

**University of East Anglia**

**Financial Statements**

**2016 - 2017**



**University of East Anglia**

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## Charity Trustees and Members of Council

	Appointments/resignations	Term of Office ends
<b>Independent Members</b>		
Joe Greenwell (Chair)	Appointed 1 August 2016	31 July 2019
Mark Williams (Treasurer)	Appointed 1 August 2016	31 July 2019
Graham Jones		31 July 2020
Gillian Maclean	Appointed 1 August 2016	31 July 2019
Stephen Blease	Appointed 1 August 2016	31 July 2019
Jeremy Clayton	Appointed 1 August 2016	31 July 2019
Laura McGillivray		31 July 2018
Kathryn Skoyles		31 July 2020
Wendy Thomson		31 July 2020
<b>Ex-officio Members</b>		
David Richardson (Vice-Chancellor)		n/a
Neil Ward (Pro-Vice-Chancellor)		31 July 2020
Fiona Lettice (Pro-Vice-Chancellor)	Appointed 1 November 2016	31 July 2022
David Petley (Pro-Vice-Chancellor)	Resigned 31 October 2016	
<b>Appointed by Senate</b>		
Nalini Boodhoo	Appointed 1 August 2016	31 July 2019
Helen Lewis		31 July 2018
<b>Elected by the support staff</b>		
Chris Brown		31 July 2018
<b>Student Members</b>		
Theodore Antoniou-Phillips	Resigned 31 July 2017	31 July 2017
Amy Rust	Resigned 31 July 2017	31 July 2017
Mary Leishman	Appointed 1 August 2017	
Jack Robinson	Appointed 1 August 2017	

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

**Vice-Chancellor**

David Richardson BSc, PhD

**Treasurer**

Mark Williams, BA, MSc, ATT, CTA, CLD

**Director of Finance**

Ian Callaghan, BA, ACMA, CGMA

**Bankers**

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

NatWest Bank plc  
Norfolk House  
Exchange Street  
Norwich  
NR2 1DD

**Investment Managers**

Barclays Wealth  
1 Colmore Square  
Birmingham  
B4 6ES

**Independent Auditors**

KPMG LLP  
Dragonfly House  
2 Gilders Way  
Norwich  
NR3 1UB

# Business Review

## Introduction

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

- Inclusion of the actuarial movements (this year the actuarial deficit has reduced) in respect of pension schemes which is non-cash. In terms of cash impact, the University has an agreed recovery plan for the local pension scheme (UEASSS) and participates in the recovery plan for the national USS scheme and reflects the contributions towards the current recovery plans in its annual financial results and financial forecasts.
- The fair value of the hedging financial instrument (SWAP) that backs the fixed Royal Bank of Scotland loan continues to be negative but the value has improved over the year. This is again a non-cash transaction and would only crystallise on the occasion of the University seeking to repay the loan early (or in the case of default). Whilst the Trustees are considering future financing options it is not anticipated that the SWAP will crystallise during the current financial year.
- Inclusion within staff costs movements on the USS pension provision (note 7); again a non-cash transaction.

From a cash perspective it is pleasing to note that the University continues to be significantly cash generative with net cash inflow from operating activities of £29.8m (2016: £22.1m).

During the year, the University continued to work on delivery of the 15-year Vision and the more detailed first of three five-year Plans (2016-2020). This period coincides with a time of continuing economic uncertainty and profound changes in the way that English Higher Education is funded and the Plan is designed to guide the University through these turbulent times, securing the necessary funding and attracting the necessary talent, to consolidate its position in the sector. The Plan is based on four guiding precepts from the UEA Vision. A significant focus has been to work on long-term financial plans that will support planned capital investment and the refurbishment of the Lasdun Wall, which will support the core themes of the plan:

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

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

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

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

During the year, the University has continued work on developing the more detailed operational plans that will sit beneath the core objectives of the Vision and Plan. In financial terms the focus has been to improve the efficient management of the University in order to generate funds that can be directed towards the improvement of the student experience. Investments in student experience, academic staff and facilities continue to be the priorities for the University. The major opportunity to be addressed over this period is to commence the refurbishment of the original teaching buildings (the "Lasdun Wall"), which now require substantial investment to bring them up to modern standards.

# Business review (continued)

## Key Financial Highlights

2016-17 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:-

	2017	2016	Increase/ (decrease) on 2016
	£m	£m	
Group income (excluding joint ventures)	267.4	250.1	6.9%
Expenditure	260.1	247.9	4.9%
Surplus for the year (prior to recognising movement in respect of pension schemes and financial instruments)	7.0	4.0	72.5%
Surplus excluding joint ventures as % of group income	2.6%	0.9%	
Capital expenditure additions	20.4	34.6	(41.0%)
Capital grants receivable	4.1	4.3	(4.6%)
Net cash inflow from operating activities	29.8	22.1	34.5%
Net assets (excluding joint ventures) restated	346.6	321.4	7.7%

## Income & Expenditure

The total comprehensive income for the year is £24.9m (2016 (deficit): £12.0m). This is after recognising the actuarial surplus in respect of pension schemes (£9.9m) and the favourable movement in the fair value of the hedging financial instrument (£8.1m). Adjusting for these two items the Group has delivered a surplus for the year of £6.9m (2016: £4.0m).

Group income of £267.4m increased by £17.3m (6.9%) over the previous year. The basic teaching grant from the Higher Education Funding Council for England ("HEFCE") continued to fall in 2017, as almost all Home and EU undergraduates are now admitted under the new fee regime. Funding body grants in total were broadly stable (overall £0.4m reduction) recognising the fact that virtually all remaining funding for teaching relates to Medicine and Science students and funds to support widening access programmes.

Within tuition fees and education contracts income, Home and EU full-time student fees increased by £10.1m to £81.1m (14.2% up on last year) and Overseas student fees were broadly flat at £37.4m (2016: £37.9m). The increase in Home/EU student fee income is primarily the result of additional student numbers: the University was successful in increasing recruitment in a market where student number caps had been lifted totally. The figure also represents the continuation of higher recruitment into future years of courses. Despite a challenging recruitment market and continued difficulties with international messaging about the UK immigration scene total revenue for international students is broadly stable. The University continues to benefit from students progressing from the INTO joint venture.

Research income increased by £1.4m (4.2%) primarily as a result of increases from research charities and industry and commerce. Other income at £51.0m was higher by £3.5m largely as a result of the additional residential accommodation that opened this year on the Blackdale School site.

Total expenditure increased by £12.2m (4.9%) in the year. This was primarily as a result of movements in academic and academic related costs with salaries accounting for approximately 50% of the change. Depreciation charges have increased by 4.0% (£0.7m) reflecting continued investment in the estate. Interest payable costs reflect a full-year charge now that all of the University's loans are fully drawn.

## Reserves

Reserves increased in the year by £24.9m to £346.6m. The movement includes £18.0m actuarial gain in respect of pension schemes and an increase in the fair value of the financial instrument with the balance, £6.9m, being the retained surplus for the year.

## Capital Expenditure and Grants

Total tangible fixed asset additions in the year amounted to £20.4m (2016: £34.6) and capital grants receivable in the year (excluding joint ventures) relating to tangible fixed asset expenditure amounted to £4.1m (2016: £4.3m). The major areas of expenditure during the year included:-

	£m
Student residences	3.0
Lecture theatre refurbishments	2.7
Earlham Hall developments	1.0
Long term maintenance	2.0
Information technology	1.7
Sportspark maintenance and investment	0.3

# Business review (continued)

Faculty and research equipment	1.3
Other expenditure	8.4
	<b>20.4</b>

## Cash and Debt

### Net operating cash flow

Cash inflow from operating activities before endowment expenditure for the year was £29.8m (2016: £22.1m). Total debt service costs, relating to both loans and finance lease commitments were £8.0m (2016: £7.8m). Cash inflow from operating activities before endowment expenditure plus investment income was £31.9m which at 4.0 times total debt service costs comfortably exceeds the minimum multiple of 1.2 times, being the principal financial covenant required under the terms of the University's banking facilities.

### Net debt

Consolidated net debt, being loans and finance leases less cash and cash equivalents, has decreased during the year by £7.9m to £118.5m.

