

UNIVERSITY OF EAST LONDON

REPORT

AND

FINANCIAL STATEMENTS

**FOR THE
YEAR ENDED
31 JULY 2011**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

CONTENTS

	Page
Governors, Executives and Advisors	2
Report of the Governors	3
Statement of Primary Responsibilities	28
Corporate Governance Statement	29
Statement of Governors' Responsibilities	30
Statement by the Board of Governors on Internal Control and Risk Management	31
Independent Auditors' Report to the Governors of the University of East London	33
Consolidated Income and Expenditure Account	35
Consolidated Statement of Total Recognised Gains and Losses	36
Group and University Balance Sheets	37
Consolidated Cash Flow Statement	38
Notes to the Accounts	39

GOVERNORS, EXECUTIVES AND ADVISORS AT 31 JULY 2011**Board of Governors**

Mr M Stephens CBE (Chair)
 Ms J Arnold OBE AM
 Mr R Baxi FRSA
 Mr R Beaver
 Mr M Brace CBE
 Ms J Calvert-Lee JP
 Ms S Crouch OBE
 Dr M Hannam
 Dr I Jenkins CEng FIET
 Lord Loomba CBE
 Professor P McGhee MA (Glas) DPhil (Oxon) CPsychol AFBPsS
 Mr A Mullee
 Mr B Patriniche
 Professor A Renton
 Ms A Slater
 Dr K Tang CFA

Holders of senior posts

Professor P McGhee MA (Glas) DPhil (Oxon)
 CPsychol AFBPsS

Vice-Chancellor

Professor J Joughin BA MA PhD
 Mr N Borkhataria BSc ACA
 Mr J Shaw BA MA PGCE
 Mr D Amroliwalah OBE MA MBA FCIPD
 Mrs S Bolingbroke BA MA FHEA

Deputy Vice Chancellor
 Pro-Vice-Chancellor & Director of Finance
 Pro Vice-Chancellor International
 Pro Vice-Chancellor Services & Infrastructure
 Pro Vice-Chancellor Strategic Planning and External
 Development

Auditors

Deloitte LLP
 Chartered Accountants and Statutory Auditors
 1 Woodborough Road
 Nottingham
 NG1 3FG

Bankers

Barclays Bank Plc
 P O Box 1006
 Barking
 IG11 8AT

Solicitors

Cumberland Ellis LLP
 Atrium Court
 15 Jockey's Fields
 London

Mills & Reeve LLP
 Francis House
 112 Hills Road
 Cambridge
 CB2 1PH

REPORT OF THE GOVERNORS

Purpose of the report

This report is intended to provide the reader with an account of the board's stewardship of the charity which is the University of East London during the financial year 2010/11. It sets out the vision the board has provided and the steps which have been taken towards fulfilling that vision.

Constitution

The University of East London is a higher education corporation as defined under the Education Reform Act 1988. The powers of higher education corporations are defined by that act and include the power to provide higher and further education and to carry out research. The University of East London is an exempt charity by virtue of the Charities Acts 1993 and 2006. Information about its governance is given in the corporate governance statement.

Scope of the financial statements

The financial statements comprise the consolidated results of the University of East London and its subsidiary undertakings. Details of the subsidiary undertakings are given in note 11 to the financial statements.

Vision

To be an enterprising, international university bringing transformational opportunities to individuals, communities and businesses in our region, through diversity, partnership and excellence in teaching and research.

Mission

Our mission is to:

- promote academic achievement for all, particularly for those who seek to succeed against the odds;
- deliver innovative research and teaching that is intellectually stimulating;
- promote and provide employability skills for all our students;
- provide an outstanding student experience, integrating intellectual, social, artistic and sporting opportunities;
- encourage our students and graduates to share their success, and promote the success of others;
- use our national and international reputation to support social and economic regeneration in our communities in east London, the Thames Gateway and in the broader south east;
- maximise the social as well as financial benefits of business development, employer engagement and knowledge exchange for individuals, communities and society;
- exploit our location in one of the world's leading capital cities for the benefit of all our stakeholders worldwide.

REPORT OF THE GOVERNORS (CONTINUED)**Governors during the course of the year**

Mr M Stephens (Chair)
 Mr C Akitt (appointed November 2010, retired July 2011)
 Ms J Arnold
 Mr R Baxi
 Mr R Beaver
 Mr M Brace
 Ms J Calvert-Lee
 Ms S Crouch
 Mr T Grainger (retired July 2011)
 Dr M Hannam
 Dr I Jenkins
 Lord Loomba
 Professor P McGhee
 Mr A Mullee (appointed March 2011)
 Mr B Patriniche
 Mr R Pointer (retired October 2010)
 Mr L Robinson (appointed November 2010, retired July 2011)
 Professor A Renton (appointed January 2011)
 Ms A Slater
 Dr K Tang

Introduction

Figure 1: Mark Stephens CBE, Chair of Governors

This set of Financial Statements is presented by me as Chair of Governors. I am delighted to be Chair at what is a very exciting and ambitious time for UEL, but set in the context of radical reforms to the way in which universities will be funded in future, increasing challenges in relation to the recruitment of international students and government funding cuts. UEL staff have worked hard over the last few years to deliver a sustainable and very firm financial foundation for the future - it will be even more important in the coming years to maintain this discipline.

We had seen strong growth in demand for our courses from students from the United Kingdom, elsewhere in the European Union and overseas, however, changes to the immigration criteria for prospective international students, increased competition from abroad and the uncertainties in the world economy have seen international numbers drop in 2010/11. Nevertheless, our turnover has continued to increase. We adopted a new financial strategy in April 2007 which now produces annual operating surpluses and significant levels of cash from our activities. The Higher Education sector is likely to face a challenging period over the next two to five years and a strong financial base will be critical. Whilst the government cuts in spending and changes to the student finance regime will inevitably affect both staff and external stakeholders, we believe that we are well prepared to meet these challenges.

In the rest of this section I highlight the achievements over the last year and mention some of our exciting plans for the years ahead.

I am pleased to report that during the course of the year we appointed three new members to the Vice-Chancellor's Group:

Dusty Amroliwala OBE was appointed Pro Vice Chancellor (Services and Infrastructure) and will manage and oversee the running of Facilities Services, HR Services, Library and Learning Services, IT Services and the Mentoring and Equalities Unit.

Following his career in the RAF, which included a period as Head of the Royal Air Force's Initial and Professional training academy, Dusty moved into Whitehall where he spent two years as the Director of HR Services at the Home Office. Dusty also worked in the Cabinet Office for just under three years, where he was the Director of the Civil Service Workforce. In this role, Dusty was responsible for the formulation of HR policy for approximately 480,000 staff and for providing professional advice to government ministers and the current Cabinet Secretary, Sir Gus O'Donnell, on a very wide range of HR policy issues.

REPORT OF THE GOVERNORS (CONTINUED)

Selena Bolingbroke MA was appointed Pro Vice-Chancellor (Strategic Planning and External Development). Her involvement in UEL dates back many years, including as Director of External & Strategic Development Services, Head of Strategic Planning and Quality Enhancement and as both a student and student union president at the old Polytechnic of East London. Selena brings with her extensive experience in higher education, local government and Whitehall and a proven track record of driving innovation in East London and the Thames Gateway.

Louise Nadal MBA joined us as Head of Governance & Legal Services. She also acts as Clerk to the Board of Governors. Louise has nearly 20 years experience working in a range of (mostly research intensive) universities, including posts in academic quality assurance, human resources and NHS contracting within a medical school. She has spent the last 10 years providing institutional oversight of planning and governance activities, most recently as Director of Strategy, Planning and Governance at the University of Sussex.

Transformation for Excellence 2010 – 2020

Transformation for Excellence 2010 – 2020 highlights what our longer term vision is for 2020 and identifies our key strategic objectives for 2015. In order to achieve our vision of where we want to be in 2020, the following nine high-level objectives build on existing strengths and lay out the key strategic priorities for the next five years:

- a strong academic core: internationally excellent research, robust standards and a dynamic portfolio;
- an outstanding student experience: distinctive, challenging and lifelong;
- sustainable student recruitment: growth and opportunity;
- exceptional employability and enterprise;
- a global reach: diversification, visibility and partnership;
- best in London for sport: participation, excellence and inclusion;
- outstanding support for businesses: economic regeneration, social change and environmental sustainability;
- an outstanding workforce: professionalism, careers and flexibility;
- a positive reputation: stakeholder confidence and institutional pride.

In March 2011, a consultation led by Prof. John Joughin, Deputy Vice-Chancellor, was undertaken which posed some key questions about our school structures, as well as our overall strategic alignment to key sectors and new markets for growth. It was the feedback from UEL staff and students, as well as our external partners and stakeholders, which shaped the final school structure which was approved by Academic Board and is now in place as outlined below.

UEL's new School structure:

School of Health, Sport & Biosciences
 School of Architecture, Computing & Engineering
 School of Law & Social Sciences
 Cass School of Education & Communities
 School of Psychology
 School of Arts & Digital Industries
 Royal Docks Business School
 School of Combined Honours

The revised structure is an important step in securing a strong future for teaching and research at UEL. The new School of Arts & Digital Industries draws together UEL's areas of Media, Performing Arts, Graphic Design, Fine Art, and Cultural Studies. In this context, the new School will enable us to exploit more fully the rich concentration of creative activity in our own programmes and will also respond to one of our key growth markets in the area of creative and digital – one which looks set to power both the regeneration of east London and the capital's economic future for decades to come. UEL has seen a significant increase in applications in this area and expects that growth to continue.

