proportion of the cost which was grant-funded. It is not the intention of the University to dispose of any such buildings.

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

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

Heritage assets

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

Notes to the financial statements (continued)

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

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

11 Investments in joint ventures

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

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

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

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

12 Other investments

	Consolidated £000	University £000
Cost		
At 1 August 2010	1,388	696
Additions	1,005	440
At 31 July 2011	2,393	1,136
Provision for diminution in value		
At 1 August 2010	844	660
Provision made in year	608	440
At 31 July 2011	1,452	1,100
Net book value		
At 31 July 2011	941	36
At 31 July 2010	544	36

In accordance with the provisions of FRS 11 "Impairment of fixed assets and goodwill," the trustees assessed the carrying value of the fixed asset investments at 31 July 2011 and determined that the carrying value of certain fixed asset investments exceeded the fair value. As a result, a provision for impairment, amounting to £608,000 (University: £440,000) has been recognised in these financial statements.

Notes to the financial statements (continued)

12 Other investments (continued)

Investments at cost comprise :	Consolidated £000	University £000
CVCP Properties PLC	35	35
ICENI Seedcorn Fund LLP	300	300
Fo2Pix Limited	60	-
Segmentis Limited	28	-
WeatherQuest Limited	10	-
Syrinix Limited	96	-
Norwich Powerhouse LLP	800	800
Investments held by Carbon Connections UK Limited	598	-
Investments held by Low Carbon Innovation Fund Limited	465	-
Other	1	1
	2,393	1,136

13 Investments in subsidiary undertakings

	University £000
Cost and net book value	
At 1 August 2010 and 31 July 2011	15,287

The following companies, all registered in England and Wales, were 100% owned subsidiary undertakings at 31 July 2011:

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

* Indirectly held

Notes to the financial statements (continued)

13 Subsidiary undertakings (continued)

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

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

14 Endowment assets

	Consolidated & University	
	2011	2010
	£000	£000
At 1 August 2010	**4,941**	4,277
New endowments invested	**42**	102
Disposals	**(319)**	-
Increase in market value of investments	**241**	276
Increase in cash balances	**1,437**	286
At 31 July 2011	6,342	4,941
Represented by:		
UK equities	1,507	1,196
Fixed interest securities	1,209	1,327
Other	81	310
Cash in hand and short term deposits	3,545	2,108
	6,342	4,941

15 Debtors

	Consolidated	
	2011	2010
	£000	£000
Debtors	7,818	6,889
Prepayments and accrued income	14,368	14,013
	22,186	20,902

	University	
	2011	2010
	£000	£000
Debtors	6,416	6,361
Amounts due from subsidiary companies	5,368	5,090
Prepayments and accrued income	14,142	13,952
	25,926	25,403

Notes to the financial statements (continued)

15 Debtors (continued)

Included in the above are balances for both the Group and the University due in more than one year of £850,000 (2010: £1,832,000), which relate to a loan from the University to INTO UEA LLP of £nil (2010: £700,000), a loan from the University to INTO UEA (London Campus LLP) of £850,000 (2010: £850,000) and matched funding due from HEFCE of £nil (2010: £282,000).

16 Current asset investments

	Consolidated and University	
	2011	2010
	£000	£000
Short term deposits maturing within three months	16,000	28,000
Other short term deposits	41,000	31,000
Other investments	34	946
	57,034	59,946

Included in short term deposits maturing within three months is £1,000,000 (2010: £8,000,000) and in other short term deposits £6,000,000 (2010: £nil) from the European Regional Development Fund which is ring-fenced to be used in equity investment for the purpose of supporting a wide range of new and established companies in their low carbon activities and products and does not form part of the 'free cash' available to the University.

17 Creditors: amounts falling due within one year

	Consolidated	
	2011	2010
	£000	£000
Bank loans	1,918	1,858
HEFCE loan	520	390
Obligations under finance leases	62	71
Trade creditors	4,888	5,359
Capital creditors	346	813
Corporation tax	172	172
Other taxation and social security	2,875	2,358
Accruals and deferred income	32,034	29,657
	42,815	40,678

Notes to the financial statements (continued)

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

	University 2011 £000	2010 £000
Bank overdraft	139	-
Bank loans	1,918	1,858
HEFCE loan	520	390
Obligations under finance leases	4	12
Amounts due to subsidiary undertakings	4,979	2,904
Trade creditors	4,833	5,274
Capital creditors	346	813
Other taxation and social security	2,881	2,358
Accruals and deferred income	30,261	29,139
	45,881	42,748

For details of security over bank loans see note 18.