### Cash balances

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

Cash and cash equivalents, excluding endowment assets, increased during the year by £4.9m to £26.4m. A prudent policy is applied to the investment of short term deposits. In particular, the University regards the security of deposits as being far more important than the marginally better interest rates that may be available from certain overseas or lower rated banks. This has been particularly important over recent years which have seen great uncertainty over the safety of deposits.

## Joint Ventures

The joint venture, INTO UEA LLP ("INTO UEA Norwich"), referred to in note 14 to the financial statements, is well established with progress broadly in line with original expectations. This year's results include a significant charge in respect of a VAT adjustment in connection with VAT on overseas agents' fees. This has only impacted on the University in respect of the joint venture as the University had already accounted for this issue several years ago. The impact of this charge was £1.9m reducing the University's share of surplus in the joint venture for the year to £0.2m surplus (2016: £1.7m). It is anticipated that the joint venture will be able to restore positive net assets during the current financial year.

## Outlook

The University has achieved Gold status in the Teaching Excellence Framework (announced in August 2017).

In recent years the University has seen an increase in student recruitment benefitting significantly from the cap on Home/EU undergraduate student recruitment being lifted. There has been further growth in Home/EU undergraduate recruitment this year reinforcing the University as an institution of choice in a highly competitive market. Recruitment of international students also continues to be extremely competitive and there is evidence that market demand is being impacted by continued adverse comment in respect of UK immigration requirements. Overall the University fell approximately 1% short of entry targets this year which is a significant achievement in a highly competitive market at a time of a demographic dip in the number of eighteen year-old students. This is not anticipated to have a significant financial impact at the bottom line as the University will be in a position to manage costs appropriately. It is therefore more important than ever to ensure that the University continues to maintain and improve its reputation and standing in the sector to continue to recruit Home/EU students. In this regard, the University continues to enjoy a strong league table position delivering a Top 20 performance in all three tables this year and the highest ever position in the Times/Sunday Times table (13<sup>th</sup>) as well as maintaining its excellent record in the National Student Survey. It also maintained its position in the Top 1% of World Universities in the THES. In order to maintain this enviable position it is vital that the University continues to perform well on the various measures reflected in the league tables. In striving to improve the quality of students, which translates into improved quality of outcomes, degree classification and employability measures, there is an inevitable tension between the quality and number of students recruited.

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

Against this background the summer of 2017 saw a number of adverse press reports in respect of Universities and it is clear that the funding position for English Higher Education will continue to be the focus of significant public and political debate. The

## Business review (continued)

announcement at the Conservative Party Conference that tuition fees will be capped at their current level of £9,250 (it had been previously announced that there would be at least inflationary increases for those achieving TEF Gold and Silver) will put pressure on forthcoming budget discussions internally. The Prime Minister has also announced a review of Higher Education funding and the remit of this review is, as yet, unclear. There is also uncertainty in respect of the primary pension scheme for university employees (Universities Superannuation Scheme). The scheme is in the middle of a triennial valuation and the outcome is unknown but early indications suggest changes may need to be made either to contributions, benefits or both. Staff costs continue to represent around 63% of total expenditure excluding depreciation and interest, meaning that any increase in employee costs will have an impact on the overall financial position. The annual pay award for 2017/18 was 1.7% which is the highest increase in recent years.

In these uncertain times and in an increasingly competitive market place, the future prosperity of the University relies heavily on securing the future flow of high calibre students. This, in turn, is very much dependent on maintaining and improving the reputation and standing of the University, as demonstrated in the league tables. In order to progress this agenda, the priorities for the financial plan continue to be the further improvement of the student experience, by maintaining a high ratio of academic staff to students and by further expanding and upgrading academic facilities. The University's main teaching and research facilities are now over 50 years old and, over the next 15-20 years, need complete refurbishment. I mentioned above the Lasdun Wall plan and the first stages of this project are well underway with additional works planned at Earham Hall and the building of a new building to support general teaching and provide a replacement for the University's teaching laboratories. This building is scheduled to open in September 2019 and will deliver a significant improvement to the current Science laboratories as well as providing teaching space to replace the current facilities at Blackdale. This first stage of the project is already provided for in the capital plan, funded from the balance of borrowings already secured. Funding for the subsequent refurbishment programme relies on growth in student numbers and the increases in intake in recent years are the first steps in that process. The plan is to grow student numbers by c3000 over the period to 2025. The first 1500 of these additional numbers have been secured and planning is taking place to support recruitment of the second phase. To support these additional numbers investment has been made to provide additional study spaces in the library and to support the Students' Union in making available additional provision during the day.

The Lasdun Wall project will require a new building (Phase 0) to be built and work is currently being undertaken to ensure the optimum use is made of this facility. Once this building becomes available the subsequent phases of the Lasdun Wall project can commence. In addition, vacating the Blackdale Annex will enable further plans for additional residential accommodation to be pursued on this site.

The financial outlook for the next few years is secure and the emphasis has been on delivering a budget that will enable improved retained surpluses to be delivered whilst also ensuring continued focus on delivering a strong learning and research environment. Operating cash flow remains strong throughout the planning cycle and the development of our long-term plan has enabled us to work on a significant capital investment plan. We continue to iterate these plans and have opened discussions with our existing lenders in respect of the capital requirement for the future. The majority of this requirement is anticipated to come from retained funds but there is an expectation that but there will be a need for upfront borrowing to secure Phase 0 of the works. These discussions are encouraging and the University is confident that it has sufficient resources available to support its plans.



David Richardson  
20 November 2017



Joe Greenwell  
20 November 2017



# Corporate governance statement

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

## Principles and ethos of the University

The University aims to conduct its activities in accordance with the seven principles set out in the Nolan Committee's Report on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The University takes account of best practice in all aspects of corporate governance; applying the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council, as appropriate to universities, and specifically complying with The Higher Education Code of Governance issued by the Committee of University Chairs in December 2014. A review of Council Effectiveness was undertaken in January 2016 to address both the effectiveness of the Council and highlight the new responsibilities of University Councils for the provision of assurance confirmations. The overall finding of this review was positive especially in terms of administration and conduct of Council meetings and Council Members' confidence in its ability to uphold the institution's values and drive forward its strategy.

## Statement of Council responsibilities in respect of the financial statements

The Council are responsible for preparing the financial statements in accordance with the requirements of the Higher Education Funding Council for England's Memorandum of Assurance and Accountability issued by HEFCE and applicable law and regulations.

They are required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Memorandum of Assurance and Accountability further requires the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of HEFCE's Accounts Direction to higher education institutions. The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

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

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

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University and enable them to ensure that its financial statements comply with relevant legislation and other relevant accounting standards. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council are also responsible under the Memorandum of Assurance and Accountability for:

- ensuring that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which HEFCE may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

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

# Corporate governance statement (continued)

## University constitution and structural organisation

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

A separate body, the Senate, is the academic authority of the University, drawing its membership from the academic and academic-related staff 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 Committee, which includes three lay members appointed by the Council from amongst its members. The Finance Committee, inter alia, recommends to Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Committee is also working on the long-term financial plan and financing options.

The Governance Committee considers nominations for co-opted vacancies in the Council membership under the relevant Statute and is responsible for monitoring the implementation of the findings of the Council Effectiveness Review. In future this Committee will also undertake the periodic reviews of Council Effectiveness. The Committee's membership includes the Chair of Council and two lay members appointed by the Council from amongst its members. The Senior Officers' Remuneration Committee determines the remuneration of the most senior staff, including the Vice-Chancellor and meets annually.

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

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

## Statement on Internal Control

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

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

During the financial year 2016/17 the Audit Committee specifically requested a review, by the internal auditors, of two key areas: risk management and capital projects. As a result of these reviews a new risk management framework is currently being considered and implemented and the process for identifying, assessing and implementing capital projects will be made more robust particularly as a large capital investment programme is about to be embarked upon.

## 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

# Corporate governance statement (continued)

the mitigating actions being taken. The internal audit programme is prepared with reference to the University risk register. Outlined below are the key risks and the mitigating actions.