REPORT OF THE GOVERNORS (CONTINUED)

The School of Law and Social Sciences brings two of our strongest-performing research areas together in the same School. The new configuration will also incorporate the realignment of two of our strongest research centres: the Centre for Human Rights in Conflict and the Centre for Migration, Refugees and Belonging. This converges with our emerging pan-institutional research theme on social equality and justice/human rights and security and will produce further opportunities for interdisciplinary research and grant capture in areas such as international and comparative social science; international law and legal anthropology; Islamic and Middle East studies; international development; ethnic identities; intersectionality and belonging; cross-cultural rights; global politics and migration; international and European human rights, law and development; terrorism studies; gender and cross-cultural rights, law and development; and law and post-colonialism.

The new School structure for Architecture, Computing and Engineering received strong endorsement during the consultation process. The emphasis on key links to emergent sector themes, such as sustainable design, urban regeneration and wellbeing, and the built environment, was also strongly supported. The relocation of Architecture within the existing School of Computing, Information Technology and Engineering (CITE) will provide a clearer strategic alignment in terms of a number of urban design initiatives. It will also help to promote knowledge exchange opportunities in terms of developing collaborative research and consultancy links with regional developers and land owners. In addition, a pronounced focus on developing the area of built environment within CITE will also lead to a clearer offer around a number of linked CPD and vocational educational opportunities in areas such as strategic planning and regional and local economic development.

The Cass School of Education & Communities sees the integration of our Social Work and New Beginnings provision alongside Education. The emergence of a stronger role for local authorities, in terms of health and social care, will provide a number of related opportunities for re-aligning our offer in these areas. Being more visible in this new environment will be crucial and is most likely to be achieved by bringing together different academic elements into structures which are able to generate a new quality and volume of relationship and reputation. The creation of this School alongside our School of Psychology and School of Health, Sport and Bioscience has created a hub of public facing provision integrated in the heart of Stratford.

Our Global Reach strategy was developed during the year and focuses on partnerships. It complements our agent-centred and direct recruitment activities which are becoming subject to increased competition and UK government policy. In 2010/11 we concentrated on Brazil, Russia, India, China and Malaysia, signing a large number of Memoranda of Understanding with local higher education institutions. Many of these informal arrangements have since developed into formal agreements which will see students from partner organisations undertaking part of their studies in UEL in London.

One of the aspirations derived from Transformation for Excellence is to be the leading modern, post-92 university for research and we are continually looking to build on this. At UEL research activity underpins everything that we do – it is what defines us as a University. UEL's commitment to supporting our research community drives innovation and creativity and, in turn, creates an environment where there is freedom for ideas and intellectual thinking to develop across disciplines. In order to strengthen our research focus and in preparation for the Research Excellence Framework assessment in 2014 we reviewed our research structure. In order to reflect the diversity and the interdisciplinary nature of our research activity, we have identified six new pan-institutional research themes:

- Creative, Digital and Information Technology;
- Politics, Culture and Society;
- Children, Education and Lifelong Learning;
- Sport, Health and Wellbeing;
- Sustainability;
- Social Equality and Justice, Human Rights and Security.

These themes indicate the breadth and range of what we do at UEL. The themes are fundamental to our academic core and highlight our existing research strengths and areas of excellence across our seven academic Schools. They also represent the key thematic areas that will be crucial in consolidating our future research standing, as well as facilitating our ability to attract significant external funding. We will continue to invest in strengthening our research infrastructure and we retain an unwavering commitment to developing and disseminating internationally reputed and world leading research.

REPORT OF THE GOVERNORS (CONTINUED)

Transformation for Excellence 2010 – 2020 sets out what we must do and why. Programme Boards have been introduced across the organisation to develop plans and initiatives to turn the strategy into reality. Transformation for Excellence 2010 – 2020, the constituent strategies and the detailed action plans developed by the Programme Boards, Schools and Services will form the Corporate Plan. The Corporate Plan will be reviewed on an annual basis with key highlights and achievements reported to internal and external stakeholders. Whilst this is all set within a background of extensive government funding cuts and new student finance arrangements, in this way, we will ensure that our staff and students continue to remain engaged with our Strategy as we progress towards 2020.

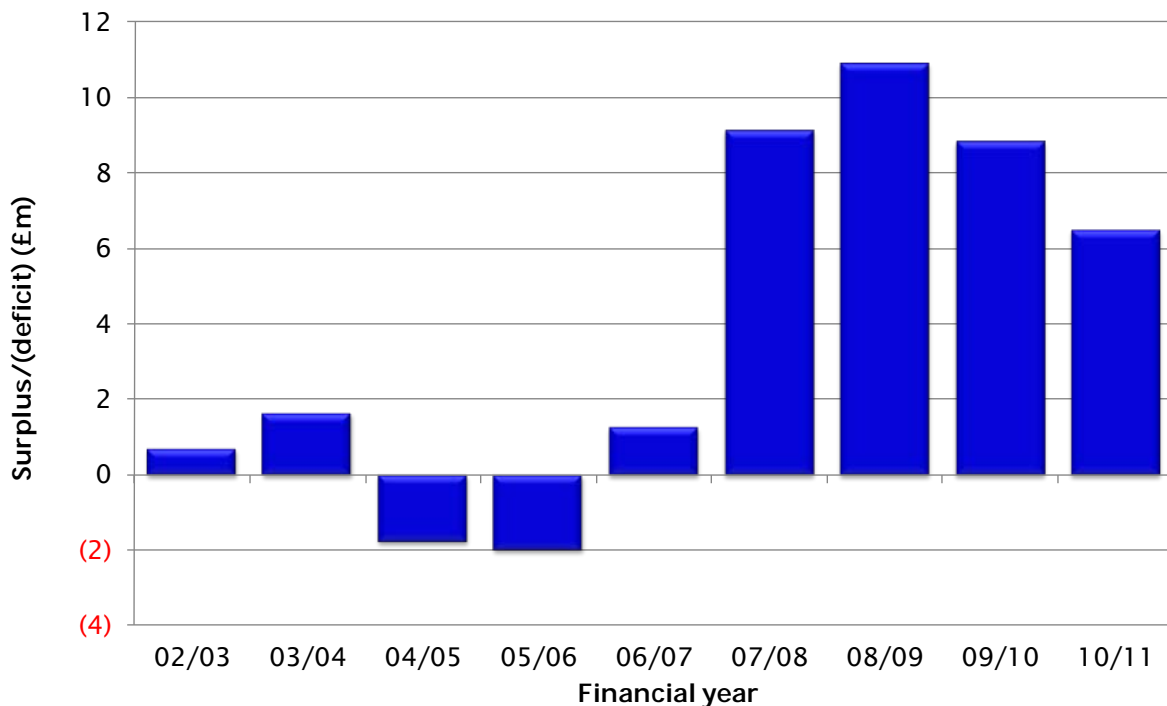
In order to support the implementation of Transformation for Excellence we are developing a Business Strategy Framework which will establish core principles for capital investments to align expenditure with our overall institutional strategy. This framework and the associated decision making will enable the Corporate Plan to be implemented and will assist the University to make the difficult choices and face the challenges which we will undoubtedly face in the coming years.

Financial Performance

We are pleased to report that the strong positive trend in our financial performance has continued and we have achieved a substantial surplus for the fourth year running. Our strategy of setting sound budgets which are aimed at generating capacity for the future, coupled with continuing student demand, remains successful. We believe that such a strategy is vitally important and will allow us to continue to invest in our infrastructure without recourse to further loan funding, whilst also providing a cushion against the worst effects of the economic downturn and cuts in government funding.

Chart 1 highlights the trend in our revenue outturn since 2002/03. Our surplus for the year to 31 July 2011 was £6.4 million (2009/10: £8.7 million) representing 3.8% of total income (2009/10: 5.4% of total income).

Chart 1: Surplus/(deficit) excluding gains or losses on sale of fixed assets

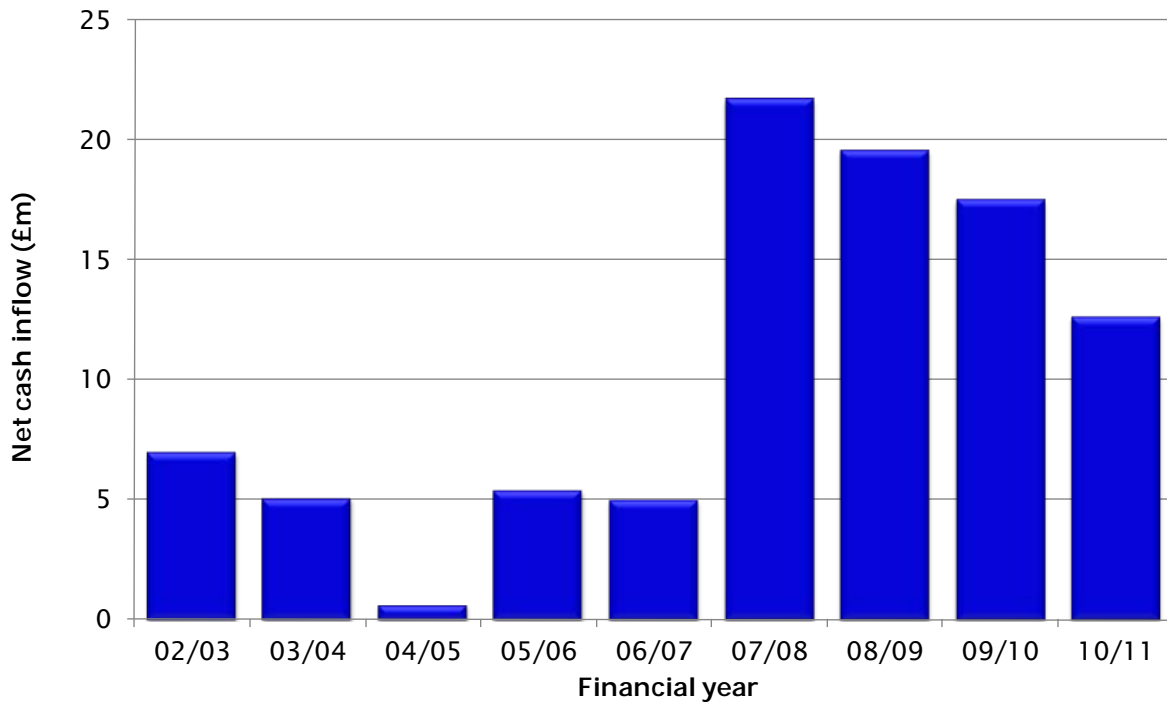


REPORT OF THE GOVERNORS (CONTINUED)