18 Creditors: amounts falling due after more than one year

	Consolidated 2011 £000	2010 £000
Bank loans	87,217	89,135
HEFCE loan	1,690	2,210
Obligations under finance leases	209	271
	89,116	91,616

	University 2011 £000	2010 £000
Bank loans	87,217	89,135
HEFCE loan	1,690	2,210
Obligations under finance leases	22	26
	88,929	91,371

Notes to the financial statements (continued)

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

Bank loans and HEFCE loans are repayable as follows :

	Consolidated and University	
	2011	2010
	£000	£000
Due within one year or less	2,438	2,248
Due between one and two years	2,590	2,438
Due between two and five years	8,154	5,806
Due in five years or more	78,163	83,101
	91,345	93,593

Bank loans are secured over the Group's freehold land and buildings and are under a facility expiring in 2034. The loans are repayable in quarterly instalments. The HEFCE loan, which is payable in instalments, expires in 2013.

The net finance lease obligations are as follows :

	Consolidated	
	2011	2010
	£000	£000
Due within one year or less	62	71
Due between one and two years	47	62
Due between two and five years	148	143
Due in five years or more	14	66
	271	342

	University	
	2011	2010
	£000	£000
Due within one year or less	4	12
Due between one and two years	1	4
Due between two and five years	3	3
Due in five years or more	18	19
	26	38

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

19 Provisions for liabilities

	Consolidated and University		
	1 August 2010	Utilised in year	31 July 2011
	£000	£000	£000
Framework agreement	9	(9)	-

The framework agreement provision related to the unfunded element of staff costs against projects.

Notes to the financial statements (continued)

20 Deferred capital grants

	Consolidated		
	Funding Council £000	Other £000	Total £000
At 1 August 2010			
Buildings	58,256	58,408	116,664
Equipment and other fixed tangible assets	5,093	20,787	25,880
	63,349	79,195	142,544
Grants receivable in the year			
Buildings	1,565	277	1,842
Equipment and other fixed tangible assets	853	752	1,605
	2,418	1,029	3,447
Released to income and expenditure			
Buildings	(4,026)	(3,287)	(7,313)
Equipment and other fixed tangible assets	(2,705)	(1,173)	(3,878)
	(6,731)	(4,460)	(11,191)
At 31 July 2011			
Buildings	55,795	55,398	111,193
Equipment and other fixed tangible assets	3,241	20,366	23,607
	59,036	75,764	134,800

The above amounts include the following figure relating to UCS:	£
Grants receivable in the year	868,000
Released to income and expenditure	1,370,000
Carried forward deferred capital grants	25,882,000

Notes to the financial statements (continued)

20 Deferred capital grants (continued)

	University		
	Funding Council £000	Other £000	Total £000
At 1 August 2010			
Buildings	50,715	41,367	92,082
Equipment and other fixed tangible assets	4,311	18,497	22,808
	55,026	59,864	114,890
Grants receivable in the year			
Buildings	1,348	17	1,365
Equipment and other fixed tangible assets	818	(100)	718
	2,166	(83)	2,083
Released to income and expenditure			
Buildings	(3,817)	(2,893)	(6,710)
Equipment and other fixed tangible assets	(2,470)	(518)	(2,988)
	(6,287)	(3,411)	(9,698)
At 31 July 2011			
Buildings	48,246	38,491	86,737
Equipment and other fixed tangible assets	2,659	17,879	20,538
	50,905	56,370	107,275

21 Specific endowments

	Consolidated and University					
	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2011 Total £000	2010 Total £000
Balance at 1 August 2010						
Capital	11	1,742	1,753	2,523	4,276	3,654
Accumulated income	1	319	320	345	665	623
	12	2,061	2,073	2,868	4,941	4,277
New endowments		163	163	1,678	1,841	1,154
Investment income	-	64	64	60	124	112
Expenditure	-	(52)	(52)	(753)	(805)	(878)
	-	12	12	(693)	(681)	(766)
Increase in market value of investments	2	94	96	145	241	276
Balance at 31 July 2011	14	2,330	2,344	3,998	6,342	4,941
Represented by						
Capital	12	2,033	2,045	3,693	5,738	4,276
Accumulated income	2	297	299	305	604	665
	14	2,330	2,344	3,998	6,342	4,941