## Significant failure to meet recruitment targets

### a) Home/EU students.

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

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

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

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

### b) International students

In relation to international students, the implications of under-recruitment are largely the same but the challenges and issues are different. The constant changes in immigration regulations and the tightening of English language qualification requirements has introduced a great deal of uncertainty for international students. The restrictions on post study work visas have also deterred students, particularly students from the Indian sub-continent, from choosing the UK as their study destination. Furthermore, the growth of HE courses delivered in English around the world has increased competition for overseas students, although demand is currently thought to be growing faster than the supply of such provision. Finally, the impact of the Brexit vote will potentially have an impact on recruitment: it is unclear what the position of EU students joining after the Article 50 process concludes will be. In addition there is some evidence that the Brexit vote is suggesting the UK is a less welcoming country to international students. Continued uncertainty about the detail of the Brexit process and ultimate outcome adds to the overall level of uncertainty.

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

This risk is mitigated in a number of ways:

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

# Corporate governance statement (continued)

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

## Student experience and League table performance

Providing an excellent student experience and demonstrating a high level of performance in domestic and international league tables are fundamental to everything that the University does. These measures underpin success in all areas of operation; supporting the organisation's reputation, attracting high quality students, recruiting high calibre academic staff and securing research grants and contracts in an increasingly competitive environment. The recent record, as demonstrated by league tables and student surveys, has been very positive but there are aspects of performance which can and need to be improved, particularly around assessment and feedback and in relation to employability measures. The University's general reputation is also continuing to lag behind the reported performance, highlighting that reputation gains take time to secure and consistent long term measurable performance is needed to achieve this. In order to consolidate performance and make further improvements in the student experience a systematic approach is taken to monitor the performance against a range of indicators at School level and to focus efforts to improve the areas of weaker performance. University wide standards and processes are also brought to bear on key areas such as assessment and feedback to ensure that performance meets or exceeds students' expectations. The University's success at achieving the Teaching Excellence Framework (TEF) Gold Rank in the first year of introduction is further testament to the quality of provision for students. The TEF ranking is awarded for a three year period. Currently the award is made at university level but there are plans to move to a subject level TEF and the University is monitoring these developments closely and will volunteer to be involved in subject level pilots.

## Staff recruitment and retention

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

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

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

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

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

## **Fundraising**

UEA fundraising activities are conducted by UEA employed staff. No direct fundraising activity is outsourced to external agencies, although some services in support of fundraising are contracted: such as software provision and data cleansing. The University's Development Office is responsible for conducting its fundraising activities, led by the Director of Development who reports directly to the Vice-Chancellor. The University has established a volunteer board under the banner of it Difference Campaign, and this Campaign Advisory Board provides a reference point for strategy development and to assist with introductions and meetings where possible. No Board members are remunerated for their assistance in any fundraising. All UEA fundraisers are salaried members of staff, and there is a commission element within pay.

A formal Due Diligence policy is adopted by University to govern the receipting of gifts to ensure that appropriate scrutiny is given to any potential gift before it is accepted. This policy escalates acceptance criteria from the decision of the Director of Development, to the Registrar and Vice-Chancellor jointly, the Executive Team and to UEA Council on the banding of over £100k, over £1m, and over £5m respectively.

# Corporate governance statement (continued)

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

The Development Office also employs a team of approximately 25 current UEA students, working on a casual / part-time basis for 12 weeks each year to carry out the telephone fundraising campaign. The following steps are taken to ensure the telephone campaign is conducted appropriately:

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

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

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

## Statement of disclosure of information to auditors

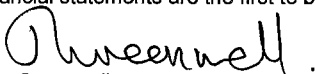
The members of Council confirm, so far as they are each aware, that there is no relevant audit information of which the University's auditors are unaware. They also confirm they have taken all the steps they ought to have taken as members of Council in order to make themselves aware of any relevant audit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

## Availability of financial statements on the web site

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

## Appointment of auditors

A resolution was passed by Council on 16 May 2016 to appoint KPMG as auditors following a competitive tender. These financial statements are the first to be audited by KPMG.

  
Joe Greenwell

Signed on behalf of Council on 20 November 2017

# Public benefit statement

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

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

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

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

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

- The School of International Development undertakes research which contributes to the relief of poverty and hardship in developing countries.
- The Centre for Competition Policy runs research programmes that explore competition policy from the perspective of economics, law, business and political science.
- The Sainsbury Centre for Visual Arts provides open access to world art including activities for school children.
- There is an active programme of research activity within the Faculty of Science and the Faculty of Medicine and Health Sciences, linked closely with the Norfolk & Norwich University Hospital NHS Foundation Trust to advance understanding and effectiveness of medicine, and translate research into practice.
- The Tyndall Centre for Climate Change Research and the Climatic Research Unit engage in research on the effects of climate change.
- The Earth and Life Systems Alliance collaborates with the John Innes Centre to advance knowledge of eco-systems.
- The Quadram Institute (a collaboration between Quadram Institute Biosciences (formerly Institute for Food Research), UEA, BBSRC and the Norfolk and Norwich University Hospital) links researchers and clinicians to advance understanding of the impact of food on health, so providing a scientific framework for enhancing healthy ageing.
- Sportspark provides a wide range of sports facilities to the University and local community.
- The University is a member of the Norwich Opportunity Area partnership board which aims to raise aspiration for children in Norwich.

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

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

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

## Public benefit statement (continued)

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

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

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

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

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

The initiative will run until the end of 2018, with the possibility of a further two years' funding after that. Nationally, the aim is to double the proportion of young people from disadvantaged backgrounds choosing to enter higher education by 2020, with particular focus on pupils from ethnic minorities and disadvantaged white males.

Examples of other widening participation initiatives include

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

## **Public benefit statement (continued)**

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

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



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# INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF EAST ANGLIA

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of University of East Anglia ("the University") for the year ended 31 July 2017 which comprise the consolidated and University statement of comprehensive income and expenditure, consolidated and University statement of changes in reserves, consolidated and University balance sheet, consolidated cash flow statement, and related notes, including the Statement of accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements.

### Basis for opinion

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

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The Council is responsible for the other information, which comprises the Business review, corporate governance statement and the public benefit statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

### Council responsibilities

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

### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

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

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

*S Beavis*

**Stephanie Beavis (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

Dragonfly House  
2 Gilders Way  
Norwich  
NR3 1UB

Date *27 November 2017*

# Consolidated and University Statement of Comprehensive Income and Expenditure for the year ended 31 July 2017

	Note	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>Income</b>					
Tuition fees and education contracts	1	143,857	143,857	133,751	133,751
Funding body grants	2	31,321	31,321	31,758	31,758
Research grants and contracts	3	35,581	35,581	34,152	34,152
Other income	4	50,950	57,328	47,455	52,229
Investment income	5	599	598	511	508
Donations and endowments	6	5,060	5,060	2,448	2,448
<b>Total income</b>		<b>267,368</b>	<b>273,745</b>	<b>250,075</b>	<b>254,846</b>
<b>Expenditure</b>					
Staff costs	7	147,780	146,918	138,826	137,983
Other operating expenses		85,538	87,809	82,583	82,430
Depreciation	11	19,400	19,397	18,653	18,665
Interest payable and other finance costs	8	8,039	8,039	7,838	7,838
<b>Total expenditure</b>	9	<b>260,757</b>	<b>262,163</b>	<b>247,900</b>	<b>246,916</b>
<b>Surplus before other gains/losses and share of operating surplus/deficit of joint ventures</b>		<b>6,611</b>	<b>11,582</b>	<b>2,175</b>	<b>7,930</b>
Gain on investments		134	134	189	189
Share of operating profit in joint ventures	14	210	-	1,734	-
<b>Surplus before taxation</b>		<b>6,955</b>	<b>11,716</b>	<b>4,098</b>	<b>8,119</b>
Taxation	10	-	-	(72)	(72)
<b>Surplus for the year</b>		<b>6,955</b>	<b>11,716</b>	<b>4,026</b>	<b>8,047</b>
Actuarial gain/(loss) in respect of pension schemes	19	9,880	9,880	(6,818)	(6,818)
Change in fair value of hedging financial instruments	19	8,081	8,081	(9,198)	(9,198)
<b>Total comprehensive expense/(expense) for the year</b>		<b>24,916</b>	<b>29,677</b>	<b>(11,990)</b>	<b>(7,969)</b>
Represented by:					
Endowment comprehensive income for the year		416	416	472	472
Restricted comprehensive income for the year		1,344	1,344	351	351
Unrestricted comprehensive expense for the year		23,156	27,917	(12,813)	(8,792)
		<b>24,916</b>	<b>29,677</b>	<b>(11,990)</b>	<b>(7,969)</b>
<b>Surplus/(deficit) for the year attributable to:</b>					
Non controlling interest		(314)	-	(266)	-
University		7,269	11,716	4,292	8,047
<b>Total comprehensive income/(expense) for the year attributable to:</b>					
Non controlling interest		(314)	-	(266)	-
University		25,230	29,677	(11,724)	(7,969)

All items of income and expenditure relate to continuing activities.