During 2010/11, we undertook a restructuring exercise costing £4.6 million (2009/10: £0.1 million) to ensure that our cost base would remain sustainable during the uncertain years ahead. This rationalisation is expected to deliver cost savings of at least £5.0 million per annum from 2011/12. Our surplus for the year to 31 July 2011 before restructuring was £11.0 million representing 6.6% of total income (2009/10: £8.8 million representing 5.5% of total income).

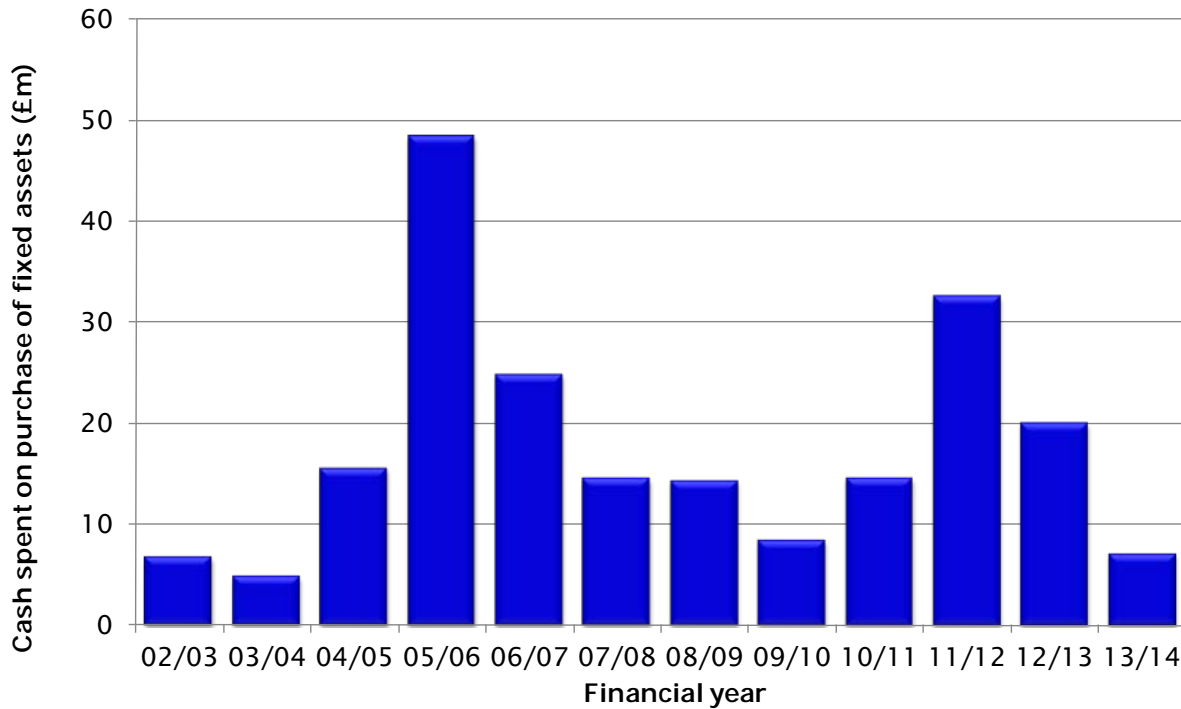
Chart 2 highlights the impact such a positive budget strategy has on the levels of cash generated from our operating activities. Having sold the last of our surplus buildings in 2005/06, we needed to amend our financial strategy to ensure that we were creating cash which could be reinvested in our infrastructure without the need for further loan funding. Over the last four years, our revenue activities have generated a total of £71.4 million.

Chart 2: Net cash inflow from operating activities



REPORT OF THE GOVERNORS (CONTINUED)

Chart 3 details the effect this strategy has had on our ability to invest in fixed assets, particularly in relation to new buildings. Up to 2007/08, investment in our estate was met by a combination of loan funding in relation to new student residences and sale proceeds for other assets. Through generation of cash from operating activities since 2007/08, we have been able to invest significant sums of money in improving and growing our estate without the need for further loan funding. This trend will continue with four major building projects due for completion in the next two years. All four projects will be funded from our own cash reserves. (The spend profile for 2011/12 onwards is taken from our long term cash flow forecast and only includes existing estates projects).

Chart 3: Cash spent on purchase of fixed assets

Key Balance Sheet data for the last few years can be summarised as follows:

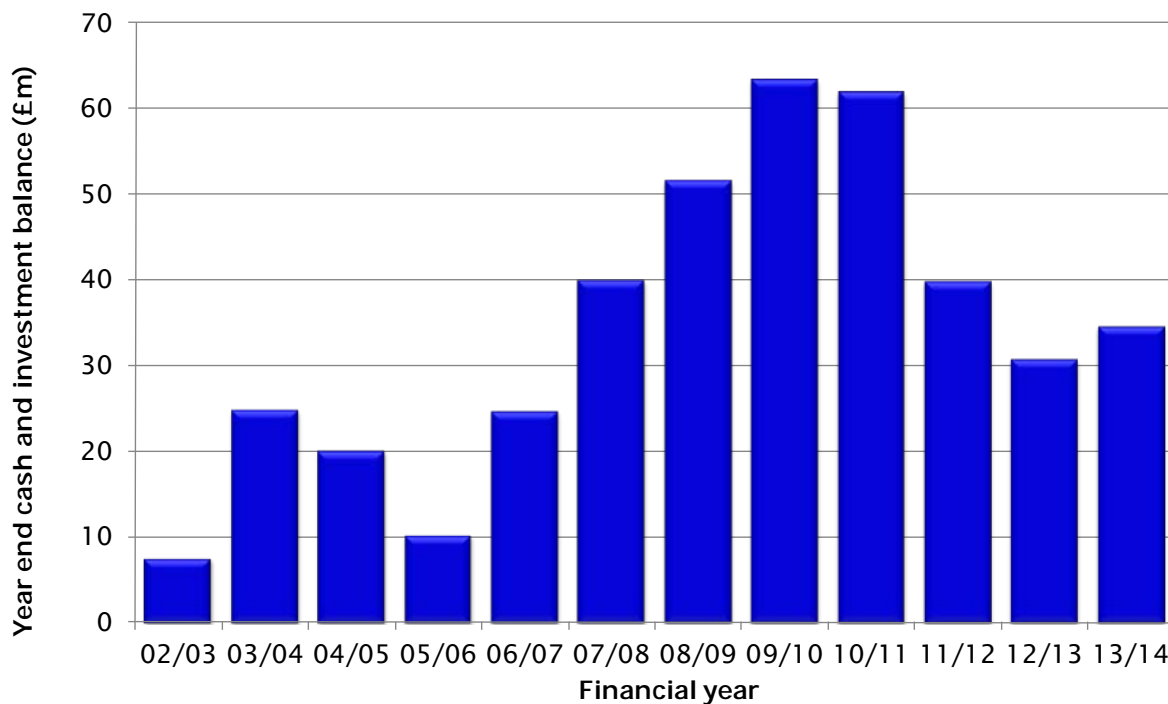
	2007/08 (£m)	2008/09 (£m)	2009/10 (£m)	2010/11 (£m)	Change 2007-2011
Net book value fixed assets	151.0	159.1	159.2	167.1	+10.7%
Outstanding loans	(41.6)	(39.4)	(37.2)	(35.3)	+15.1%
Net assets	93.4	86.4	104.4	120.4	+28.9%
Net pension liability	(35.4)	(56.8)	(52.2)	(45.2)	-27.7%
Net funds/(debt)	(2.2)	11.9	25.5	26.3	+£28.5m

As we approach what is likely to be an uncertain period for the Higher Education sector, it is pleasing to know that we have such a strong Balance Sheet. Since 2007/08 we have invested £16.1 million in fixed assets (after depreciation and disposals), repaid £6.3 million of our loans and, despite a significant increase in the pension liability of the Local Government Pension Scheme, still improved our net funds position by £28.5 million.

REPORT OF THE GOVERNORS (CONTINUED)

With the ongoing downturn in the world economy, continuing funding cuts, and uncertainty around student demand with fees of £9,000 from September 2012, it is becoming ever more important to ensure that sufficient cash is available to weather any short term funding challenges. Our board has determined that a minimum level of cash equivalent to 40 cash days (2009/10: 35 cash days) should be maintained at all times. With a turnover excluding interest receivable of £165.5 million in 2010/11 (2009/10 £158.6 million) this equates to a minimum cash holding of £18.1 million (2009/10 £15.2 million). Even though we expect to invest nearly £60 million in fixed assets over the next three years, Chart 4 confirms that we expect to remain comfortably above this minimum level, even if we assume a modest growth in income in the same period. (The cash balances at the end of 2011/12 and beyond are estimates from our long term cash flow forecast).

