

**University of East Anglia**

**Financial Statements**

**1997 - 98**



**University of East Anglia**

**Norwich NR4 7TJ**

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**Vice-Chancellor**

Vincent Watts, MA MSc FCA FIMC

**Treasurer**

Stuart Holmes, FCA

**Director of Finance**

Charles W Morland, CPFA

**Deputy Director of Finance**

Roger A Pipes, FCA

**Bankers**

Barclays Bank plc  
Gurneys Bank  
Bank Plain  
Norwich  
NR2 4SP

**Investment Managers**

Phillips & Drew Fund Management Limited  
Triton Court  
14 Finsbury Square  
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**Auditors**

KPMG  
Holland Court  
The Close  
Norwich  
NR1 4DY

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# Treasurer's report

## Financial Outturn

The University achieved a surplus of income over expenditure of £88,000 in 1997/98. This represents a significant improvement over the deficit of £1.44m incurred in the previous year.

Income year on year increased by £5.36m (7.9%) while expenditure increased by £3.85m (5.6%)

Within the income figures the basic recurrent grant from the Funding Council was £1.17m higher than the previous year, while fee income rose by £1.56m, both reflecting an increase in student numbers from 10,827 to 11,322.

Although income from external research grants and contracts increased by £418,000, expenditure on related heads increased by £516,000, resulting in a net reduction of £90,000, in overheads earned.

As always in a people intensive business, staff costs remain the largest single item of expenditure. Expenditure on direct wages and salaries rose by £1.45m (4.2%). Part of this increase (c £535,000 gross) related to the increased volume of research grants and contracts activity and was matched by additional income. The balance of c £1m related to the net effects of annual pay awards which averaged over the year to 2.5%, and the cost of incremental salary progression which was in part offset by staff turnover.

During the course of the year as part of its strategy of reducing base expenditure the University introduced an early retirement scheme, specifically targeted at achieving a permanent reduction in the salary base. Forty seven staff took advantage of the scheme, most of whom retired towards the end of 1997/98, at a cost to the University of £1.45 m. As a consequence average staff numbers during the year were 2050 compared with 2089 in 1996/97. The cost of the scheme is recouped over approximately two years.

For several years now, the University has been enjoying a contributions holiday in respect of employer contributions to the Superannuation Scheme for support staff. However, time and various changes to the taxation regime for pension schemes mean that this contribution holiday is likely to end in approximately five year's time. This will mean a significant increase in pension costs for the University over the next few years. The Income and Expenditure Account reflects a part of this anticipated increased cost through the application of relevant accounting standards.

Changes in accounting systems, referred to below, allowed us to analyse income and expenditure in greater detail. This has led to changes in presentation in the accounts most notably the grossing up of other operating income and other services rendered.

The value of fixed assets, namely land, buildings and equipment increased during the year by £398,000. This figure being the net of additions of £4.624 m and a depreciation charge of £4.235 m. A substantial element of the depreciation charge was met from deferred capital grants received in earlier years from external bodies, principally the Funding Council and from Research Councils. However, the value of such grants still to be used in this way now amounts to £28 m compared to the book value of capital assets of £68 m. Some £40 m of depreciation will therefore over the next 30/40 years fall directly on University funds.

Current Assets at £23.4 m were little changed compared with the previous year either in total, or in distribution.

Creditors falling due within one year increased significantly from £10.1 m to £18.8 m as the University's buy back obligation under a Business Expansion Scheme (BES) transaction, entered into in December 1993, moved from being a 'long term liability' to being a 'short term liability'. There was therefore a comparable reduction in the amount shown in 'amounts falling due after more than one year'. The BES scheme secured advantageous short term rates of interest for the construction of the Village Residences. Funding is currently in place to meet this buy back obligation.

The surplus of £88,000 referred to earlier fell straight into University reserves which now stands at £19.5m of which £10.8m are cash-backed.

# Treasurer's report (continued)

## Capital projects

The installation of a Combined Heat and Power (CHP) plant was the major capital project started during the year. This project, with an estimated total capital cost of £2.3 m, is expected to be commissioned in February 1999 and is expected to deliver recurrent savings of £150,000 p.a. in energy costs after meeting all financing and operating costs of the CHP plant.

At the end of the year the University continued with a programme of minor works and refurbishment, and was successful during the latter part of the year in securing HEFCE funds of £527,000 towards four laboratory refurbishment projects with a total cost £1,260,000.

Work also continued with planning and preliminary work for the new Sports Park and with investigations into the feasibility of developing an existing borehole on University land to provide a direct water supply, thus reducing utilities costs.

## Significant developments

At the end of the year, following review of the administrative and academic organisation of the University, a new Group management structure was mapped onto the existing schools of Studies. Each of the three Groups of Schools - Science, Humanities and Social Sciences and Professional is headed up by a Pro-Vice-Chancellor with dedicated administrative and financial support and provides a focus for academic, financial and physical planning within the relevant area. Associated changes were also made to the overall senior management structure of the University. On 1 August 1997, a new integrated financial management information system was implemented. This development, together with a start on developing better tools for costing out activities and the strengthening of the Management Accounting function, provide the basis for a significant improvement in the University's ability to plan, monitor and manage its financial affairs and will assist the new Groups to manage the financial resources for which they are responsible.