The notes on pages 22 to 45 are an integral part of these financial statements

# Consolidated and University Statements of Changes in Reserves for the year ended 31 July 2017

	Income and expenditure reserves			Total excluding Non controlling interest	Non controlling interest	Total reserves
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000	£000
<b>Consolidated</b>						
Balance as previously stated at 1 August 2015	6,786	172	323,800	330,758	580	331,338
Restatement (note 11)	-	12,208	(9,860)	2,348	-	2,348
<b>Balance at 1 August 2015 (restated)</b>	<b>6,786</b>	<b>12,380</b>	<b>313,940</b>	<b>333,106</b>	<b>580</b>	<b>333,686</b>
Surplus/(deficit) from the income and expenditure statement	472	463	3,357	4,292	(266)	4,026
Other comprehensive expense	-	-	(16,016)	(16,016)	-	(16,016)
Release of restricted funds spent in the year	-	(112)	112	-	-	-
<b>Total comprehensive income/(expense) for the year</b>	<b>472</b>	<b>351</b>	<b>(12,547)</b>	<b>(11,724)</b>	<b>(266)</b>	<b>(11,990)</b>
<b>Balance at 1 August 2016 and 31 July 2016 (restated see note 11)</b>	<b>7,258</b>	<b>12,731</b>	<b>301,393</b>	<b>321,382</b>	<b>314</b>	<b>321,696</b>
Surplus/(deficit) from the income and expenditure statement	416	1,724	4,403	6,543	412	6,955
Other comprehensive expense	-	-	17,961	17,961	-	17,961
Release of restricted funds spent in the year	-	(380)	380	-	-	-
<b>Total comprehensive income/(expense) for the year</b>	<b>416</b>	<b>1,344</b>	<b>22,744</b>	<b>24,504</b>	<b>412</b>	<b>24,916</b>
<b>Balance at 31 July 2017</b>	<b>7,674</b>	<b>14,075</b>	<b>324,137</b>	<b>345,886</b>	<b>726</b>	<b>346,612</b>
<b>University</b>						
Balance as previously stated at 1 August 2015	6,786	172	309,103	316,061	-	316,061
Restatement (note 11)	-	12,208	(9,860)	2,348	-	2,348
<b>Balance at 1 August 2015 (restated)</b>	<b>6,786</b>	<b>12,380</b>	<b>299,243</b>	<b>318,409</b>	<b>-</b>	<b>318,409</b>
Surplus from the income and expenditure statement	472	463	7,112	8,047	-	8,047
Other comprehensive expense	-	-	(16,016)	(16,016)	-	(16,016)
Release of restricted funds spent in the year	-	(112)	112	-	-	-
<b>Total comprehensive income/(expense) for the year</b>	<b>472</b>	<b>351</b>	<b>(8,792)</b>	<b>(7,969)</b>	<b>-</b>	<b>(7,969)</b>
<b>Balance at 1 August 2016 and 31 July 2016 (restated see note 11)</b>	<b>7,258</b>	<b>12,731</b>	<b>290,451</b>	<b>310,440</b>	<b>-</b>	<b>310,440</b>
Surplus from the income and expenditure statement	416	1,724	9,576	11,716	-	11,716
Other comprehensive expense	-	-	17,961	17,961	-	17,961
Release of restricted funds spent in the year	-	(380)	380	-	-	-
<b>Total comprehensive income for the year</b>	<b>416</b>	<b>1,344</b>	<b>27,917</b>	<b>29,677</b>	<b>-</b>	<b>29,677</b>
<b>Balance at 31 July 2017</b>	<b>7,674</b>	<b>14,075</b>	<b>318,368</b>	<b>340,117</b>	<b>-</b>	<b>340,117</b>

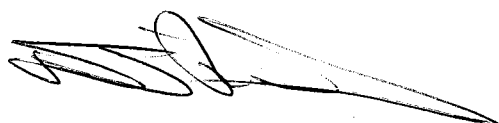
The notes on pages 22 to 45 are an integral part of these financial statements.

# Consolidated and University Balance Sheets as at 31 July 2017

	Note	2017 Consolidated £000	2017 University £000	2016 Consolidated £000 restated (note 11)	2016 University £000 restated (note 11)
<b>Non-current assets</b>					
Fixed assets	11	499,760	499,914	499,994	500,166
Heritage assets (restated)	11/12	13,428	13,428	12,208	12,208
Investments	13	19,519	22,865	23,178	29,079
Investment in joint venture	14	-	-	314	-
		<b>532,707</b>	<b>536,207</b>	<b>535,694</b>	<b>541,453</b>
<b>Current assets</b>					
Stock		425	425	385	385
Trade and other receivables	15	22,484	23,176	26,239	26,617
Investments	16	55,500	55,500	46,500	46,500
Cash and cash equivalents		30,796	28,709	25,541	23,359
		<b>109,205</b>	<b>107,810</b>	<b>98,665</b>	<b>96,861</b>
Less - Creditors: amounts falling due within one year	17	(73,556)	(82,156)	(69,278)	(84,489)
<b>Net current assets/(liabilities)</b>		<b>35,649</b>	<b>25,654</b>	<b>29,387</b>	<b>12,372</b>
<b>Total assets less current liabilities</b>		<b>568,356</b>	<b>561,861</b>	<b>565,081</b>	<b>553,825</b>
Creditors: amounts falling due after more than one year	18	(146,347)	(146,347)	(149,252)	(149,252)
<b>Provisions</b>					
Pension provisions	19	(45,338)	(45,338)	(55,993)	(55,993)
Other provisions	19	(30,059)	(30,059)	(38,140)	(38,140)
<b>Total net assets</b>		<b>346,612</b>	<b>340,117</b>	<b>321,696</b>	<b>310,440</b>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	20	7,674	7,674	7,258	7,258
Income and expenditure reserve - restricted reserve (restated)	21	14,075	14,075	12,731	12,731
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted reserve (restated)		324,137	318,368	301,393	290,451
		<b>345,886</b>	<b>340,117</b>	<b>321,382</b>	<b>310,440</b>
Non-controlling interest		726	-	314	-
<b>Total Reserves</b>		<b>346,612</b>	<b>340,117</b>	<b>321,696</b>	<b>310,440</b>

The notes on pages 22 to 45 are an integral part of these financial statements.

The financial statements on pages 18 to 45 were approved by the Council on 28 November 2017 and were signed on its behalf on that date by:



David Richardson  
Vice-Chancellor



Joe Greenwell  
Chair



Ian Callaghan  
Director of Finance

# Consolidated Cash Flow Statement for the year ended 31 July 2017

	Note	2017 £000	2016 £000
<b>Cash flow from operating activities</b>			
Surplus for the year		6,955	4,026
<b>Adjustment for non-cash items</b>			
Depreciation	11	19,400	18,653
Impairment of fixed asset investments	13	(470)	(88)
Gain on investments	13	(134)	(189)
Increase in stocks		(40)	(38)
Decrease/(Increase) in debtors	15	3,836	3,521
Decrease in creditors	17	2,739	(5,634)
Increase in pension provision	19	(775)	3,215
Increase in other provisions		-	0
Share of operating surplus in joint venture	14	(936)	(1,734)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(599)	(511)
Interest payable	8	6,930	6,409
Endowment income	6	(1,506)	(1,639)
Donation of artwork	6	(1,220)	0
Loss on the sale of fixed assets		-	1,161
Capital grant income	2/3/4	(4,365)	(5,055)
<b>Net cash inflow from operating activities</b>		<b>29,815</b>	<b>22,097</b>
<b>Cash flows from investing activities</b>			
Dividend received from joint venture		1,250	2,000
Proceeds from sale of fixed assets		-	147
Capital grant receipts		3,915	3,981
Investment income		518	608
Payments to acquire fixed assets		(17,278)	(37,450)
New non-current asset investments		4,263	(1,514)
New deposits		(9,000)	(10,197)
		<b>(16,332)</b>	<b>(42,425)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(6,928)	(7,611)
Interest element of finance lease		(2)	(7)
Endowment cash received		1,506	1,639
New secured loans		-	40,579
Finance lease received		-	-
Repayments of amounts borrowed		(2,789)	(2,834)
Capital element of finance lease payments		(15)	(78)
		<b>(8,228)</b>	<b>31,688</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>5,255</b>	<b>11,360</b>
Cash and cash equivalents at beginning of year		25,541	14,181
Cash and cash equivalents at end of year		30,796	25,541

The notes on pages 22 to 45 are an integral part of these financial statements

# Statement of accounting policies

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

## 1. Basis of preparation

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

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

## 2. Going concern

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

## 3. Basis of consolidation

The consolidated financial statements incorporate the University and all of its subsidiary undertakings and joint ventures for the year ended 31 July 2016. Intra-group revenue and profits between the University and its subsidiaries are eliminated fully on consolidation. Consistent accounting policies are applied across the group.