Chart 4: Year end cash and investment balances



Government changes to student finance funding, reduction in teaching grant and changes to the visa criteria for international students is likely to lead to a volatile and uncertain market for UK universities. Our base financial strategy of creating surpluses to invest coupled with a proactive staff restructuring exercise to improve financial sustainability have given us a position of strength with which to enter the challenging years ahead. However, it will remain vitally important to ensure that future costs are controlled and income diversified.

REPORT OF THE GOVERNORS (CONTINUED)

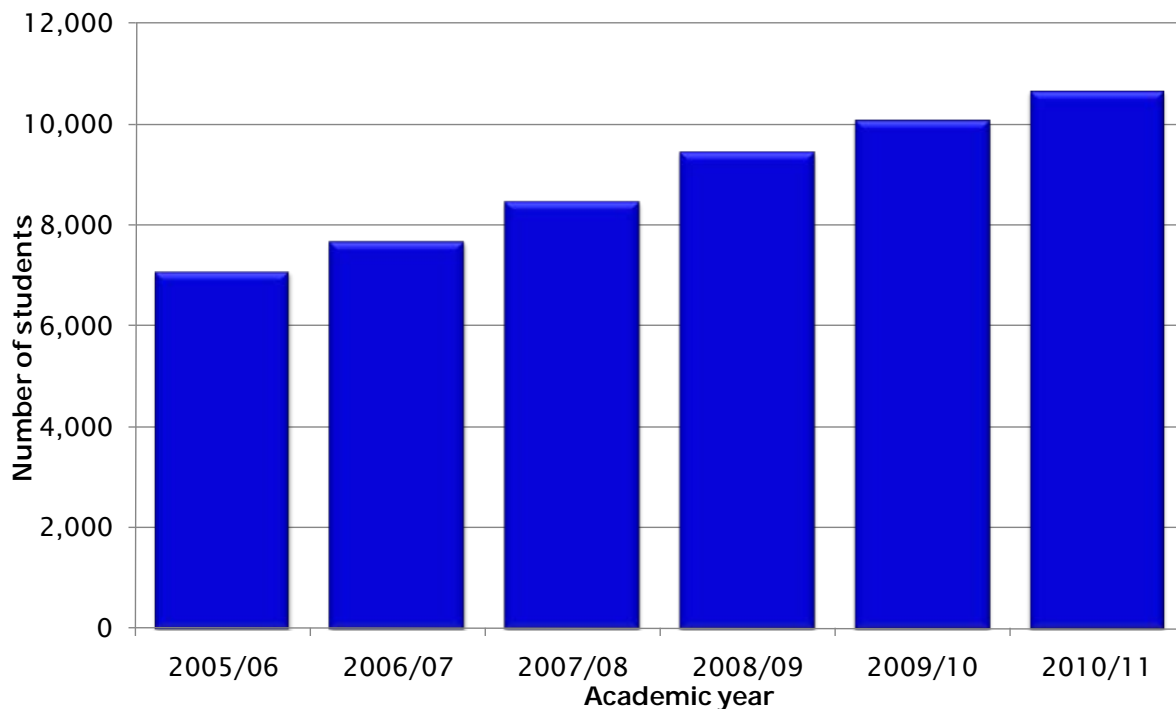
After several years of worsening pension deficit which peaked at £56.9 million at the end of 2008/09 we have seen a fall in the net liability for the second consecutive year to £45.2 million at 31 July 2011. That said, our contribution rate increased significantly from April 2011 to 23.6% of pensionable salaries for non-teaching staff (2009/10: 19.2%). The Board of Governors recognise that the pension liability is our largest variable risk with considerable annual fluctuations being experienced in recent years. Funding pension schemes in the long term is a subject challenging all businesses at present and is currently included as a risk in our corporate risk register. The Board continues to conduct a thorough review and assessment of options for the future. Further information on our pension schemes can be found in note 25 to the financial statements.

Student Demand

During the year we again increased the number of enrolled students on campus and those studying on our programmes worldwide. Growth in our two key markets between 2005/06 and 2010/11 can be seen in Charts 5 and 6.

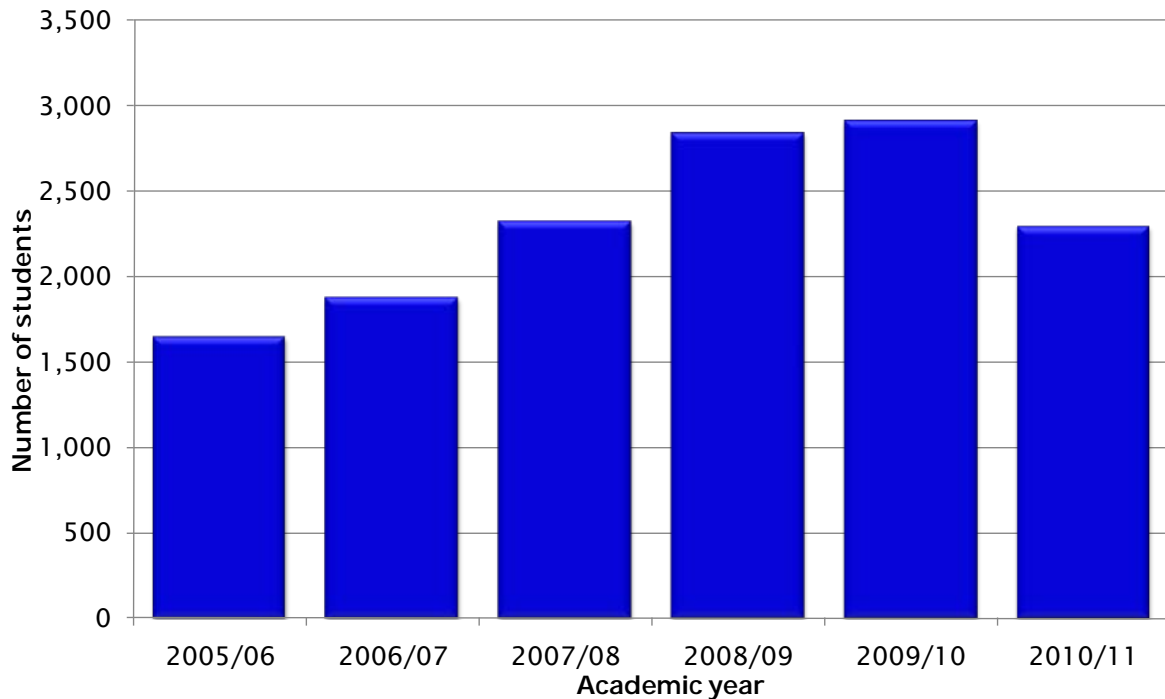
The number of full time undergraduate students studying on one of our campuses from the United Kingdom and elsewhere within the European Union exceeded 10,500 in 2010/11. Demand in September 2011 was also strong and we had to close a number of our programmes from new entrants during the summer recruitment period to ensure that we remained within the target range set by HEFCE. It is our expectation that the change in student funding from September 2012 is likely to result in a fall in numbers initially.

Chart 5: Number of full time undergraduate students from the European Union, including the United Kingdom



REPORT OF THE GOVERNORS (CONTINUED)

Chart 6: Number of full time students from outside the European Union



The numbers of international students choosing to study in the UK fell during 2010/11 and early indications from 2011/12 suggest that this trend is likely to continue. Factors contributing to the reduction in numbers include the uncertainties in the world economy, competition within target countries and elsewhere and changes to the UK visa rules relating to students, including the rules relating to post-study work. Transformation for Excellence 2010 - 2020 and our Global Reach strategy focus on the needs of our students within an ever changing environment whilst also looking to diversify opportunities and choice.

The income we received from tuition fees and education contracts rose from £84.2 million in 2009/10 to £86.1 million in 2010/11; a rise of 2.3% in the year. The rise from 2009/10 to 2010/11 relating to UK and EU students was £5.5 million, an increase of 11.7%. This helped to offset the fall in income from international students of £3.4 million, a fall of 10.8%.

National Student Survey

Carried out by Ipsos MORI, the National Student Survey (NSS) canvasses opinion from final year undergraduates at universities across the UK. The results provide valuable information for prospective students and help universities and colleges to further improve the education they provide. The results for 2010/11 saw our overall student satisfaction rating increase by 5% to a total of 81% and our position in the table of UK universities rise by 21 places. The NSS is broken down into seven categories, such as 'quality of teaching on my course' and 'learning resources', and UEL recorded significant improvement in every category including a 97% satisfaction rating in relation to teacher training. A total of 1,872 UEL students from all schools took part in the survey.

REPORT OF THE GOVERNORS (CONTINUED)**Retention and employability**

Since our first Access Agreement was approved by the Office for Fair Access in 2006 our main bursary and scholarships scheme, the Progress Bursary, was uniquely created to provide goods and services to students to support them in their studies with the express aim of improving retention. Although the Progress Bursary has since been copied by others we believe that improving retention should remain one of our key drivers in supporting our students. The Higher Education Statistics Agency (HESA) publish statistics on each UK university's non-continuation rate. HESA's publications for retention show the outcomes of complex modelling and project the anticipated level of completions. Projections for the entry cohorts for which HESA has most recently published data are shown in table 1 below.