The University also continued to consolidate developments in the field of health and to this end was successful in securing HEFCE Pathfinder funds towards the cost of investigating the possibility of a PFI scheme to provide modern teaching facilities for the School of Nursing and Midwifery.

One major new undergraduate degree course in Psychosocial Studies, was begun during the year in the School of Social Work, and additional student numbers allocated by the HEFCE will accrue in 1998/99.

Towards the end of the financial year agreement was secured between the University, the Funding Council and the University of Bath for an orderly and planned transfer of a number of staff, students and equipment, of the School of Physics here at UEA to the University of Bath. This was achieved at an economic cost to UEA and will allow significant resources to be redeployed in other schools.

## Preparations for the Euro

In January 1999 the phased adoption of the EURO as a common European currency will become a reality for those EU members included in the first wave of monetary union. Although the UK will not be in the first wave, monetary union still has the potential for significant impact on British business including universities. As a recruiter of EU students and a recipient of significant EU funds for research etc., the University already conducts a significant tranche of its business in ECU's (the European Currency Unit - the forerunner of the EURO) and already operates an ECU bank account. This will be converted into a Euro account on 1 January 1999 with any ECU balance converted to EUROS at par value. Existing contracts will likewise be converted. The HEFCE has commissioned a study of the impact of the EURO on universities and this is expected to be published in December 1999.

Stuart Holmes

24 November 1998

# Statement of Council's responsibilities

In accordance with the Royal Charter the Council of the University of East Anglia is responsible for the administration and management of the affairs of the University and group and is required to present audited accounts 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 enable it to ensure that the accounts are prepared in accordance with the Royal Charter, the Statement of Recommended Practice: Accounting in Higher Education Institutions, guidance issued by the Higher Education Funding Council for England ("HEFCE") and relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the HEFCE and the Council, the Council, through its designated office holder, is required to prepare accounts 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 causing the accounts to be prepared, the Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- accounts 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 the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which the 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.

Signed on behalf of Council

30 November 1998

# Auditors' report to the Council of the University of East Anglia

We have audited the financial statements on pages 6 to 24.

## Respective responsibilities of the Council and Auditors

As described on page 4 the Council is responsible for ensuring that financial statements are prepared. It is our responsibility to form an independent opinion, based on our audit, on those financial statements, and to report our opinion to you.

## Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- i the financial statements give a true and fair view of the state of the affairs of the University and the group as at 31 July 1998 and of the surplus of income over expenditure of the group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Education Institutions;
- ii income from the Higher Education Funding Council for England ("HEFCE") and the Teacher Training Agency ("TTA"), grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 1998 have been applied only for the purposes for which they were received; and
- iii income during the year ended 31 July 1998 has been applied in accordance with the University's Statutes and where appropriate with the Financial Memorandum dated March 1996 with the HEFCE and the funding agreement dated July 1996 with the TTA.

KPMG

Chartered Accountants

Registered Auditors

Holland Court, The Close, Norwich, NR1 4DY

9 December 1998

# 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 under the historical cost convention, modified by the revaluation of endowment asset investments, in accordance with the Statement of Recommended Practice: Accounting in Higher Education Institutions ("the SORP") and in accordance with applicable accounting standards.

## 2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the University and all subsidiary undertakings for the year ended 31 July 1998. The University does not exercise a dominant influence on the Union of UEA Students and therefore the accounts of that body are not consolidated.

## 3 Recognition of income

Income from specific endowments, research grants and other contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short term deposits is credited to the income and expenditure account on a receivable basis.

## 4 Pension costs

The two principal pension schemes for the University's staff are the national Universities Superannuation Scheme and the University of East Anglia Staff Superannuation Scheme, both defined benefit schemes contracted out of the State Earnings-Related Pension Scheme. The schemes are valued every three years by actuaries using the projected unit method, the rates of contributions payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuation of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. Unless it is considered prudent to recognise deficiencies over a shorter period, variations from regular cost are spread over the expected average remaining working life of members of the schemes after making allowance for future withdrawals.

## 5 Fixed tangible assets and depreciation

Fixed tangible 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 cost including attributable interest or valuation at date of donation. Land is held freehold and is not depreciated. Buildings are depreciated over their expected useful life of 50 years, on a straight line basis.
- b Equipment is capitalised at cost and is depreciated over its expected useful life of four years, on a straight line basis.
- c Art collections donated to the University are stated at estimated valuation at the date of receipt and purchased additions are capitalised at cost. These assets are not depreciated. No current valuations of the University's art collections are included in the financial statements since in the Council's opinion such valuations could not adequately reflect either the terms on which the collections are held or their enormous significance to the University.

## 6 Library books and periodicals

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

## 7 Investments

Endowment asset investments are included in the balance sheet at market value. Current asset investments are included at the lower of cost and net realisable value. Investments in subsidiary companies are included in the balance sheet at the lower of cost and the value of the underlying net assets, using the University's accounting policies. Endowment asset investments include cash and short term deposits so that endowment asset investments equal specific endowments in the balance sheet.



# Statement of accounting policies (continued)

## 8 Change in accounting policy

In order to comply with the requirements of FRS12 the University has revised its accounting policies. Provisions are now only recognised when it is more likely than not that there is a legal or constructive obligation arising from past events and it is probable that there will be an outflow of benefits and the amount can be reliably estimated. Corresponding amounts have been restated accordingly.