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

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

## 4. Recognition of income

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

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

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

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

### Grant funding

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

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

# Statement of accounting policies (continued)

## Donations and endowments

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

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

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

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

## Capital Grants

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

## 5. Accounting for retirement benefits

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

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

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

### Defined Benefit Plan

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

### Defined Contribution Plan

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

## 6. Employee benefits

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



# Statement of accounting policies (continued)

## 7. Finance Leases

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

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

## 8. Operating Leases

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

## 9. Foreign currency

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

## 10. Fixed Assets

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

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

### Land and buildings

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

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

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

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

### Equipment

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

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

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

### Borrowing costs

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

## 11. Heritage assets

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

# Statement of accounting policies (continued)

## 12. Investments

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

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

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

## 13. Stock

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

## 14. Cash and cash equivalents

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

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

## 15. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

## 16. Accounting for jointly controlled entities

The University accounts for its share of joint ventures using the equity method.

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

## 17. Taxation

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

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

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

# Statement of accounting policies (continued)

## 18. Financial Instruments

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

## 19. Agency Income

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

## 20. Reserves

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

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

## 21. Related party transactions

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

## Accounting estimates and judgements

### USS deficit recovery plan provision

The University has judged that the scheme provided by USS meets the definition of a sector wide multi-employer scheme for entities that are not under common control. The University has entered into an agreement with the scheme that determines how the scheme deficit will be funded and has recognised a liability calculated as the discounted fair value of the contractual future contributions payable to the extent that they relate to the deficit, with the resulting expense recognised in profit or loss. Assumptions used in the calculation include the level of future salary increases and staff increases and the applicable discount rate which all require elements of estimation.

### Holiday earned but not taken and other employee benefits provision

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

### Pension provisions

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

### Property, Plant and Equipment

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

### Provision for bad and doubtful debts

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

# Notes to the financial statements

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>1 Tuition fees and education contracts</b>				
Full-time students	81,055	81,055	71,004	71,004
Full-time students charged overseas fees	37,415	37,415	37,947	37,947
Part-time fees	2,090	2,090	2,012	2,012
Short course fees	1,263	1,263	1,419	1,419
Other teaching contracts	19,569	19,569	18,338	18,338
Research training support grants	2,465	2,465	3,031	3,031
	<b>143,857</b>	<b>143,857</b>	<b>133,751</b>	<b>133,751</b>
	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>2 Funding body grants</b>				
<b>Recurrent grant</b>				
Higher Education Funding Council for England ("HEFCE") - teaching	9,909	9,909	10,585	10,585
Higher Education Funding Council for England ("HEFCE") - research	15,645	15,645	15,414	15,414
<b>Specific grants</b>				
Higher Education Innovation Fund	2,577	2,577	2,721	2,721
Higher Education Funding Council for England ("HEFCE") - special	581	581	565	565
National College for Teaching and Leadership	9	9	7	7
Capital grant	2,600	2,600	2,466	2,466
	<b>31,321</b>	<b>31,321</b>	<b>31,758</b>	<b>31,758</b>
	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>3 Research grants and contracts</b>				
Research councils	13,786	13,786	14,098	14,098
Research charities	5,670	5,670	4,703	4,703
Government (UK and overseas)	11,483	11,483	11,672	11,672
Industry and commerce	1,723	1,723	1,348	1,348
Other	2,919	2,919	2,331	2,331
	<b>35,581</b>	<b>35,581</b>	<b>34,152</b>	<b>34,152</b>

# Notes to the financial statements (continued)

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>4 Other income</b>				
Residences, catering and conferences	27,270	27,270	24,198	24,198
Other services rendered	3,876	2,564	4,121	2,330
Other capital grants	1,471	1,456	1,847	1,847
Other income	18,333	26,038	17,289	23,854
	<b>50,950</b>	<b>57,328</b>	<b>47,455</b>	<b>52,229</b>

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>5 Investment income</b>				
Investment income on endowments (note 20)	123	123	118	118
Other investment income	476	475	393	390
	<b>599</b>	<b>598</b>	<b>511</b>	<b>508</b>

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>6 Donations and endowments</b>				
New endowments (note 20)	1,506	1,506	1,639	1,639
Donations with restrictions	1,724	1,724	463	463
Unrestricted donations	1,830	1,830	346	346
	<b>5,060</b>	<b>5,060</b>	<b>2,448</b>	<b>2,448</b>

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>7 Staff costs</b>				
Wages and salaries	117,202	116,467	110,200	109,486
Social security costs	10,666	10,592	8,806	8,737
Apprentishp levy	186	185	-	-
Movement on USS provision	(1,456)	(1,456)	2,396	2,396
Other pension costs (note 23)	21,182	21,130	17,424	17,364
	<b>147,780</b>	<b>146,918</b>	<b>138,826</b>	<b>137,983</b>

	2017 £000	2016 £000
Emoluments of the Vice-Chancellor:		
Salary	240	225
Benefits	8	8
Salary and benefits	<b>248</b>	<b>233</b>
Pension contribution	43	38
	<b>291</b>	<b>271</b>

# Notes to the financial statements (continued)

## 7 Staff costs (continued)

Remuneration of other higher paid staff, excluding employer's pension contributions	2017	2016
	Number of staff	
£100,000 - £109,999	13	11
£110,000 - £119,999	8	5
£120,000 - £129,999	6	5
£130,000 - £139,999	2	6
£140,000 - £149,999	-	2
£150,000 - £159,999	3	3
£160,000 - £169,999	4	3
£170,000 - £179,999	-	2
£180,000 - £189,999	3	1
£190,000 - £199,999	-	1
£200,000 - £209,999	1	1
	<b>40</b>	<b>40</b>

Average staff numbers by category:	Number of staff	
Academic	1,084	1,016
Associate tutors	733	756
Research and analogous	388	389
Secretarial and clerical	793	758
Technical	182	175
Admin, senior library and computing	479	463
Others	560	546
	<b>4,219</b>	<b>4,103</b>

### Key management personnel

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

	2017	2016
	£000	£000
Key management personnel compensation	<b>1,128</b>	<b>1,215</b>

### Council Members

No council member has received any remuneration or waived payments from the University during the year (2016: £nil). Total expenses paid to members of the Council during the year was £3,000 (2016: £1,000).