Table 1. HESA projections for undergraduate non-completion

Entry Cohort	Projected non-completion (UEL)	HESA benchmark	Performance against benchmark
2008/09	14.5%	21.2%	+6.7%
2007/08	15.5%	21.4%	+5.9%
2006/07	20.2%	23.6%	+3.4%
2005/06	19.9%	24.2%	+4.3%
2004/05	22.9%	24.6%	+1.7%
2003/04	27.1%	25.5%	-1.6%
2002/03	26.0%	24.3%	-1.7%
2001/02	28.0%	24.1%	-3.9%

Source: HESA web-site - performance indicators (T5).

The trend in this measure continues to make significant progress with non-completion almost halving in the period from 2001/02 to 2008/09. We believe that the impact of our Progress Bursary has been a significant contributor to the dramatic improvement for recent entry cohorts and we are seeking to extend the scheme in our Access Agreement for 2012/13.

HESA also publish statistics on each UK university's graduate employment rates. The results for the most recently published years are shown in table 2 below.

Table 2. HESA statistics for graduates in employment or continuing education

Year of graduation	Graduates in employment or continuing education (UEL)	HESA benchmark	Performance against benchmark
2009/10	78.0%	82.4%	-4.4%
2008/09	82.9%	82.7%	+0.2%
2007/08	87.3%	86.8%	+0.5%
2006/07	93.0%	90.4%	+2.6%
2005/06	94.0%	89.2%	+4.8%
2004/05	94.1%	89.4%	+4.7%
2003/04	88.4%	88.8%	-0.4%
2002/03	82.9%	87.5%	-4.6%

Source: HESA website - performance indicators (E1)

The Board recognised the significant deterioration in this important measure when compared against our benchmark. This reduction has come about despite the adoption of a skills curriculum, an employability strategy, a specialised Employability Unit, the introduction of skills workshops and placements for our final year students. However, it should be noted that whilst our graduate employment levels rose this was more than offset by a significant downturn in graduates going on to further study, reflecting the financial challenges for new graduates in London who wish to study masters and other advanced programmes.

REPORT OF THE GOVERNORS (CONTINUED)

The recession and continuing difficulties in the economy have affected employment locally and nationally. We remain committed to improving the number of graduates moving into employment and have strengthened this aspect of our Access Agreement. We are investing more in programmes for graduate employability and enterprise, including support for graduates through a scheme that offers additional employability training and paid internships, alongside free business incubation space for graduate start-ups for a year after graduation. Last year, UEL led a consortium of Higher Education Institutions in a graduate internship scheme that placed over 500 graduates in paid positions. We also opened a Graduate Development Centre in Canary Wharf with the help of the Canary Wharf Group to further develop our employer networks and also to give our students and graduates the opportunity to meet and learn from employers. To date over 1,000 students and graduates have used the facility

External development

As part of our Global Reach objective the Vice-Chancellor visited key universities, politicians and policy leaders in India, Malaysia, China and Brazil. These have led to new partnership agreements and greater visibility for the UEL brand.



Figure 2: Professor Patrick McGee, Vice-Chancellor

In line with our commitment to engage with national policy issues, the Vice-Chancellor is a member of the HEFCE Teaching, Quality & Student Experience Committee and has been asked to chair the new national HEFCE Teaching Funding Advisory Group.

REPORT OF THE GOVERNORS (CONTINUED)**Student achievement**

Most of our students successfully juggle studying with other activities and commitments and many recent graduates have built upon their time with us by embarking on productive careers. All these achievements are important to us and we are happy to encourage and support wherever possible. The following are just examples of some of our recent success stories:

Two UEL students who faced serious disadvantages received prestigious Helena Kennedy Foundation (HFK) awards providing them with valuable support throughout their studies. **Kamran Dein** and **Fru Austin** each received a £1,500 bursary to support their costs whilst at UEL over the 3 years of study. In addition, the university will provide a further £400 to fund specialist support including mentoring and work shadowing opportunities provided by HFK. The first-year undergraduates were presented with their awards from human rights lawyer and peer, Baroness Helena Kennedy QC, in recognition of their achievements in reaching higher education.



Figure 3: Baroness Helena Kennedy QC and UEL student Kamran Dein

Fru and Kamran personify an ethos that lies at the very core of UEL's philosophy. As well as being first-rate students, they have both demonstrated incredible resilience through periods of enormous hardship to achieve all they have and to get to where they are now.

Kamran, who is currently in the first year of a BA (Hons) in Social Work, has returned to education as a mature student after being diagnosed with an eye condition which has left him partially sighted. He has undertaken voluntary work with under privileged youngsters in London, and has also run workshops for victims of domestic violence and those experiencing mental health problems. At college he achieved 'cross-the-board' distinctions, as well as a college-wide award in equality and diversity which was presented by Stonewall.

Fru, who is studying Computer Games Design, has been living with significant health problems all his life. His mother relied heavily upon her carer's allowance, but this was stopped when he turned 17, posing considerable financial hardship for the family. He has been described by his tutor as 'dedicated, conscientious and talented'.

REPORT OF THE GOVERNORS (CONTINUED)

Having already been part of the team that won the Prince of Wales' Challenge Cup at the Henley Royal Regatta and part of the successful UEL rowing team at the British Universities & Colleges Sport, (BUCS) rowing regatta, UEL sports scholarship students **John Collins** and **Alan Sinclair** went on to win gold medals at the European Universities Rowing Championships in Moscow. In what turned out to be a memorable debut outing for UEL at the championships, the duo put in a pulsating performance for the Great Britain Universities Team to emerge victorious over Germany in the men's double sculls final. The seventh annual championships, which took place at the Krylatskoe Canoeing and Rowing Course in Moscow attracted students from around the world with 10 universities providing rowers for the British team.



Figure 4: Gold medalists John Collins and Alan Sinclair representing the Great Britain Universities team in Moscow

Their success capped a fantastic twelve months for UEL students and staff who were rewarded for all their hard work in sports by winning the Most Improved University in Sport award at the BUCS Annual Awards Ceremony. The award was presented to UEL for jumping up the BUCS league table by a massive 43 places and finishing a respectable 81st overall. We also gained 190.5 more points than last year ending up with a total of 238.5 points. This is another big step forward towards our goal of becoming the number one university for sport in London by 2015.

UEL fashion student **Le Thuy Le Thi** was greeted with rapturous applause by the six-hundred strong audience as she took to the stage at Graduate Fashion Week's closing Gala show in June 2011. Fashion legend Jeff Banks announced to the sold-out venue that Le Thuy had won 'the People's Choice' award, launched by ITV's This Morning show, for a design from her collection, Afternoon Tea. According to the show's producers, Le Thuy won the online vote with a landslide victory. The fashion student collected the award from Fiona Lambert, Brand Director at George, and television personality, Jason Gardiner.



Figure 5: UEL student Le Thuy Le Thi (second from left) receiving her award

REPORT OF THE GOVERNORS (CONTINUED)**Estates Strategy**

The Board agreed a new five year Estates Strategy in March 2009 and has agreed to invest over £50 million in new landmark buildings over the next few years. £2.4 million has also been spent during the course of this year on refurbishment projects at both our Docklands and Stratford campuses (2009/10 £2.4 million) to enhance the student experience. Our continuing investment in our estate will put us in a good position to meet the needs of students, staff and external stakeholders over the coming years.

Our four key projects are:

1. SportsDock

In the summer of 2010, Denne Construction Ltd, part of the Leadbitter Group, were appointed as main contractor to build a new state of the art sports complex at our Docklands campus. Costing nearly £21 million, the facility is largely complete and due to open in March 2012. The completed centre will provide facilities for UEL students and staff, a wide range of local and regional sports clubs and members of the local community. Facilities will include:

- a large 100 + station Fitness Gym;
- 2 sports halls (badminton, basketball, volleyball, cricket, football, netball);
- 2 aerobic and dance studios;
- 1 martial arts studio;
- 1 indoor multi-use games area (futsal, handball, football, indoor hockey, badminton, basketball);
- 1 outdoor multi-use games area (football, hockey);
- teaching and administrative space;
- Sportscafe.



Figure 6: UEL Vice-Chancellor placing a time capsule in the foundations of the SportsDock



Figure 7: SportsDock viewed from student residences

REPORT OF THE GOVERNORS (CONTINUED)

2. University Square, Stratford

Due to open in the summer of 2013, this £33 million Make Architects designed academic building in the centre of Stratford will be jointly owned and developed by UEL and Birkbeck College, University of London. The project is a genuine partnership between two London universities. The building will house UEL's Institute of the Performing Arts and the School of Law & Social Sciences and provide a purpose built teaching and support facility for Birkbeck's part time students in the area. The project is being supported by grant funding from the Higher Education Funding Council for England and the London Thames Gateway Development Corporation and will enhance the cultural quarter of Stratford town centre.



Figure 8: promotional board for University Square, Stratford

Following a rigorous tender, Volker Fitzpatrick Ltd were chosen as the main contractor. Part of the VolkerWessels Group they have recently undertaken major construction and refurbishment projects for education institutions including Middlesex and Anglia Ruskin Universities. Construction is due to commence on the site in October 2011.

REPORT OF THE GOVERNORS (CONTINUED)**3. New library building, Stratford campus**

Volker Fitzpatrick Ltd have also been selected to lead the construction of a new library for our main Stratford campus. Designed by Hopkins Architects, this £15 million, modern facility will replace our existing library at Stratford and will enhance the experience of students studying at our Stratford campus.