## 9 Deferred capital grants

Where a fixed asset is donated to the University or acquired with the aid of a specific grant or gift, the related grant or gift is treated as a deferred capital grant and is released to income over the expected useful life of the asset.

## 10 Specific endowments

The unspent balances of bequests and gifts received, for which the use of the capital and income or only the income is restricted to specific purposes designated by the donors, are included in the balance sheet as specific endowments. Transfers are made from specific endowments to income or to deferred capital grants as appropriate to match funded expenditure.

## 11 Business Expansion Scheme companies

In accordance with Financial Reporting Standard No. 5: "Reporting the Substance of Transactions", certain properties whose title has been transferred to companies established under the Business Expansion Scheme ("BES") with an option to repurchase are included in fixed tangible assets. The proceeds received from the BES companies have been treated as secured loans.

The amounts by which the estimated repurchase considerations under the option agreements exceed the proceeds received from the BES companies are accounted for as finance charges, added to the loan balances, on a straight line basis over the five year BES period.

## 12 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.

## 13 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 Section 506(1) of the Income and Corporation Taxes Act 1988. The University receives no similar exemption in respect of Value Added Tax.

## 14 Stock valuation

Stock is valued at the lower of cost and net realisable value.

## 15 Cash flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are payable on demand if they are in practice available within 24 hours without penalty. 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. They exclude any such asset held as Endowment Asset Investments other than the University's short term deposits used to fund endowments.

## 16 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.

## Consolidated income and expenditure account for the year ended 31 July 1998

	Note	1998 £000	1997 restated £000
<b>Income</b>			
Funding council grants	1	26,982	25,881
Academic fees and support grants	2	19,632	18,068
Research grants and contracts	3	12,180	11,762
Other operating income	4	12,845	10,449
Endowment income and interest receivable	5	1,360	1,484
Total income		<u>72,999</u>	<u>67,644</u>
<b>Expenditure</b>			
Staff costs	6	42,328	40,935
Depreciation	11	4,235	4,394
Other operating expenses	7	23,856	21,213
Interest payable	8	2,497	2,529
Total expenditure		<u>72,916</u>	<u>69,071</u>
<b>Surplus/(Deficit) before tax</b>		83	(1,427)
Taxation	10	5	(9)
<b>Surplus/(Deficit) for the financial year</b>		<u>88</u>	<u>(1,436)</u>

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

The University of East Anglia has no revalued assets and there is, therefore, no difference between the results as reported and the historical cost results for either year.

The notes on pages 13 to 24 form part of these financial statements.

# Consolidated balance sheet as at 31 July 1998

	Note	1998 £000	1997 restated £000
<b>Fixed assets</b>			
Tangible assets	11	67,490	67,101
Other investments	21	35	35
		<u>67,525</u>	<u>67,136</u>
<b>Endowment asset investments</b>	12	<u>3,652</u>	<u>3,078</u>
<b>Current assets</b>			
Stocks		206	237
Debtors	13	6,903	5,984
Investments	14	13,953	14,034
Cash at bank and in hand		2,347	2,039
		<u>23,409</u>	<u>22,294</u>
<b>Creditors : Amounts falling due within one year</b>	15	<u>(18,821)</u>	<u>(10,121)</u>
<b>Net current assets</b>		4,588	12,173
<b>Total assets less current liabilities</b>		<u>75,765</u>	<u>82,387</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	(23,254)	(30,577)
<b>Provisions for liabilities and charges</b>	17	(1,351)	-
<b>Total assets less liabilities</b>		<u>51,160</u>	<u>51,810</u>
<b>Deferred capital grants</b>	18	(28,039)	(29,351)
<b>Total net assets</b>		<u>23,121</u>	<u>22,459</u>
<b>Represented by:</b>			
<b>Specific endowments</b>	19	3,652	3,078
<b>Reserves</b>			
Income and expenditure account	20	19,469	19,381
<b>Total funds</b>		<u>23,121</u>	<u>22,459</u>

The financial statements were approved by the Council on 30 November 1998 and have been signed on its behalf by:

Vincent Watts

Vice-Chancellor

Stuart Holmes

Treasurer

Charles W Morland

Director of Finance

The notes on pages 13 to 24 form part of these financial statements.

# University balance sheet as at 31 July 1998

	Note	1998 £000	1997 restated £000
<b>Fixed assets</b>			
Tangible assets	11	66,433	66,380
Investments in subsidiaries	27	659	694
Other investments	21	35	35
		<u>67,127</u>	<u>67,109</u>
<b>Endowment asset investments</b>	12	<u>3,652</u>	<u>3,078</u>
<b>Current assets</b>			
Stocks		206	237
Debtors	13	7,374	6,936
Investments	14	13,953	14,034
Cash at bank and in hand		1,038	700
		<u>22,571</u>	<u>21,907</u>
<b>Creditors : Amounts falling due within one year</b>	15	<u>(18,083)</u>	<u>(9,831)</u>
<b>Net current assets</b>		4,488	12,076
<b>Total assets less current liabilities</b>		<u>75,267</u>	<u>82,263</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	(22,940)	(30,577)
<b>Provisions for liabilities and charges</b>	17	(1,351)	-
<b>Total assets less liabilities</b>		<u>50,976</u>	<u>51,686</u>
<b>Deferred capital grants</b>	18	(28,039)	(29,351)
<b>Total net assets</b>		<u>22,937</u>	<u>22,335</u>
<b>Represented by:</b>			
<b>Specific endowments</b>	19	3,652	3,078
<b>Reserves</b>			
Income and expenditure account	20	19,285	19,257
<b>Total funds</b>		<u>22,937</u>	<u>22,335</u>