# Notes to the financial statements (continued)

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>8 Interest payable and other finance costs</b>				
Bank interest	6,928	6,928	6,402	6,402
Finance lease interest	2	2	7	7
Net interest charge on pension liability (note 23)	1,109	1,109	1,429	1,429
	<u>8,039</u>	<u>8,039</u>	<u>7,838</u>	<u>7,838</u>

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>9 Analysis of total expenditure by activity</b>				
Academic and related expenditure	118,691	118,930	109,550	109,754
Administration and central services	48,859	48,858	50,701	50,703
Premises	33,674	33,562	37,433	37,348
Residences, catering and conferences	22,525	22,521	17,331	17,428
Research grants and contracts	27,560	27,603	26,481	26,498
Other expenses	9,448	10,689	6,404	5,185
	<u>260,757</u>	<u>262,163</u>	<u>247,900</u>	<u>246,916</u>

Other operating expenses include:

External auditors' remuneration in respect of audit services	60	53	155	147
External auditors' remuneration in respect of non-audit services	91	90	61	49
Operating lease rentals:				
Land and buildings	182	182	210	210
Other	207	207	185	185
Impairment of trade receivables	(428)	(418)	121	80

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
<b>10 Taxation</b>				
Recognised in the statement of comprehensive income				
Current tax expense	-	-	-	-
Adjustments in respect of prior years	-	-	-	-
On receipt of research and development credit	-	-	72	72
	<u>-</u>	<u>-</u>	<u>72</u>	<u>72</u>
Total tax expense	<u>-</u>	<u>-</u>	<u>72</u>	<u>72</u>

# Notes to the financial statements (continued)

## 10 Taxation (continued)

Factors affecting tax charge/(credit) in the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for the year of 20.0% (2016: 20.0%). The differences are explained below:

	2017 Consolidated £000	2016 Consolidated £000
Surplus before taxation	6,955	4,098
UK corporation tax at 20.0% (2016: 20.0%)	1,391	820
Effects of :		
Adjustments in respect of prior years	-	-
Tax deducted on payment of research credit	-	72
Surpluses not subject to corporation tax	(1,391)	(820)
	<u>-</u>	<u>72</u>

## 11 Fixed assets

Consolidated	Freehold land and buildings £000	Assets in the course of construction (L&B) £000	Fixtures, Fittings and Equipment £000	Assets in the course of construction (FF&E) £000	Heritage assets £000	Total £000
<b>Cost or valuation</b>						
Balance as previously stated at 1 August 2016	509,221	31,754	46,051	611	9,860	597,497
Restatement	-	-	-	-	2,348	2,348
At 1 August 2016 (restated)	509,221	31,754	46,051	611	12,208	599,845
Additions at cost	4,496	10,722	3,565	383	1,220	20,386
Transfers	28,961	(28,961)	394	(394)	-	-
Disposals	-	-	(7,800)	-	-	(7,800)
<b>At 31 July 2017</b>	<b>542,678</b>	<b>13,515</b>	<b>42,210</b>	<b>600</b>	<b>13,428</b>	<b>612,431</b>
<b>Consisting of:</b>						
Valuation as at 31 July 2014	416,821	-	-	-	-	416,821
Cost	125,857	13,515	42,210	600	13,428	195,610
<b>At 31 July 2017</b>	<b>542,678</b>	<b>13,515</b>	<b>42,210</b>	<b>600</b>	<b>13,428</b>	<b>612,431</b>
<b>Accumulated depreciation</b>						
At 1 August 2016	47,701	-	39,942	-	-	87,643
Charge for the year	15,070	-	4,330	-	-	19,400
Eliminated on disposals	-	-	(7,800)	-	-	(7,800)
<b>At 31 July 2017</b>	<b>62,771</b>	<b>-</b>	<b>36,472</b>	<b>-</b>	<b>-</b>	<b>99,243</b>
<b>Net book value</b>						
<b>At 31 July 2017</b>	<b>479,907</b>	<b>13,515</b>	<b>5,738</b>	<b>600</b>	<b>13,428</b>	<b>513,188</b>
At 31 July 2016 (restated)	461,520	31,754	6,109	611	12,208	512,202



# Notes to the financial statements (continued)

## 11 Fixed assets (continued)

University	Freehold land and buildings £000	Assets in the course of construction (L&B) £000	Fixtures, Fittings and Equipment £000	Assets in the course of construction (FF&E) £000	Heritage assets restated £000	Total £000
<b>Cost or valuation</b>						
Balance as previously stated at 1 August 2016	509,495	31,754	43,409	611	9,860	595,129
Restatement	-	-	-	-	2,348	2,348
At 1 August 2016	509,495	31,754	43,409	611	12,208	597,477
Additions at cost	4,496	10,722	3,546	381	1,220	20,365
Transfers	28,961	(28,961)	394	(394)	-	-
Disposals	-	-	(7,900)	-	-	(7,900)
<b>At 31 July 2017</b>	<b>542,952</b>	<b>13,515</b>	<b>39,449</b>	<b>598</b>	<b>13,428</b>	<b>609,942</b>
<b>Consisting of:</b>						
Valuation as at 31 July 2014	416,821	-	-	-	-	416,821
Cost	126,131	13,515	39,449	598	13,428	193,121
<b>At 31 July 2017</b>	<b>542,952</b>	<b>13,515</b>	<b>39,449</b>	<b>598</b>	<b>13,428</b>	<b>609,942</b>
<b>Accumulated depreciation</b>						
At 1 August 2016	47,805	-	37,298	-	-	85,103
Charge for the year	15,082	-	4,315	-	-	19,397
Eliminated on disposals	-	-	(7,900)	-	-	(7,900)
<b>At 31 July 2017</b>	<b>62,887</b>	<b>-</b>	<b>33,713</b>	<b>-</b>	<b>-</b>	<b>96,600</b>
<b>Net book value</b>						
<b>At 31 July 2017</b>	<b>480,065</b>	<b>13,515</b>	<b>5,736</b>	<b>598</b>	<b>13,428</b>	<b>513,342</b>
At 31 July 2016 (restated)	461,690	31,754	6,111	611	12,208	512,374

### Prior period adjustment

During a review of the heritage assets it was found that the assets (held at £9,860k) had conditions on them which meant they could not be sold. As a result of this they should have been classified as restricted reserves as opposed to unrestricted, at the time of donation which was a number of years ago. An adjustment has therefore been made within the Consolidated Group and University reserves to increase restricted reserves by £9,860k, from £172k to £10,032k, with a corresponding decrease to unrestricted reserves for the same amount from £323,800k to £299,243k for the Consolidated Group and £309,103k to £301,394k for the University as at 1 August 2015, which is the earliest period presented.

In addition, in the current year the University identified that a number of donated assets received during the years 2013 to 2015 totalling £2,348k had not been recognised on the balance sheet. The impact of the error was an understatement of heritage assets and an understatement of restricted reserves for those years. An adjustment has been made to increase Consolidated Group and University heritage assets by £2,348k from £9,860k to £12,208k for the year ended 2015 and increase restricted reserves for the Consolidated Group and University by the same amount from £10,032k (which includes the above adjustment) to £12,380k which is the earliest period presented. There is no impact on the Statements of Comprehensive Income and Expenditure for either of these adjustments.

At 31 July 2017, freehold land and buildings included £53.1m (2016 - £53.1m) in respect of freehold land which is not depreciated.

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

# Notes to the financial statements (continued)

## 11 Fixed assets (continued)

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

	<b>Consolidated and University</b>	
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Cost	<b>1,886</b>	1,886
Accumulated depreciation	<b>(1,415)</b>	(1,264)
Charge for the year	<b>(76)</b>	(151)
Net book value	<b>395</b>	471

### Consolidated and University

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

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

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

## 12 Heritage assets

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

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

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Acquisitions by donation (restated note 11)	<b>234</b>	<b>744</b>	<b>1,344</b>	<b>25</b>	<b>1,220</b>

## 13 Non-Current Investments

	<b>Subsidiary investment in spinouts</b>	<b>Other fixed assets investments</b>	<b>Total</b>
<b>Consolidated</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 August 2016</b>	1,278	21,900	23,178
Additions	-	610	610
Disposals	-	(4,873)	(4,873)
Additional provisions made	-	470	470
Increase in value	-	134	134
<b>At 31 July 2017</b>	<b>1,278</b>	<b>18,241</b>	<b>19,519</b>

# Notes to the financial statements (continued)

## 13 Non-Current Investments (continued)

	Subsidiary companies	Subsidiary investment in spinouts	Other fixed assets investments	Total
University	£000	£000	£000	£000
<b>At 1 August 2016</b>	6,097	1,214	21,768	29,079
Additions	-	-	636	636
Disposals/dissolved	(2,554)	-	(4,430)	(6,984)
Additional provisions made	-	-	-	-
Increase in value	-	-	134	134
<b>At 31 July 2017</b>	<b>3,543</b>	<b>1,214</b>	<b>18,108</b>	<b>22,865</b>

Investments comprise :

	Consolidated £000	University £000
CVCP Properties PLC	35	35
Norwich Research Park LLP	833	833
Investments held by Carbon Connections UK Limited	133	-
Investments held for the Low Carbon Innovation Fund	13,703	13,703
Investments held for Endowment Funds	3,271	3,271
Legacy shares received	266	266
	<b>18,241</b>	<b>18,108</b>

The following companies, all registered at The Registry, University of East Anglia, Norwich Research Park, Norwich NR4 7TJ, were 100% owned subsidiary undertakings at 31 July 2017:

Name	Principal activity
UEA Student Residences Limited	Not trading
UEA Estate Services Limited	Property construction
UEA Enterprises Limited	Developing intellectual property
East Anglian University Residences Limited	Property management
UEA NRP Investments Limited	Holding company
UEA Accommodation 2 Limited	Not trading
UEA INTO Holdings Limited	Holding company
UEA Consulting Limited	Consultancy
Carbon Connections UK Limited	Investments
Low Carbon Innovation Fund Limited	Nominee shareholdings
UEA NPH Limited	Holding company
Incrops IP Limited	Not trading
Adapt Commercial Limited	Consultancy
Adapt Investments Limited	Holding Company
UEA Pension Trustees Limited	Not trading

Carbon Connections UK Limited, Low Carbon Innovation Fund Limited, UEA NPH Limited and UEA Pension Trustee Limited are companies limited by guarantee with the University as sole member.