Notes to the financial statements (continued)

22 Reserves

Income and expenditure reserve (including pension reserve)	Consolidated 2011 £000
Balance at the beginning of the year	55,020
Surplus retained for the year	2,603
Actuarial gain on pension scheme	1,338
Share of actuarial gain on pension schemes of joint ventures	20
Balance at the end of the year	58,981

	University 2011 £000
Balance at the beginning of the year	63,108
Surplus retained for the year	307
Actuarial gain on pension scheme	1,338
Balance at the end of the year	64,753

Notes to the financial statements (continued)

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

	2011 £000	2010 £000
Surplus after depreciation of fixed assets at cost and before taxation	1,678	3,635
Endowment expenditure	805	878
Endowment income and interest receivable (excluding joint ventures)	(1,540)	(1,424)
Deferred capital grant release (excluding joint ventures)	(9,821)	(9,403)
Depreciation	19,517	19,172
Loss on disposal of fixed assets	38	265
Revaluation of investments	-	82
Impairment of fixed asset investment	608	384
Profit on sale of investment	(88)	(325)
Share of operating (profit)/loss in joint ventures and associates	(333)	4
Interest payable	5,235	5,350
Pension costs less contributions payable	(885)	(617)
Decrease in stocks	173	10
Increase in debtors	(1,284)	(627)
Increase in creditors	2,423	714
Decrease in provisions	(9)	(100)
Net cash inflow from operating activities	16,517	17,998
Endowment expenditure	(805)	(878)
Net cash inflow from operating activities after endowment expenditure	15,712	17,120

24 Analysis of changes in consolidated net debt

	1 August 2010 £000	Cash flows £000	Other £000	31 July 2011 £000
Cash at bank and in hand				
Endowment assets	2,108	1,437	-	3,545
Other	1,931	334	-	2,265
	4,039	1,771	-	5,810
Debts due within 1 year	(2,319)	2,319	(2,500)	(2,500)
Debts due after 1 year	(91,616)	-	2,500	(89,116)
	(93,935)	2,319	-	(91,616)
Short term deposits	59,000	(2,000)	-	57,000
Net debt	(30,896)	2,090	-	(28,806)

Included in short term deposits is £7,000,000 (2010: £8,000,000) which is held on behalf of the European Regional Development Fund. These funds are ring-fenced to be used in equity investment for the purpose of supporting a wide range of new and established companies in their low carbon activities and products and do not form part of the 'free cash' available to the University.

25 Capital commitments

At 31 July 2011 the Group had outstanding commitments for capital expenditure of £3,881,000 (2010: £4,294,000)

Notes to the financial statements (continued)

26 Pensions

The University participates in two defined benefit contracted out pension schemes, the national Universities Superannuation Scheme ("USS") and the University of East Anglia Staff Superannuation Scheme ("UEASSS").

Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Council; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note. The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables - no age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvement in mortality rates. The assumed life expectations on retirement age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

26 Pensions (continued)

Universities Superannuation Scheme (continued)

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefit. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, decided to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has estimated that the funding level as at 31 March 2011 by reducing the assumption for pension increases from 3.3%pa to 2.9%pa. The actuary has estimated that the funding level as at 3 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91% as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company. With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

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

Notes to the financial statements (continued)

26 Pensions (continued)

Universities Superannuation Scheme (continued)

Assumption	Changes in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pensions increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumptions (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows.

However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary had confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the University had 1,878 active members participating in the scheme.

The total pension cost in respect of USS for the University was £10,384,000 (2010: £9,678,000).The contribution rate payable by the University was 16% of pensionable salaries.

University of East Anglia Staff Superannuation Scheme

A full actuarial valuation was carried out as at 31 July 2010 and updated to 31 July 2011 by a qualified independent actuary for the purposes of Financial Reporting Standard 17 ("FRS17").