The financial statements were approved by the Council on 30 November 1998 and have been signed on its behalf by:

Vincent Watts

Vice-Chancellor

Stuart Holmes

Treasurer

Charles W Morland

Director of Finance

The notes on pages 13 to 24 form part of these financial statements.

## Consolidated cash flow statement for the year ended 31 July 1998

	Note	1998 £000	1997 £000
<b>Net cash inflow from operating activities</b>	22	3,987	2,028
<b>Returns on investments and servicing of finance</b>			
Interest and dividends received		1,207	1,117
Interest paid		(2,129)	(2,162)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(922)	(1,045)
<b>Taxation</b>		5	(9)
<b>Capital expenditure and financial investment</b>			
Payments to acquire fixed tangible assets		(4,242)	(3,554)
Payments to acquire endowment assets		(40)	(319)
Proceeds from sale of endowment assets		-	97
Capital grants received		1,280	2,262
Endowments received		499	578
<b>Net cash outflow from capital expenditure and financial investment</b>		(2,503)	(936)
<b>Cash inflow before use of liquid resources and financing</b>		567	38
<b>Management of liquid resources</b>			
Decrease/(increase) in short term deposits maturing within three months	23	2,917	(737)
(Increase)/decrease in short term deposits held as endowment funds	23	(306)	11
(Increase)/decrease in other short term deposits	23	(2,836)	892
		(225)	166
<b>Financing</b>			
Capital element of finance lease rental payments	24	(46)	-
Loans repaid	25	(452)	(296)
		(498)	(296)
<b>Decrease in cash</b>	23	(156)	(92)

Liquid resources include term deposits of less than a year, government securities and AA rated corporate bonds.

### Reconciliation of net cash flow to movement in net debt

Decrease in cash in the period	(156)	(92)
Cash outflow from decrease in debt	498	296
Cash outflow/(inflow) from increase/(decrease) in liquid resources	225	(166)
Change in net funds	567	38
Interest accrued on BES financing	(368)	(367)
Finance lease obligations entered into	(382)	-
Net debt at beginning of year	(15,042)	(14,713)
Net debt at end of year	(15,225)	(15,042)

The notes on pages 13 to 24 form part of these financial statements.

**Statement of consolidated total recognised  
gains and losses  
for the year ended 31 July 1998**

	1998 £000	1997 restated £000
<b>Surplus/(Deficit) for the year</b>	88	(1,436)
<b>Appreciation of endowment asset investments</b>	228	169
<b>Endowments and endowment income retained for the year</b>	346	211
<b>Total recognised gains/(losses) relating to the year</b>	<u>662</u>	<u>(1,056)</u>
<b>Prior year adjustments:</b>		
University funds previously stated as provisions.	1,593	1,585
	<u>2,255</u>	<u>529</u>
<b>Funds at the beginning of the year as shown in the last annual report</b>	20,866	21,930
<b>Net gains as above</b>	2,255	529
<b>Funds carried forward at the end of the year</b>	<u>23,121</u>	<u>22,459</u>

The notes on pages 13 to 24 form part of these financial statements.

# Notes to the financial statements

		Consolidated	
		1998	1997
		£000	£000
<b>1 Funding council grants</b>			
Basic recurrent grant (HEFCE)		23,739	22,569
Basic recurrent grant (TTA)		1,075	902
Special grants (HEFCE)		477	384
Special grants (TTA)		103	109
Deferred capital grants released in the year (note 18)		1,588	1,917
		<u>26,982</u>	<u>25,881</u>
<b>2 Academic fees and support grants</b>			
Full-time students		7,252	7,240
Full-time students charged overseas fees		4,768	3,905
Part-time fees		1,074	868
Short course fees		1,249	955
Other Teaching Contracts		5,131	4,889
Research Training Support Grants		158	211
		<u>19,632</u>	<u>18,068</u>
<b>3 Research grants and contracts</b>			
Grants from research councils		4,402	4,612
Grants from UK charities		2,050	1,495
Other grants		5,728	5,655
		<u>12,180</u>	<u>11,762</u>
This income includes deferred capital grants released in the year.			
<b>4 Other operating income</b>			
Residences, catering and conferences		7,257	7,307
Other services rendered		1,763	975
Deferred capital grants released in the year		336	336
Exceptional VAT refund		482	-
Donations received		255	193
Other income		2,752	1,638
		<u>12,845</u>	<u>10,449</u>
<b>5 Endowment income and interest receivable</b>			
Transferred from specific endowments (note 19)		388	517
Income from current asset investments and cash balances		972	967
		<u>1,360</u>	<u>1,484</u>
<b>6 Staff costs</b>			
Wages and salaries		36,127	34,678
Social security costs		2,681	2,655
Other pension costs		3,520	3,602
		<u>42,328</u>	<u>40,935</u>
Emoluments of the Vice-Chancellors (a new Vice-Chancellor was appointed with effect from October 1997)			
August 1996 to July 1997		-	101
August 1997 to September 1997		17	-
October 1997 to July 1998		88	-
		<u>105</u>	<u>101</u>

The emoluments of the Vice-Chancellors exclude the University's related pension contributions of £15,000 in 1997. No pension contributions were paid during 1998.