Figure 9: Artist impression of new library, Stratford

4. Reception building, Docklands campus

Figure 10: Artist impression Docklands Reception

Charter Construction Plc recently commenced the construction of a new, predominantly glass building, to provide a welcoming entrance to our Docklands campus for those visitors alighting at the Cyprus Docklands Light Railway station in the heart of the campus. With a budget of £2 million, the reception building will be completed in 2012.

REPORT OF THE GOVERNORS (CONTINUED)**The Olympic and Paralympic Games**

With less than one year to go until the opening ceremony of the London 2012 Games the University of East London has embraced the opportunity to be the Olympic boroughs' key higher education provider. We are also fully committed to playing our part in ensuring that both the local and wider community continues to benefit from the Olympic park and its world-class facilities long after the London 2012 Games have been and gone

With our flagship SportsDock opening in early 2012, we are providing 2012 games-time hosting opportunities for Olympic and Paralympic related sports partners. These long-term partnership agreements will support students, staff and the local community as a living legacy:

- The **United States Olympic Committee (USOC)** and the University of East London have completed the signing of their legal agreement for Team USA's Games-time training base for the Olympic and Paralympic Games in 2012. Team USA will use both the UEL Docklands and Stratford campuses which are located close to many of the main Games venues. More than 1,000 Team USA athletes and staff will use UEL's state-of-the-art facilities on a daily basis prior to and throughout the Games in London. The UEL campuses will be Team USA's main base for athlete training, performance services, staff and training partner accommodation, catering, media, and logistical operations for the London 2012 Games.

- Leading sports performance company, **ASICS**, will operate its brand centre at UEL's Stratford Campus during the 2012 Olympic Games. The agreement also has a long term partnership arrangement lasting five years, including the provision of undergraduate and postgraduate scholarships and visiting professorships. The ASICS brand centre, which will serve as the heart of all ASICS' activities during the Games, will be housed in the university's Great Hall. The brand centre will bring to life a unique ASICS brand experience and play host to athletes, ambassadors, media contacts, business partners and other visitors;



Figure 11: Mr Borkhataria, Pro VC at UEL and Mr Wada, Chairman of ASICS sign the agreement

- Through a contract with **The London Organising Committee of the Olympic and Paralympic Games (LOCOG)** around 800 rooms in our student accommodation will be occupied by the world's media including China Central Television (CCTV) and Olympic Broadcasting Services (OBS);
- **Team Singapore** will use the University of East London as a base for their recovery centre during the 2012 London Olympic Games. Representatives from the Singapore Sports Council visited UEL's Stratford Campus to sign the agreement, which outlines details for the Team Singapore recovery centre to provide high performance athletic services to their athletes competing at the London 2012 Games. In addition, the recovery centre will also house the Team Singapore Athletes' Lounge;
- **British Swimming** signed an agreement with UEL to house representatives in residential accommodation at the University's Docklands campus during the Olympic and Paralympic Games. British Swimming have been working with UEL since London was awarded the Olympics Games to build a legacy for the University after 2012 and to enhance UEL's sporting offer;
- The **Olympic Park Legacy Company** have signed an agreement with the University of East London to work together to explore a range of community, education and enterprise activities. A Memorandum of Understanding (MoU) has been signed between Margaret Ford, Legacy Company Chair and Professor Patrick McGhee, University of East London Vice Chancellor, with the aim of offering new opportunities for local residents and businesses after the London 2012 Games;

REPORT OF THE GOVERNORS (CONTINUED)**Environmental Sustainability**

In July 2011, UEL passed an inspection for Phase 3 (of 5) of the Institute of Environmental Management and Assessment (IEMA) 'Acorn' standard. This provides accreditation that we have an Environmental Management System that adheres to the BS8555 standard, which shows good environmental practice, and robust procedural controls over our environmental impact. UEL is now working towards receiving ISO 14001 certification for its Environmental Management System. This is an international standard which requires committed participation from all departments and true organisational dedication to improving environmental performance. UEL has also achieved the Carbon Trust Standard, Fairtrade University Status and has moved from 63rd to 41st place in the national Green League.

We recognise our responsibility to embed environmental sustainability in all that we do from teaching and research to business operations. The main areas of environmental activity are; energy and water, waste management, biodiversity, transport, sustainable procurement, construction and refurbishment, and community involvement. UEL has developed a series of action plans to supplement these areas and the challenge now is to facilitate and monitor implementation, embedding environmental activities into all schools and services.



Figure 12: UEL Green Impact Award winners

Staff and student engagement has increased over the last year, including environmental issues being incorporated into coursework and enthusiastic student volunteers saving tonnes of materials from landfill as part of an end of term 'Green Move Out' project in our halls of residence. Staff participated for the first time in the national 'Green Impact' initiative, where departments gain awards by taking action to 'green' their offices. The competition was highly successful and we're looking forward to running it again.

Despite being located in a heavily built-up area, we recognise the value of biodiversity and held a conference in October 2010 entitled 'Wild in the City - celebrating urban biodiversity'. We recently introduced space at both our campuses to enable staff and students to grow food which we hope will facilitate a culture of volunteering and cooperation and an appreciation of the origins of the food on our plates. A core of around 10 people will help organise the project, with 30 more contributing to planting, watering, weeding etc. A lecturer, who is a keen beekeeper in her spare time, recently decided to relocate three of her hives onto campus to teach students about beekeeping. It is hoped that the bees and the new plant-life will provide a mutually beneficial environment



Figure 13: Raised bed in the heart of our Stratford campus

Absolute carbon reduction is still one of the biggest issues requiring attention and a major area of work in the upcoming year will be feasibility studies for on-site renewable energy. Alongside ongoing energy efficiency measures, investment in renewable will be required to meet our carbon reduction targets and to provide a degree of energy security for the estate.

REPORT OF THE GOVERNORS (CONTINUED)**Research Activity and Support**

To support Transformation for Excellence significant investments have been made to support our research culture and grant capture including the restructure of research funding support and the introduction of a research investment fund. Research grant capture is supported by a new Research and Development Support (ReDS) team which provides a one-stop-shop service for supporting all aspects of research and knowledge exchange funding. The Research Investment Fund has seen a range of new funded initiatives to support the development of research within the institution:

Sandpit sessions have been developed to provide an opportunity for UEL academics to come together and share mutual understanding and expertise, develop creative and innovative approaches to research topics, creating ideas for research and knowledge exchange projects and exploring the potential for collaborative bids. Six sandpits have taken place to support UEL key research themes.

The **UEL Research Development Fund (RDF)** has been established to seed fund the development of large scale research proposals to external funding organisations. The RDF provides up to £5,000 to support activity that directly contributes to the submission of research project proposals that have an estimated total budget of more than £250,000. So far 5 large applications have been made across a range of funders with another 12 bids being prepared.



In summer 2011, UEL sponsored a limited number of **internships for undergraduate students**. The scheme offered a fantastic career development opportunity to students and with a focus upon high quality research outcomes, supported academics in developing their research. The scheme was highly successful with over 60 academics and 500 students applying for the scheme. Eventually 45 students worked on a total of 43 research projects with the achievements celebrated at an awards ceremony in October.

Figure 14: Deputy Vice-Chancellor with some of the successful research interns

Some of our successful research projects commenced during the year include:

Transitioning towards Urban Resilience and Sustainability (TURaS)

UEL is playing a significant role as one of 28 partners in this £535,000 Framework 7 funded project. The research aims to bring together urban communities, researchers, local authorities and SMEs to research, develop, demonstrate and disseminate transition strategies and scenarios to enable European cities and their rural interfaces to build vitally-needed resilience in the face of significant sustainability challenges. The UEL research led by Darryl Newport and the Sustainability Research Institute team is making a significant contribution to the project particularly building upon green roof research.



Figure 15: The TURaS partnership

Genomic and lifestyle predictors of foetal outcome relevant to diabetes and obesity and their relevance to prevention strategies in South Asian peoples (GIFTS)

This £160,000 research project led by Professor Angela Harden will identify ways to maximise uptake and participation in pregnancy related services and interventions including the identification of barriers to, and facilitators of, accessing antenatal care and other pregnancy-related services amongst South Asian women living in urban areas in Europe and South Asia. The research will underpin recommendations for the promotion of equitable access to pregnancy related interventions to improve birth outcomes relevant to metabolic diseases in urban areas of Europe and South Asia.

REPORT OF THE GOVERNORS (CONTINUED)**Advancing case for children with obesity: an evaluation of musculoskeletal pathology and characteristics of motor function**

With a grant of £183,000 from Dr William Scholl, the project evaluates the impact of childhood obesity on the musculoskeletal system by conducting a comprehensive assessment of biomechanical characteristics of function in obese children. It also aims to address musculoskeletal pathology in obese children with a view to enhancing appropriate multi-disciplinary care for children with obesity.

Public Benefit statement

Under the Charities Act 2006, the Higher Education Funding Council for England (HEFCE) was appointed principal regulator of Higher Education Institutions (HEI's) in England which are not registered charities and, therefore, fall into the 'exempt charity' category. In July 2010, HEFCE introduced a requirement for all HEI's to include information about their charitable status and report on how they deliver their charitable aims and objectives for public benefit.

The Charities Act 2006 contains a list of 12 specified charitable purposes of which UEL makes a significant contribution to 9:

- prevention or relief of poverty;
- advancement of education;
- advancement of health or saving of lives;
- advancement of citizenship or community development;
- advancement of the arts, culture, heritage or science;
- advancement of amateur sport;
- advancement of human rights, conflict resolution or reconciliation, or the promotion of religious or racial harmony or equality and diversity;
- advancement of environmental protection or improvement;
- relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage.