The University operates one defined benefit scheme in the UK, the University of East Anglia Staff Superannuation Scheme which offers both pension in retirement and death benefits to members. Pension benefits are related to the members final salary at retirement and their length of service. Since 1 November 2007 the scheme has been closed to new members. Contributions to the scheme for the year beginning 1 August 2011 are expected to be 25% of pensionable salaries for those members who participate in the University's salary sacrifice arrangements and 18.75% of pensionable salaries for those that do not, plus additional annual contributions of £1,404,000 payable in equal monthly instalments for a period of 20 years from 1 August 2010.

Notes to the financial statements (continued)

26 Pensions (continued)

The major assumptions used by the actuary were (in nominal terms):			31 July 2011	31 July 2010
Rate of increase in salaries		:	4.20%	3.90%
Rate of increase in pensions in payment		:	2.90%	3.40%
Discount rate		:	5.30%	5.40%
Inflation assumption		:	2.90%	3.40%
Assumed life expectancies on retirement at age 62 are:				
Retiring today	Males	:	24.2	24.1
	Females	:	26.9	26.8
Retiring in 20 years time	Males	:	26.2	26.1
	Females	:	28.9	28.8

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the time scale involved, may not be necessarily borne out in practice.

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

	Long term rate of return expected at 31 July 2011	Value at 31 July 2011 £000	Long term rate of return expected at 31 July 2010	Value at 31 July 2010 £000
Equities	6.70%	34,463	7.00%	32,986
Bonds	4.09%	45,035	4.34%	37,731
Fair value of plan assets		79,498		70,717
The actual return on assets over the year was:				
		7,977		8,145
The amounts recognised on the balance sheet are as follows:				
Present value of scheme liabilities		(89,979)		(83,421)
Fair value of scheme assets		79,498		70,717
Net pension liability		(10,481)		(12,704)

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

26 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

Reconciliation of opening and closing balances of the present value of the scheme liabilities	2011 £000	2010 £000
Liabilities at the beginning of the year	83,421	75,302
Current service cost	2,808	2,985
Interest cost	4,486	4,666
Contributions by scheme participants	95	97
Actuarial loss	2,670	8,861
Exceptional actuarial gains - the effect of the change of the measurement of inflation from RPI to CPI	-	(5,578)
Benefits paid	(3,605)	(3,071)
Past service cost	104	159
Liabilities at the end of the year	89,979	83,421

Reconciliation of opening and closing balances of the fair value of scheme assets	2011 £000	2010 £000
Fair value of scheme assets at the beginning of the year	70,717	60,997
Expected return on scheme assets	3,969	3,878
Actuarial gain	4,008	4,267
Contribution by employers	4,314	4,549
Contribution by plan participants	95	97
Benefits paid	(3,605)	(3,071)
Fair value of scheme assets at the end of the year	79,498	70,717

Amount recognised in statement of total recognised gains and losses (STRGL)	2011 £000	2010 £000
Experience adjustments arising on scheme liabilities	41	(4,094)
Changes in assumptions underlying the present value of the liabilities	(2,711)	(4,767)
Exceptional actuarial gains - effect of change of the measurement of inflation from RPI to CPI	-	5,578
Experience adjustments arising on scheme assets	4,008	4,267
Actuarial gain	1,338	984

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

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Present value of scheme liabilities	89,979	83,421	75,302	69,803	69,850
Fair value of scheme assets	79,498	70,717	60,997	63,967	66,920
Deficit in the scheme	(10,481)	(12,704)	(14,305)	(5,836)	(2,930)
Experience:					
Adjustments arising on scheme liabilities	41	(4,094)	(307)	(189)	677
Adjustments arising on scheme assets	4,008	4,267	(6,909)	(7,339)	2,324
Actuarial gain/(loss) shown in STRGL	1,338	984	(8,864)	(3,808)	5,115

The cumulative amount of actuarial gains and losses recognised in the statement of gains and losses in the current and previous four years is (£5,235,000).

Notes to the financial statements (continued)

26 Pensions (continued)

University of East Anglia Staff Superannuation Scheme (continued)

	2011	2010
	£000	£000
Analysis of the amount charged to staff costs within operating surplus:		
Current service cost	2,808	2,985
Past service cost	104	159
	2,912	3,144

	2011	2010
	£000	£000
Analysis of the amount charged to other finance costs:		
Expected return on pension scheme assets	(3,969)	(3,878)
Interest on pensions scheme liabilities	4,486	4,666
	517	788

Annual contributions for the year beginning 1 August 2011 are expected to be 18.75% of pensionable salaries, plus additional annual contributions of £1,404,000 per annum, payable in equal monthly instalments until 31 July 2029.