## Notes to the financial statements (continued)

### 6 Staff costs (continued)

The remuneration of other staff paid more than £50,000 in the year, excluding employer's pension contributions, fell in the following bands:

	Number of staff	
	1998	1997
£50,000 - £59,999	11	8
Average number of staff employed by category:		
Academic/Clinical	482	491
Administrative	231	234
Technical	141	144
Other	1,196	1,220
	<u>2,050</u>	<u>2,089</u>

	Consolidated	
	1998 £000	1997 £000
<b>7 Other operating expenses</b>		
Residences, catering and conferences	3,356	2,645
Fellowships, scholarships and prizes	271	279
Library books and periodicals	757	881
Heat, light, water and power	965	985
Long-term maintenance	416	1,239
Grant to Union of UEA Students	301	323
Auditors' remuneration	35	29
Auditors' remuneration in respect of non-audit services	45	30
Other expenses	17,710	14,802
	<u>23,856</u>	<u>21,213</u>

### 8 Interest payable

Bank and other loans wholly repayable within five years	368	368
Loans not wholly repayable within five years	2,129	2,161
	<u>2,497</u>	<u>2,529</u>

### 9 Analysis of consolidated expenditure by activity

	Staff costs £000	Depreciation £000	Other operating expenses £000	Interest payable £000	Total £000
Academic departments	23,818	1,135	5,907	-	30,860
Academic services	2,546	634	1,655	-	4,835
Research grants and contracts	6,054	667	3,575	-	10,296
Residences, catering and conferences	2,166	789	3,356	2,366	8,677
Other services rendered	683	1	669	-	1,353
Premises	2,589	925	3,488	131	7,133
Administration and central services	4,472	84	3,752	-	8,308
Other expenses	-	-	1,454	-	1,454
Total	<u>42,328</u>	<u>4,235</u>	<u>23,856</u>	<u>2,497</u>	<u>72,916</u>



## Notes to the financial statements (continued)

### 9 Analysis of consolidated expenditure by activity (continued)

	Consolidated	
	1998	1997
	£000	£000
The depreciation charge has been funded by:		
Deferred capital grants released (Note 18)	2,592	3,150
General income	1,643	1,244
	<u>4,235</u>	<u>4,394</u>

### 10 Taxation

	Consolidated	
	1998	1997
	£000	£000
UK Corporation Tax credit/(charge) on the profits of subsidiary companies	<u>5</u>	<u>(9)</u>

### 11 Fixed tangible assets

	Consolidated				
	Freehold land and buildings £000	Assets in the course of construction £000	Furniture and equipment £000	Art collections £000	Total £000
<b>Cost or valuation</b>					
At the beginning of the year	71,393	512	20,769	5,092	97,766
Additions at cost	-	791	3,354	479	4,624
Disposals	-	-	(1,095)	-	(1,095)
At the end of the year	<u>71,393</u>	<u>1,303</u>	<u>23,028</u>	<u>5,571</u>	<u>101,295</u>
<b>Depreciation</b>					
At the beginning of the year	14,015	-	16,650	-	30,665
Charge for the year	1,365	-	2,870	-	4,235
Eliminated on disposals	-	-	(1,095)	-	(1,095)
At the end of the year	<u>15,380</u>	<u>-</u>	<u>18,425</u>	<u>-</u>	<u>33,805</u>
<b>Net book value</b>					
At the end of the year	<u>56,013</u>	<u>1,303</u>	<u>4,603</u>	<u>5,571</u>	<u>67,490</u>
At the beginning of the year	<u>57,378</u>	<u>512</u>	<u>4,119</u>	<u>5,092</u>	<u>67,101</u>

Included in furniture and equipment are leased assets. The net book value of these assets at 31 July 1998 was £382,000 (1997 £nil) and depreciation during the period on these assets was £nil (1997 £nil).

	University				
<b>Cost or valuation</b>					
At the beginning of the year	70,525	512	20,663	5,092	96,792
Additions at cost	-	791	2,965	479	4,235
Disposals	-	-	(1,095)	-	(1,095)
At the end of the year	<u>70,525</u>	<u>1,303</u>	<u>22,533</u>	<u>5,571</u>	<u>99,932</u>
<b>Depreciation</b>					
At the beginning of the year	13,822	-	16,590	-	30,412
Charge for the year	1,347	-	2,835	-	4,182
Eliminated on disposals	-	-	(1,095)	-	(1,095)
At the end of the year	<u>15,169</u>	<u>-</u>	<u>18,330</u>	<u>-</u>	<u>33,499</u>
<b>Net book value</b>					
At the end of the year	<u>55,356</u>	<u>1,303</u>	<u>4,203</u>	<u>5,571</u>	<u>66,433</u>
At the beginning of the year	<u>56,703</u>	<u>512</u>	<u>4,073</u>	<u>5,092</u>	<u>66,380</u>

# Notes to the financial statements (continued)

## 11 Fixed tangible assets (continued)

The acquisition and construction of buildings with cost totalling £22,579,000 and net book value (after depreciation) £14,014,000 was funded, in whole or in part, by grants totalling £14,873,000 from the Higher Education Funding Council for England ("HEFCE") and its predecessor councils. Under the terms of the Financial Memorandum between the HEFCE and the University, should any of these buildings be sold the University may have to pay to the HEFCE a proportion of the proceeds equal to the proportion of the cost which was grant-funded.