The Act further states that there are two main principles of public benefit:

Principle 1: There must be an identifiable benefit or benefits:

- it must be clear what the benefits are;
- the benefits must be related to the aims;
- benefits must be balanced against any detriment or harm.

Principle 2: Benefits must be to the public or section of the public:

- the beneficiaries must be appropriate to the aims;
- where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions or by the ability to pay any fees charged;
- people in poverty must not be excluded from the opportunity to benefit;
- any private benefits must be incidental.

REPORT OF THE GOVERNORS (CONTINUED)

Our vision and mission were updated during 2009/10 to ensure that they remained current and linked to our strategy. Through the provision of high quality education, research and other activities we continue to meet the objectives set by the Charities Commission. Some of our work has already been mentioned in this report such as our commitment to creating a better environment and our work on employability of students, but the remainder of this section indicates some more examples of how we provide benefits.

Our education portfolio, not only meets our primary objective of advancing education but many of the programmes themselves create public benefits elsewhere. The School of Health and Bioscience has links with the National Health Service and runs a range of programmes including BSc Podiatric Medicine, MSc Physiotherapy and MSc Public Health, our Law School offers an MA in Refugee Studies and our School of Humanities and Social Sciences offers BA International Development: Third World with NGO Management. Our programmes not only provide students with information but provide them with skills for life after university. A number of examples of the achievements of our students and our commitment to sport and the Olympic legacy were included earlier in this report. Some further case studies of activities we have undertaken to provide wider benefits to the public follow:

A new distance learning programme was introduced during the year which aims to promote awareness of psychosocial factors within the context of humanitarian work, both for the populations affected and the well-being of workers supporting them. The **MSc in International Humanitarian Psychosocial Consultation (IHPC)** is led by Dr Sarah Davidson MBE, the former Vice Chairman of the British Red Cross (BRC), and currently the BRC's Psychosocial Advisor. The programme brings together international experts with a wealth of experience in the fields of international humanitarian aid, consultation and psychology. It advocates critical and culturally appropriate methods to intervene, including the need to be mindful of complexity in humanitarian crises and for high levels of coordination and consultation. The students are encouraged to collaborate and share their experiences, which in turn helps to mitigate some of the isolation that aid workers in challenging environments face. Current students include Amy Braithwaite who has been studying whilst working as an aid worker in Haiti and Julia Warrington, Emergencies HR Co-ordinator for Save the Children.



Professor Jean Murray from UEL's Cass School of Education and Communities was awarded a National Teaching Fellowship - the most prestigious award for excellence in higher education teaching and support for learning.

The Higher Education Academy (HEA) recently announced that Jean was one of 55 academics and learning support staff, who were awarded National Teaching Fellowships. The award winners were chosen from over 200 nominations submitted by higher education institutions across England, Northern Ireland and Wales.

Figure 16: Professor Jean Murray

Jean is widely regarded as a champion for teacher education and a leading researcher in the field, promoting its importance in national and international arenas. She publishes widely on teacher education and academic development, and has worked on projects on these topics in the UK and internationally. At UEL, she is the Research and Knowledge Exchange Leader in the Cass School and teaches on post-graduate courses.

UEL academic **Dr Gyongyver Kadas**; one of the world's leading biodiversity and green roof experts, was jointly awarded the Sustain magazine Biodiversity award. He won the award in partnership with the Green Roof Consultancy, for their work on the roof at 55 Broadway, above St. James's Park underground station. The University was involved in monitoring the roof as part of a project for Buglife, the only organisation in Europe devoted to the conservation of all invertebrates, from bees to beetles. The design of the roof incorporates a number of features and is an important extension on the idea of brown roofs for biodiversity. The original idea formulated back in 1997 by members of Green Roof Consultancy was for local recycled aggregates to be used and allowed to colonise naturally. However research showed that this approach delayed colonisation by invertebrates and could lead to 'eco-dumping' by contractors. The new design uses a variety of commercial green roof substrate blends and native wildflowers plugs and seeds as well as native sedum seeds.

REPORT OF THE GOVERNORS (CONTINUED)

Professor Keith Gilbert, Director of the Centre for Disabilities, Sport and Health is a highly acclaimed sports sociologist. Interested in people who are marginalised in and through sport due to gender, race, disability and poverty, his current research mainly concentrates on the 2012 Paralympic Games. His first book on the Paralympics, *The Paralympic Games: Empowerment or Sideshow* was published three years ago and looked at various aspects of the Games, including media perception, cultural diversity and directions for research in the Paralympic arena. Since then, his research has developed in the area of the Paralympics and legacy. Professor Gilbert's new book, *Paralympic Legacies*, reviews the concept of legacy across previous Paralympic Games and offers compelling ideas that could bring about positive change for Paralympic legacy in the future.



Figure 17: Professor Keith Gilbert

UEL is a global learning community with over 28,000 students from 120 countries world-wide and from many different cultural and economic backgrounds. We offer a wide range of support services to both encourage students to enter higher education and to support them whilst they are with us. Our **Education and Community Partnerships team (ECP)** run a wide range of activities each year to encourage pupils from local schools within East London who might not have considered furthering their studies to consider higher education. They offer taster events, a primary programme, preparation for higher education sessions, access work, parent/carer events, curriculum related projects and progression to higher education activities.

ECP also operate Information, Advice and Guidance centres at the Barking Learning Centre and the newly opened Thurrock Learning Shop in Grays town centre, as well as at both our campuses. These centres are aimed at providing workshops and activities along with advice and guidance to the local communities, particularly adult learners who may have few formal qualifications or who may have been away from education for many years.

In March 2011, the university was awarded the Frank Buttle Trust Quality Mark by Buttle UK which recognises UEL's positive approach to engagement with care leavers in higher education. Driven by the Education & Community Partnerships team, the Quality Mark covers the care leaver student experience in the areas of pre-entry activity, admissions, finance, accommodation and student services. A number of bursaries are offered by UEL to provide financial support to students from care wishing to enter higher education.

Bursaries and Scholarships: In order to ensure that our programmes are available to all, irrespective of their backgrounds, location or financial circumstances, we offer a range of bursaries and scholarships. During 2010/11 we spent £12.1 million, or 7.3% of our total income (2009/10: £10.3 million, 6.4% of total income) on bursaries or scholarships including: specific support for students leaving care, a number of conflict zones scholarships to provide programmes and accommodation for students living in areas which the Foreign and Commonwealth Office (FCO) advises 'against travel to' and support for students with a strong commitment to sport, their local community or cultural activities. Our largest support package is available to full time undergraduate students from the European Union, including the United Kingdom. We also have a dedicated team of staff within our Student Services who provide advice and support on disabilities and dyslexia, mental health issues, well-being and finance.

Irrespective of the turbulent economic environment and the challenges ahead through the changes to higher education funding, we remain committed to providing benefits far beyond "just teaching".

REPORT OF THE GOVERNORS (CONTINUED)**Risk Management**

Institutional risks for the following twelve to eighteen months are regularly reviewed and assessed by a University Management Team working group who maintain the corporate risk register and who report regularly thereon to the Board. We have mitigating actions in place and hold modest contingency funds to enable us to respond promptly to unforeseen events as and when they arise. We are satisfied that effective risk management is embedded within our university's working practices, thereby allowing us to respond quickly to the many challenges which are inevitable in a dynamic environment. Our strategic document Transformation for Excellence 2010 - 2020 will provide a frame of reference against which we will be able to develop plans to meet the changing circumstances brought about by shifts in funding, policy or demand.

Some of the key corporate risks and our controls are summarised as follows:

- Following the publication of the long awaited independent review of Higher Education funding and student finance by Lord Browne of Madingley in October 2010, UEL considered its options carefully and proposed an Access Agreement to the Office for Fair Access (which was accepted) which included a headline undergraduate fee for students commencing their studies in September 2012 of £9,000.

Vice-Chancellor Professor Patrick McGhee said at the time: "This fee level reflects the degree of investment required to deliver the quality of teaching and facilities that our students expect and deserve, following the reduction in government teaching grant. We already have an excellent record of opening up access to university, and we will make available a generous package of scholarships and bursaries to help with living costs and ensure that potential students are not deterred from accessing higher education."

OFFA requires all universities proposing to charge fees over £6,000 to have in place an approved access agreement setting out how the university intends to improve student access and retention. UEL already has an outstanding record of widening access to higher education, with a very diverse student body, and consistently exceeds retention benchmarks. Its student body includes 70% mature students, 68% BAME students, and 47% of students from lower socioeconomic classes.

UEL will offer a generous package of bursaries and scholarships, on top of what it currently provides, to maintain this strong record of widening participation in higher education. It will also be investing more in its programmes for graduate employability and enterprise, including support for graduates through a scheme that offers additional employability training and paid internships, alongside free business incubation space for graduate start-ups for a year after graduation.

Nevertheless, the changes to the student finance environment are likely to create uncertainty for potential university applicants across the country. Over the coming year, we will be increasing our outreach activities to ensure that potential applicants understand the significant benefits of higher education and ensuring that the funding arrangements are not seen as inhibitive.