Other Pension Schemes

The University contributes to the Federated Superannuation System for Universities, a defined contribution pension scheme. Contributions in the year were £5,000 (2010: £5,000). The University also contributed to the National Health Service Pension Scheme, a defined benefit pension scheme. Contributions in the year were £361,000 (2010: £268,000).

27 Queen's Building

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

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

28 Operating lease commitments

At 31 July 2011, the group had annual commitments under non-cancellable operating leases expiring as follows:-

	2011	2010
	Other	Other
	£000	£000
Within 1 year	-	3

29 The Sainsbury Laboratory

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

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

Notes to the financial statements (continued)

30 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.

31 Other Related Party Transactions

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.

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

The University is exempt under the terms of FRS8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the University of East Anglia group. Transactions with joint ventures and partners are as follows:

University Campus Suffolk Ltd
During the year the University supplied University Campus Suffolk Ltd (UCS) with goods and services to the value of £427,000 (2010: £376,000). At 31 July the balance outstanding was £5,000 (2010: £13,000). The University also received services from UCS to the value of £132,000 (2010: £8,000). At 31 July the balance outstanding was £1,000 (2010: £2,000).

INTO UEA LLP
During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £529,000 (2010: £561,000). At 31 July the balance outstanding was £510,000 (2010: £87,000). The University also received services from INTO to the value of £166,000 (2010: £90,000). At 31 July the balance outstanding was £2,000 (2010: £15,000). The outstanding balance on the loan made to INTO at the end of the year was £700,000 (2010: £700,000).

INTO UEA (London Campus) LLP
During the year the University supplied INTO UEA (London Campus) LLP (INTO London) with goods and services to the value of £580,000 (2010: £927,000). At 31 July the balance outstanding was £799,000 (2010: £896,000). The University also received services from INTO London to the value of £18,000 (2010: £17,000). At 31 July the balance outstanding was £1,000 (2010: £17,000). The outstanding balance on the loan made to INTO London at the end of the year was £850,000 (2010: £850,000) and is due in more than one year.

INTO University Partnerships Limited
During the year INTO University Partnerships Limited repaid the University in full the balance of the outstanding loan (2010: £820,000).

32 Linked Charities

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

	2011		2010	
	IDU	UCS	IDU	UCS
	£000	£000	£000	£000
Opening reserves	282	(741)	271	(2,702)
Net income for the year	82	2,695	11	1,961
Closing reserves	364	1,954	282	(741)

100% of IDU's and 50% of UCS's closing reserves are included in the consolidated balance sheet.

Notes to the financial statements (continued)

33 Training and Development Agency for Schools Bursaries

	2011 £000	2010 £000
Funding at the beginning of the year	(223)	100
Training Bursary funds received during the year	1,970	1,647
Training Bursary payments during the year	(1,772)	(1,970)
Funding at the end of the year	(25)	(223)

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 Training and Development Agency.

34 Training and Development Agency for Schools Student Associates Scheme

	2011 £000	2010 £000
Funding at the beginning of the year	5	15
Funds received during the year	131	195
Payments during the year	(125)	(205)
Funding at the end of the year	11	5

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

35 Training and Development Agency for Recruitment and Retention Funding

	2011 £000	2010 £000
Funding at the beginning of the year	3	10
Payments during the year	-	(7)
Funding at the end of the year	3	3

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

36 Access funds

	2011 £000	2010 £000
Balance at the beginning of the year	15	-
Funding Council Access Funds	258	309
Interest earned	1	4
Disbursements to students	(271)	(298)
Balance at the end of the year	3	15

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

Notes to the financial statements (continued)

37 Higher Education Funding Council for England Partner Colleges

	2011	2010
	£000	£000
Balance at the beginning of the year	-	-
Funds received during the year	20,518	26,184
Payments during the year	(20,518)	(26,184)
Balance at the end of the year	-	-

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

38 Contingent liabilities

The University has an agreement with the University of Essex and Barclays Bank plc to guarantee the commitments of University Campus Suffolk Ltd up to a maximum of £9,000,000. The council do not expect any material loss to the University to arise in respect of this guarantee.

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

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