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

Land and buildings include properties whose title has been transferred to companies established under the Business Expansion Scheme ("BES"). The cost of these properties was £5,902,000 and the net book value £5,458,000. Finance charges arising from arrangements with BES companies and totalling £214,000 have been included in the cost of land and buildings.

## 12 Endowment asset investments

	Consolidated & University	
	1998	1997
	£000	£000
Balance at beginning of year	3,078	2,698
Movement in funds held within UEA short term deposits	306	(11)
Additions	40	319
Disposals	-	(97)
Appreciation, depreciation on disposal or revaluation	228	169
	<u>3,652</u>	<u>3,078</u>
Consisting of:		
UK equities	1,360	1,126
Fixed interest securities	850	542
Overseas funds	-	-
Index linked	62	68
Cash in hand and short term deposits	1,380	1,342
	<u>3,652</u>	<u>3,078</u>

## 13 Debtors

	Consolidated	
	1998	1997
	£000	£000
Debtors, advances and prepayments	6,903	5,813
UEASSS pensions prepayment	-	171
	<u>6,903</u>	<u>5,984</u>

Included in the above are balances due in more than one year of £280,000 (1997 £nil)

	University	
	1998	1997
	£000	£000
Debtors, advances and prepayments	6,200	5,323
Amounts due from subsidiary undertakings	1,174	1,442
UEASSS pensions prepayment	-	171
	<u>7,374</u>	<u>6,936</u>

Included in the above are balances due in more than one year of £280,000 (1997 £nil)

## Notes to the financial statements (continued)

### 14 Current asset investments

#### Consolidated & University

	1998	1997
	£000	£000
Short term deposits maturing within three months	8,802	11,719
Other short term deposits	4,917	2,081
Other investments	234	234
	<u>13,953</u>	<u>14,034</u>

### 15 Creditors: amounts falling due within one year

#### Consolidated

	1998	1997
	£000	£000
Revenue creditors, accruals and receipts in advance	8,587	7,955
Tax and social security	946	917
Current portion of long term secured loans	632	452
Business Expansion Scheme (see note 11)	7,372	-
Obligations under finance leases	23	-
Bank overdraft	1,261	797
	<u>18,821</u>	<u>10,121</u>

For details of security on bank and other borrowings see note 16

#### University

	1998	1997
	£000	£000
Revenue creditors, accruals and receipts in advance	7,791	7,513
Tax and social security	946	917
Amounts due to subsidiary undertakings	81	152
Current portion of long term secured loans	632	452
Business Expansion Scheme (see note 11)	7,372	-
Bank overdraft	1,261	797
	<u>18,083</u>	<u>9,831</u>

For details of security on bank and other borrowings see note 16

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

#### Consolidated

	1998	1997
	£000	£000
Secured bank loans	22,887	23,505
Other secured loan	54	68
Obligations under finance leases	313	-
Business Expansion Scheme (see note 11)	-	7,004
	<u>23,254</u>	<u>30,577</u>

Debts due after more than one year can be analysed as follows:

#### Consolidated

	1998	1997
	£000	£000
Due 1 - 2 years	827	7,636
Due 2 - 5 years	3,888	3,059
Due after more than 5 years	18,539	19,882
	<u>23,254</u>	<u>30,577</u>

## Notes to the financial statements (continued)

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

	University	
	1998	1997
	£000	£000
Secured bank loans	22,886	23,505
Other secured loan	54	68
Business Expansion Scheme (see note 11)	-	7,004
	<u>22,940</u>	<u>30,577</u>

Debts due after more than one year can be analysed as follows:

	University	
	1998	1997
	£000	£000
Due 1 - 2 years	802	7,636
Due 2 - 5 years	3,804	3,059
Due after more than 5 years	18,334	19,882
	<u>22,940</u>	<u>30,577</u>

Bank loans are secured over University land and buildings and are under various facilities expiring between 2013 and 2021. The other loan is secured on University property and expires 2002.

Business Expansion Scheme ("BES") financing represents commitments under arrangements to finance the construction of residences. The University sold an interest in properties to UEA Accommodation 1 plc and UEA Accommodation 2 plc, both BES companies, for total consideration of £5,687,000 and has the right to repurchase them in 1998/99 for the sum of £7,531,000. The buy-back commitment, less finance charges attributable to future periods, is included in long term liabilities.