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

# Notes to the financial statements (continued)

## 14 Investments in joint ventures

During the year the University had an interest in a joint venture arrangement with INTO UEA LLP whose accounting period end 31 July. The joint venture arrangement with the University of Suffolk ended on 1 August 2016 when they gained university title and independence.

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

	Year ended 31 July 2017		Year ended 31 July 2016	
	£000	£000	£000	£000
<b>Income and expenditure account</b>				
Income		8,710		9,049
Surplus before tax		210		1,734
<b>Balance sheet</b>				
Fixed assets		560		695
Current assets	7,243		5,631	
Creditors: amounts due within one year	(8,529)		(6,012)	
		(1,286)		(381)
<b>Share of net assets</b>		(726)		314

To comply with accounting policy the University does not consolidate negative net assets.

	2017	2017	2016	2016
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>15 Trade and other receivables</b>				
Amounts falling due within one year:				
Research grants receivables	6,858	6,858	5,918	5,918
Other trade receivables	9,980	9,789	12,796	12,533
Interest receivable	224	224	143	143
Prepayments and accrued income	5,422	5,371	7,382	7,345
Amounts due from subsidiary companies	-	934	-	678
	22,484	23,176	26,239	26,617

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

Trade debtors are stated after provisions for impairment of £500,000 (2016: £928,000).

# Notes to the financial statements (continued)

## 16 Current investments

	Consolidated and University	
	2017	2016
	£000	£000
Short term deposits	55,500	46,500
	<b>55,500</b>	<b>46,500</b>

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

At 31 July 2017 the weighted average interest rate of these fixed term rates deposits was 0.79% per annum (2016: 0.88% per annum) and the remaining weighted average period for which the interest rate is fixed on these deposits was 8 months (2016: 6 months). The fair value of these deposits was not materially different from the book value.

## 17 Creditors: amounts falling due within one year

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
Bank loans	2,745	2,745	2,578	2,578
Bank and other loan interest	-	-	-	-
HEFCE loan	145	145	211	211
Obligations under finance leases	15	15	15	15
Trade creditors	5,213	5,207	5,459	5,447
Capital creditors	5,187	5,187	3,299	3,299
Corporation tax	-	-	723	723
Other taxation and social security	3,559	3,561	-	-
Accruals and deferred income	56,692	54,860	56,993	54,364
Amounts due to subsidiary companies	-	10,436	-	17,852
	<b>73,556</b>	<b>82,156</b>	<b>69,278</b>	<b>84,489</b>

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

### Deferred income

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

	2017 Consolidated £000	2017 University £000	2016 Consolidated £000	2016 University £000
Donations and endowments	1,121	1,121	470	470
Research grants received on account	11,197	11,197	11,647	11,647
Grant income	16,869	16,869	19,574	19,574
	<b>29,187</b>	<b>29,187</b>	<b>31,691</b>	<b>31,691</b>

# Notes to the financial statements (continued)

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

	Consolidated and University	
	2017	2016
	£000	£000
Bank loans	112,891	115,636
Private Placement loans	33,000	33,000
HEFCE loan	362	507
Obligations under finance leases	94	109
	<b>146,347</b>	<b>149,252</b>

Bank loans and HEFCE loans are repayable as follows :

	Consolidated and University	
	2017	2016
	£000	£000
Due within one year or less	2,890	2,789
Due between one and two years	4,208	2,890
Due between two and five years	12,796	14,424
Due in five years or more	129,249	131,829
	<b>149,143</b>	<b>151,932</b>

The net finance lease obligations are as follows :

	Consolidated and University	
	2017	2016
	£000	£000
Due within one year or less	15	15
Due between one and two years	15	15
Due between two and five years	47	46
Due in five years or more	32	48
	<b>109</b>	<b>124</b>

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

The details of the loans are as follows:

Lender	Amount £000	Term	Interest rate	Borrower
Royal Bank of Scotland	63,554	30 years	5.9%	University
Royal Bank of Scotland	12,081	26 years	5.1%	University
Private placement loan	33,000	30 years	3.9%	University
European Investment Bank	40,000	20 years	2.7%	University
HEFCE	508	-	-	University
	<b>149,143</b>			

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

# Notes to the financial statements (continued)

## 19 Provision for liabilities

	Consolidated and University				
	Obligation to fund deficit on USS Pension £000	UEASSS pension scheme provision £000	Total Pensions Provisions £000	Termination value of SWAP £000	Total Provisions £000
At 1 August 2016	30,905	25,088	55,993	38,140	94,133
Additional provision in the year	(928)	(9,727)	(10,655)	(8,081)	(18,736)
<b>At 31 July 2017</b>	<b>29,977</b>	<b>15,361</b>	<b>45,338</b>	<b>30,059</b>	<b>75,397</b>

### USS deficit

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

### UEASSS provision

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

### Termination value of SWAP

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

## 20 Endowment Reserves

	Consolidated and University				
	Restricted Permanent £000	Unrestricted Permanent £000	Expendable £000	2017 Total £000	2016 Total £000
<b>Balance at 1 August 2016</b>					
Capital	3,243	14	3,417	6,674	6,244
Accumulated income	342	1	241	584	542
	3,585	15	3,658	7,258	6,786
New endowments	16	-	1,490	1,506	1,639
Investment income	101	1	21	123	118
Expenditure	(52)	-	(1,295)	(1,347)	(1,473)
	49	1	(1,274)	(1,224)	(1,355)
Increase in market value of investments	122	1	11	134	188
<b>Balance at 31 July 2017</b>	<b>3,772</b>	<b>17</b>	<b>3,885</b>	<b>7,674</b>	<b>7,258</b>
<b>Represented by</b>					
Capital	3,380	15	3,677	7,072	6,674
Accumulated income	392	2	208	602	584
	<b>3,772</b>	<b>17</b>	<b>3,885</b>	<b>7,674</b>	<b>7,258</b>

# Notes to the financial statements (continued)

## 20 Endowment Reserves (continued)

	Consolidated and University			2017	2016
	Restricted Permanent £000	Unrestricted Permanent £000	Expendable £000	Total £000	Total £000
<b>Analysis by type of purpose</b>					
Lectureships	95	-	9	104	95
Scholarships and bursaries	3,038	-	1,159	4,197	4,184
Research support	-	-	33	33	19
Prize funds	589	17	192	798	731
Other	50	-	2,492	2,542	2,229
	<u>3,772</u>	<u>17</u>	<u>3,885</u>	<u>7,674</u>	<u>7,258</u>
<b>Analysis by asset</b>					
Investments				3,271	3,173
Cash and cash equivalents				4,403	4,085
				<u>7,674</u>	<u>7,258</u>

## 21 Restricted Reserves

	Consolidated and University		
Reserves with restrictions are as follows:	Donations £000	2017 Total £000	2016 Total £000 restated
<b>Balances at 1 August 2016</b>	12,731	12,731	12,381
New donations	1,724	1,724	462
Capital grants utilised	-	-	-
Expenditure	(380)	(380)	(112)
<b>Balances at 31 July 2017</b>	<u>14,075</u>	<u>14,075</u>	<u>12,731</u>
<b>Analysis of donations by type of purpose:</b>			
Scholarships and bursaries		296	272
Prize funds		98	88
Capital		13,428	12,208
Other		252	163
		<u>14,074</u>	<u>12,731</u>

The figures for 2016 have been restated to correctly reflect the donations of Heritage Assets (see Note 11 for details).