### 17 Provisions for liabilities and charges

#### Consolidated

	31.7.97 restated £000	Provided £000	Utilised £000	31.7.98 £000
Residences - village	-	500	-	500
Premises - Fifers Lane	-	600	-	600
Pensions - SSAP24	-	251	-	251
	<u>-</u>	<u>1,351</u>	<u>-</u>	<u>1,351</u>

#### University

	31.7.97 restated £000	Provided £000	Utilised £000	31.7.98 £000
Residences - village	-	500	-	500
Premises - Fifers Lane	-	600	-	600
Pensions - SSAP24	-	251	-	251
	<u>-</u>	<u>1,351</u>	<u>-</u>	<u>1,351</u>

## Notes to the financial statements (continued)

### 18 Deferred capital grants

Consolidated and University

	Funding Council £000	Other £000	Total £000
At the beginning of the year			
Buildings	8,390	12,600	20,990
Equipment and other fixed tangible assets	2,397	5,964	8,361
	10,787	18,564	29,351
Grants receivable in the year			
Buildings	-	-	-
Equipment and other fixed tangible assets	156	1,124	1,280
	156	1,124	1,280
Released to income and expenditure			
Buildings	(297)	(336)	(633)
Equipment and other fixed tangible assets	(1,291)	(668)	(1,959)
	(1,588)	(1,004)	(2,592)
At the end of the year			
Buildings	8,093	12,264	20,357
Equipment and other fixed tangible assets	1,262	6,420	7,682
	9,355	18,684	28,039

### 19 Specific endowments

Consolidated & University

	1998 £000	1997 £000
At the beginning of the year	3,078	2,698
Additions	499	578
Appreciation of endowment asset investments	228	169
Income from endowment asset investments	131	102
Income from current asset investments credited to specific endowments	104	48
Transferred to income and expenditure account (note 5)	(388)	(517)
At the end of the year	3,652	3,078
Representing:		
Trust Funds	1,173	857
uckerman bequest	1,037	918
Sainsbury Endowment Fund	630	548
Sainsbury Unit Fund	410	376
D T K Wong Fellowship	282	241
Arthur Miller Centre	87	81
Development Fund	33	53
Others	-	4
	3,652	3,078

## Notes to the financial statements (continued)

### 20 Income and expenditure account

	Consolidated	
	1998 £000	1997 £000
Balance at the beginning of the year:		
As previously reported	17,788	19,232
Prior year adjustments	<u>1,593</u>	<u>1,585</u>
As restated	19,381	20,817
Surplus/(Deficit) after tax	<u>88</u>	<u>(1,436)</u>
Balance at the end of the year	<u>19,469</u>	<u>19,381</u>

	University	
	1998 £000	1997 £000
Balance at the beginning of the year:		
As previously reported	17,696	19,214
Prior year adjustments	<u>1,561</u>	<u>1,585</u>
As restated	19,257	20,799
Surplus/(Deficit) after tax	<u>28</u>	<u>(1,542)</u>
Balance at the end of the year	<u>19,285</u>	<u>19,257</u>

### Analysis of Surplus/(Deficit)

	1998 £000	1997 £000
Surplus/(Deficit) for University	28	(1,542)
Surplus retained by subsidiary undertakings arising from consolidation	<u>60</u>	<u>106</u>
	<u>88</u>	<u>(1,436)</u>

Depreciation to be charged to the income and expenditure account in future years, less elements to be funded by the release of deferred capital grant, amounts to £39,387,000 (1997: £37,686,000)

### Prior year adjustments

	Consolidated	
	1998 £000	1997 £000
University funds previously stated as provisions	<u>1,593</u>	<u>1,585</u>

  

	University	
	1998 £000	1997 £000
University funds previously stated as provisions	<u>1,561</u>	<u>1,585</u>

Prior year adjustments are due to a change in accounting policy in respect of provisions to reflect FRS12

### 21 Other investments

The University holds 34,824 ordinary shares of £1 each fully paid in CVCP Properties PLC, a company owned by the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom and its member institutions.

## Notes to the financial statements (continued)

	1998	1997
	£000	£000
<b>22 Reconciliation of consolidated surplus/(deficit) to net cash inflow from operating activities</b>		
Surplus/(Deficit) before taxation	83	(1,427)
Endowment income and interest receivable	(1,360)	(1,484)
Deferred capital grant release	(2,592)	(3,150)
Depreciation	4,235	4,394
Interest payable	2,497	2,529
Decrease in stocks	31	53
(Increase)/decrease in debtors	(919)	649
Increase in creditors	661	464
Increase in provisions	1,351	-
Net cash inflow from operating activities	<u>3,987</u>	<u>2,028</u>

	31 Jul 97	Cash flows	Other	31 Jul 98
	£000	£000	non-cash £000	£000
Cash at bank and in hand	2,039	308	-	2,347
Overdrafts	(797)	(464)	-	(1,261)
		(156)		
Debt due within 1 year	(452)	498	(8,073)	(8,027)
Debt due after 1 year	(30,577)	-	7,323	(23,254)
		498		
Short term deposits	11,719	(2,917)		8,802
Short term deposits held as endowment assets	945	306		1,251
Other short term deposits	2,081	2,836		4,917
		225		
	<u>(15,042)</u>	<u>567</u>	<u>(750)</u>	<u>(15,225)</u>

<b>24 Obligations under finance leases</b>		
	Consolidated	
	1998	1997
	£000	£000
Balance at the beginning of the year:	-	-
Obligations entered into during the year	382	-
Capital repayments	(46)	-
Balance at the end of the year	<u>336</u>	<u>-</u>
	Consolidated	
	1998	1997
	£000	£000
Capital obligations payable:		
Due within 1 year	23	-
Due between 1 and 5 years	108	-
Due after more than 5 years	205	-
	<u>336</u>	<u>-</u>

The finance lease is secured on the asset to which it relates.