## 22 Capital commitments

At 31 July 2017 the Group had outstanding commitments for capital expenditure of £3,287,000 (2016: £4,635,000).



# Notes to the financial statements (continued)

## 23 Pensions

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

### Universities Superannuation Scheme

#### CONTINGENT LIABILITIES AND ASSETS

The University participates in the Universities Superannuation Scheme (the scheme). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the income and expenditure account.

#### PENSION COSTS

The amount recognised in comprehensive income and expenditure:

	2017 £000	2016 £000
Staff costs - contribution payments	17,271	15,074
Staff costs - movement on deficit provision	(1,456)	2,396
Net interest	528	820
	<b>16,343</b>	<b>18,290</b>

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

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

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

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

	2017	2016
Discount rate	2.57%	3.60%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.41%	2.20%

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

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

# Notes to the financial statements (continued)

## 23 Pensions (continued)

### Universities Superannuation Scheme (continued)

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

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.00	28.8

The funding of the scheme was:	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS102 total scheme deficit	£17.5bn	£8.5bn
FRS102 total funding level	77%	85%

### University of East Anglia Staff Superannuation Scheme

The University of East Anglia operates a defined benefit scheme in the UK, which provides both pensions in retirement and death benefits to members. Pension benefits are related to the members' final salary at retirement and their length of service. Since 1 November 2007, the scheme has been closed to new members. Contributions to the scheme for the year beginning 1 August 2018 are expected to be 28.3% of pensionable salaries for those members who participate in the University's salary sacrifice arrangements and 20.8% of pensionable salaries for those that do not, plus additional annual contributions of £1,397,000 payable in equal monthly instalments to 28 February 2022.

Preliminary results of the full actuarial valuation of the Scheme as at 31 July 2016 have been updated to 31 July 2017 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	31 July 2017	31 July 2016
Discount rate	2.60%	2.50%
Inflation assumption (CPI)	2.30%	2.00%
Rate of increase in salaries	3.55%	3.25%
Rate of increase in pensions in payment in excess of Guaranteed Minimum Pension	2.30%	2.00%

Assumed life expectancies on retirement at age 63 are:

Retiring today	Males	24.1	24.1
	Females	26.2	26.5
Retiring in 20 years time	Males	25.9	26.6
	Females	28.1	29

The fair value and retrans on the plan assets were as follows:

	Value at 31 July 2017 £000	Value at 31 July 2016 £000
The assets in the scheme were:		
Equity and Property	60,927	49,343
Bonds and Cash	67,369	71,133
Fair value of scheme assets	128,296	120,476
The actual return on assets over the year was	8,055	14,215
Present value of funded obligations	143,657	145,564
Fair value of scheme assets	128,296	120,476
Deficit in funded scheme/ net liability in balance sheet	(15,361)	(25,088)

# Notes to the financial statements (continued)

## 23 Pensions (continued)

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

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	<b>2017</b>	2016
	<b>£000</b>	£000
Benefit obligation at the beginning of the year	<b>145,564</b>	125,012
Current service cost	<b>3,318</b>	2,776
Interest cost	<b>3,587</b>	4,550
Contributions by scheme participants	<b>39</b>	45
Actuarial (gains)/losses	<b>(4,629)</b>	17,344
Benefits paid	<b>(4,222)</b>	(4,163)
	<b>143,657</b>	145,564
Reconciliation of opening and closing balances of the fair value of scheme assets	<b>2017</b>	2016
	<b>£000</b>	£000
Fair value of scheme assets at the beginning of the year	<b>120,476</b>	106,742
Interest income on scheme assets	<b>3,006</b>	3,941
Return on assets, excluding interest income	<b>5,251</b>	10,530
Contribution by employers	<b>3,948</b>	3,637
Contribution by scheme participants	<b>39</b>	45
Benefits paid	<b>(4,222)</b>	(4,163)
Scheme administrative cost	<b>(202)</b>	(256)
	<b>128,296</b>	120,476
The amounts recognised in comprehensive income and expenditure:	<b>2017</b>	2016
	<b>£000</b>	£000
Service cost - including current service costs, past service costs and settlements	<b>3,318</b>	2,776
Service cost - administrative cost	<b>202</b>	256
Net interest on the net defined benefit liability	<b>581</b>	609
	<b>4,101</b>	3,641
Remeasurements of the net defined benefit liability	<b>2017</b>	2016
	<b>£000</b>	£000
Actuarial losses on the liabilities	<b>(4,629)</b>	17,344
Return on assets, excluding interest income	<b>(5,251)</b>	(10,530)
	<b>(9,880)</b>	6,814

### Other Pension Schemes

The University contributed to the National Health Service Pension Scheme, a multi-employer defined benefit pension scheme. This is accounted for as a defined contribution scheme because it is not possible to identify the University's share of underlying scheme liabilities. Contributions in the year were £391,000 (2016: £401,000).

# Notes to the financial statements (continued)

## 24 Queen's Building

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

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

## 25 The Sainsbury Laboratory

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

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

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

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

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

## 27 Operating lease commitments

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

	Consolidated and University					
	Land & Buildings £000	Other £000	2017 £000	Land & Buildings £000	Other £000	2016 £000
Payments due:						
Not later than one year	208	320	528	187	374	561
Later than one year and not later than five years	731	724	1,455	398	582	980
Later than five years	299	-	299	351	-	351
	<b>1,238</b>	<b>1,044</b>	<b>2,282</b>	<b>936</b>	<b>956</b>	<b>1,892</b>

## 28 Related Party Transactions

During the year ended 31 July 2017, the University had transactions with a number of organisations which fell within the definition of Related Parties within section 33 of FRS102. Transactions are disclosed where members of Council and other senior members of staff disclose an interest in an organisation with whom the University undertakes transactions which are considered material to the University's financial statements and/or the other party.

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

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

# Notes to the financial statements (continued)

## 28 Related Party Transactions (continued)

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

### INTO UEA LLP

During the year the University supplied INTO UEA LLP (INTO) with goods and services to the value of £731,000 (2016: £688,000). At 31 July the balance outstanding was £102,000 (2016: £61,000). The University also received services from INTO to the value of £566,000 (2016: £363,000). At 31 July the balance outstanding was £155,000 (2016: £23,000).

### Union of UEA Students Ltd

During the year the University supplied Union of UEA Students Ltd (UUS) with goods and services to the value of £946,000 (2016: £1,098,000). At 31 July the balance outstanding was £91,000 (2016: £267,000). The University also received services from UUS to the value of £1,906,000 (2016: £4,247,000). At 31 July the balance outstanding was £27,000 (2016: £4,000).

### Norwich Research Partners LLP

During the year the University received services from Norwich Research Partners LLP to the value of £99,000 (2016: £20,000). At 31 July the balance outstanding was £nil (2016: £nil).

### CFH Facilities

During the year the University received services from CFH Facilities to the value of £3,450,000 (2016: nil). At 31 July the balance outstanding was £nil (2016: £nil).

### Norfolk and Norwich University Hospital

During the year the University supplied Norfolk and Norwich University Hospital (NNUH) with goods and services to the value of £2,214,000 (2016: £2,486,000). At 31 July the balance outstanding was £567,000 (2016: £723,000). The University also received services from NNUH to the value of £898,000 (2016: £773,000). At 31 July the balance outstanding was £102,000 (2016: £25,000).

## 29 Connected Charities

On 1 August 2017 the University of Suffolk ceased to be connected to the University when they gained university title and independence.

## 30 Teaching Agency for Schools Bursaries

	2017 £000	2016 £000
Funding at the beginning of the year	99	(68)
Training Bursary funds received during the year	2,317	2,434
Training Bursary payments during the year	(2,313)	(2,267)
Funding at the end of the year	103	99

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

The amount paid out in excess of funds received during the year is recoverable from the National College for Teaching and Leadership.

# Notes to the financial statements (continued)

## 31 Higher Education Funding Council for England Partner Colleges

	2017 £000	2016 £000
Balance at the beginning of the year	-	-
Funds received during the year	339	3,840
Payments during the year	(339)	(3,840)
	<hr/>	<hr/>
Balance at the end of the year	-	-
	<hr/>	<hr/>

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

## 32 Contingent liabilities

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