## Notes to the financial statements (continued)

### 25 Analysis of changes in financing during the year

	Consolidated	
	1998	1997
	£000	£000
Loans:		
Balance at the beginning of the year	31,029	30,958
Cash inflows from financing	382	-
Interest accrued on BES financing	368	367
Capital repayments in the year - loans	(452)	(296)
Capital repayments in the year - finance leases	(46)	-
Balance at the end of the year	<u>31,281</u>	<u>31,029</u>

### 26 Capital commitments

At 31 July 1998 there were outstanding commitments for capital expenditure of £1,401,000 (1997 £nil)

### 27 Subsidiary undertakings

The following companies, all registered in England and Wales, were subsidiary undertakings at 31 July 1998:

Name	Principal activity
UEA Overseas Development Group Limited	Research and courses
UEA Student Residences Limited	Leasing and operating student residences
UEA Utilities Limited	Provision of gas, electricity and other utilities
UEA Academic Books Limited	Resale of books
UEA Enterprises Limited	Building services
Overseas Development Group(UEA)(an exempt charity)	Education and research services
East Anglian University Residences Limited	Property management

UEA Overseas Development Group Limited and Overseas Development Group (UEA) are companies limited by guarantee over which the University exercises a dominant influence.

The University holds all issued £1 ordinary shares in each of UEA Student Residences Limited, UEA Utilities Limited, UEA Academic Books Limited and UEA Enterprises Limited. It holds all issued 50 pence shares in East Anglian University Residences Limited. All subsidiary undertakings are included in the consolidation.

The cost of investment of £659,000 (1997 £694,000) is in respect of East Anglian University Residences Limited.



## Notes to the financial statements (continued)

### 28 Pensions

The University participates in two defined benefit contracted out pension schemes, the Universities Superannuation Scheme and the University of East Anglia Staff Superannuation Scheme. Both of these schemes provide benefits based on final pensionable salary. The assets of each scheme are held in separate trustee administered funds.

#### *Universities Superannuation Scheme*

The total pension cost for the University was £3,085,000 (1997 £3,491,000). The pension cost is assessed using the projected unit method.

The latest actuarial valuation of the scheme was at 31 March 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salary and pensions. It was assumed that the investment return would be 8.5% per annum, that salary scale increases would be 6.5% per annum and that pensions would increase by 5.0% per annum.

At the date of the last actuarial valuation, the market value of the assets of the scheme was £12,087 million and the actuarial value of the assets was sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The contribution rate payable by the University was 14% of pensionable salaries. The actuary to the Universities Superannuation Scheme has confirmed that it is appropriate to take the pension costs in the institution's accounts to be equal to the actual contributions paid in the year. In particular, the contribution rate recommended following the 1996 valuation has regard to the scheme's surplus, the benefit improvements introduced subsequent to the valuation and the need to spread surpluses in a prudent manner over the future working lifetime of current scheme members.

#### *University of East Anglia Staff Superannuation Scheme*

The latest actuarial valuation of the scheme was at 31 July 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salary and pensions. It was assumed that the investment return would be 9.0% per annum, that salary scale increases would be 7.5% per annum and that pensions would increase by 5.0% per annum.

At the date of the last actuarial valuation which was carried out using the projected unit method, the market value of the assets of the Scheme was £42m. On the basis of the Minimum Funds Requirement introduced by the Pensions Act 1995 the funding level exceeded 120% of the amount of the liabilities of the Scheme.

In accordance with SSAP 24 the surplus of £6.99m has been spread over the estimated working lives of current members of the Scheme, which produces a pension cost for 1998 of £422,000 (1997 £99,000).

### 29 Queen's Building

The University has contracted with the East Norfolk and Suffolk Education and Training Consortium (ENSETC) (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 ENSETC. 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.

## Notes to the financial statements (continued)

### 30 Access funds

	1998 £000	1997 £000
Balance at beginning of year	-	-
Funding Council Access Funds	185	185
Interest earned	4	2
Disbursements to students	(189)	(187)
Balance at end of year	-	-

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.

### 31 Sainsbury Laboratory

The Sainsbury Laboratory for molecular plant pathology was created on 12 March 1987 and is a joint venture between the Trustees of the Gatsby Charitable Foundation (one of the Sainsbury family charitable trusts), the Trustees of the John Innes Foundation, the Biotechnology and Biological Sciences Research Council and the University of East Anglia. Money to construct the building occupied by the Laboratory and to cover annual running costs for the first twelve years is provided by the Gatsby Charitable Foundation. Negotiations are well advanced between all parties for the continued funding of the Sainsbury Laboratory at the end of the current agreement.

Staff working at the Laboratory are employees of the University of East Anglia and their payroll costs are fully reimbursed. The 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 Laboratory staff and its reimbursement are excluded from the University's financial statements.