Although we are confident that our comprehensive scholarship and bursaries package will be attractive to students, we continue to diversify our income streams whilst also re-enforcing the need across the institution for a sustainable cost base. Once the application cycle for 2012/13 gets under way we will closely monitor the number of applications. It is possible that some development of our academic portfolio may be necessary;

- The government's white paper - Students at the Heart of the System - which was published in June 2011 may lead to further uncertainties with the higher education sector. Our Vice-Chancellor has commented that: "We welcome the clarification provided by the publication of the White Paper, not least because it provides much-needed and long-awaited guidance to the university sector as to where the Government is going with its plans for higher education. We support the sentiment of putting students in the driving seat, but we are not sure that the reality of the Government's proposals matches up to their rhetoric of responding to market demand and providing room for growth." We will engage with the government on the implementation of the proposal over the coming months and adapt our strategies accordingly;

REPORT OF THE GOVERNORS (CONTINUED)

- to ensure that we provide a secure environment – regular security reviews are undertaken and security incidents are analysed. The construction of our new reception building at our Docklands campus will help control access to the site;
- to ensure our continued financial wellbeing in a period of economic uncertainty for our pension funds – the Teachers’ Pension Scheme and the Local Government Pension Scheme are both monitored and we prepare cash and revenue budgets on a prudent basis;
- to ensure that our activities overseas are robust and meet the objectives we set for them – globalisation is a key strategic objective for the next ten years and as we develop new initiatives it will be important to ensure that the risks of such initiatives are appropriately considered and controls put in place to mitigate such risks.

Our risk register will be continue to be developed during the coming year to ensure that it is closely aligned with the strategies discussed in Transformation for Excellence 2010 – 2020.

Conclusion

UEL has made excellent progress and its future trajectory is positive. We have robust financial foundations which will be essential in allowing us to meet all the future uncertainties and challenges head on whilst also retaining flexibility to pursue ambitious new plans. To achieve this we must be creative and proactive in seeking and securing new markets and opportunities. Our eventual success is dependent on how actively we engage with staff and students and whether members of staff continue to embrace change and work together to achieve success.

Mr M Stephens CBE
Chair of Governors

STATEMENT OF PRIMARY RESPONSIBILITIES

Article 3.1 of the Articles of Government assigns primary responsibilities to the Board of Governors. The Guide for Members of Higher Education Bodies in the United Kingdom published by the Committee of University Chairs (CUC) (2004) gives guidance on which provisions should be included in the Statement of Primary Responsibilities. The following list of primary responsibilities reflects both the Articles of Government and the CUC Guidance.

- (a) the determination of the educational character, strategic vision and mission of the University of East London and the oversight of its activities, consistent with the interests of key stakeholders;
- (b) maintaining long-term business plans, overseeing the effective and efficient use of resources, and safeguarding the solvency of the University and the Corporation;
- (c) approving annual estimates of income and expenditure;
- (d) ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, procedures for handling internal grievances and for managing conflicts of interest;
- (e) the appointment, assignment, grading, performance monitoring, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts;
- (f) setting a framework for the pay and conditions of service of all other staff;
- (g) monitoring institutional performance against plans and approved KPIs benchmarked, where possible and appropriate, against other institutions.

The Articles state that although some of these responsibilities can be delegated to standing committees, the Board must never delegate the following:

- final approval of educational character and mission;
- approval of the annual budget;
- ensuring solvency and safeguarding assets;
- the appointment or dismissal of the Vice-Chancellor;
- the varying or revoking of the Articles of Government.

CORPORATE GOVERNANCE STATEMENT

The following statement is provided to enable readers of the financial statements to obtain a better understanding of the governance and legal structure of the institution. The statement complies with the combined code as required by the HEFCE Accounts direction for the year.

The institution endeavors to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to institutions of higher education which has been provided by the Committee of University Chairmen in its *Guide for Members of Governing Bodies of Universities and Colleges in the UK*.

The institution is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in its Instrument and Articles of Government. Its Instrument of Government was approved by the Privy Council on 5 March 1993. The current version of the Articles came into operation on 11 July 2006.

The Articles require the University of East London to have a Board of Governors and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The Board of Governors is the executive governing body, responsible for the finance, property and staffing of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction.

The Board of Governors has adopted the Governance Code of Practice of the Committee of University Chairs (November 2004).

The Board has a majority of independent members, chosen in line with its Instrument of Government. The board includes in its membership, the Vice-Chancellor, one teaching member of staff nominated by Academic Board, two co-opted students and three co-opted members of staff of whom two are teaching members of staff. The Vice-Chancellor, the member of staff nominated by Academic Board and the three co-opted members of staff are all paid as employees of the University of East London but no member of the Board receives any reimbursement for the work they do for the Board.

Subject to the overall responsibility of the Board of Governors, the **Academic Board** has oversight of the academic affairs of the institution and draws its membership entirely from the staff and the students of the institution. It is particularly concerned with general issues relating to the teaching and research work of the institution.

The Vice-Chancellor is the head of the institution and has a general responsibility to the Board of Governors for the organisation, direction and management of the institution. Under the terms of the formal Financial Memorandum between the institution and the Higher Education Funding Council, the Vice-Chancellor is the designated officer of the institution and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

Although the Board of Governors meets at least five times each academic year, much of its detailed work is initially handled by committees, in particular the Finance & Capital Projects Committee, the Employment Committee, the Governance & Search Committee, the Remuneration Committee and the Audit Committee.

A significant proportion of the membership of these committees consists of independent and co-opted members of the Board, other than co-opted student and staff members, who, with the exception of staff governor representation on the Employment and Governance & Search Committees, are not eligible to serve on these committees.

The Vice-Chancellor, as head of the institution exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. Other members of the University Management Team, who include a number of members of staff directly appointed by Governors, all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor.

The institution maintains a Register of Interests of members of the Board which may be consulted by arrangement with the Head of Governance and Legal Services.

In accordance with the Articles of Government of the institution, Louise Nadal, Head of Governance and Legal Services of the institution has been appointed as Clerk to the Board, and in that capacity, provides independent advice on matters of governance to all Board members.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

In accordance with the Education Reform Act 1988, the Board of Governors is responsible for the administration and management of the affairs of the University of East London, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the institution and enable it to ensure that the financial statements are prepared in accordance with its instruments and articles, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of East London and of the surplus or deficit and cash flow for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, and
- financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University of East London will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that funds from the Training and Development Agency for Schools are used only for the purposes for which they have been given and in accordance with the terms and conditions of the Agency;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University of East London and to prevent and detect fraud, and
- secure the economical, efficient and effective management of the University of East London's resources and expenditure.

The key elements of the institution's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of schools and services;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure and capital budgets and cash flow forecasts;
- regular reviews of key performance indicators, business risks and financial results involving variance reporting and updates of forecast out turns;
- clearly defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appropriate levels of appraisal and review as approved by the Board of Governors;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Board of Governors;

STATEMENT OF GOVERNORS' RESPONSIBILITIES (CONTINUED)

- a professional internal audit team whose annual programme is approved by the Audit Committee and whose head provides an annual report to the Board of Governors on internal audit activity within the institution and an opinion on the adequacy and effectiveness of the institution's system of internal control, including internal financial control, and

To assist the governors, they receive and consider an annual report from the Audit Committee which gives assurance on systems for:

- risk management, control and governance;
- economy, efficiency and effectiveness;
- management and quality assurance of data supplied to public bodies.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

STATEMENT BY THE BOARD OF GOVERNORS ON INTERNAL CONTROL AND RISK MANAGEMENT

1. As the governing body of the University of East London, we have responsibility for maintaining a sound system of internal control in support of our policies, aims and objectives as detailed in Transformation for Excellence 2010 - 2020. In so doing we have a responsibility to safeguard the public and other funds for which we are responsible, in accordance with the duties assigned to the Board of Governors in our Articles of Government and our Financial Memorandum with the HEFCE.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to deliver our policies, aims and objectives. Accordingly, it can provide only a reasonable and not an absolute assurance of effectiveness.
3. The system of internal control is informed by an ongoing process which identifies the principal risks to the delivery of our policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2011 and up to the date of approval of the financial statements, and accords with the HEFCE guidance.
4. As the governing body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:
 - a) we consider the mission and educational character of the University of East London at our main board meetings regularly throughout the year and we hold a biannual residential workshop to discuss how these should inform and shape our strategy;
 - b) we approved a new estates strategy in March 2009 after a thorough review of options and testing of the investment required by means of full sensitivity analysis. The Finance & Capital Projects Committee review progress reports against the strategy at each of their meetings;
 - c) we receive a report from the Chair of the Audit Committee after each meeting of that Committee concerning the system of internal control, and we require the management reports which come to our meetings - for example on the progress of the estates strategy or the Vice-Chancellor's budget proposals - to draw attention to the attendant risks and how they are being managed. We expect the reports which the Vice-Chancellor makes to each of our meetings to alert us to any emergent risks we are facing;
 - d) we have agreed that the University Management Team chaired by the Vice-Chancellor and comprising all senior staff with management responsibilities will act as our risk committee and that it will be advised by a Risk Working Group which comprises four of its members;

**STATEMENT BY THE BOARD OF GOVERNORS ON INTERNAL CONTROL AND RISK MANAGEMENT
(CONTINUED)**

- e) the Audit Committee receives a suite of reports from the head of internal audit at each of its meetings which provide an independent opinion on the adequacy and effectiveness of the internal control system, together with recommendations for improvement. These reports have included the management of student data and informed our assessment of the risks and controls associated with the management and quality assurance of data submitted to HESA and to HEFCE and other funding bodies;
 - f) the Vice-Chancellor's Group and the University Management Team hold sessions during the year to identify and keep up to date the corporate risk register and the University Management Team holds periodic workshops to refresh and develop its approach to risk management;
 - g) the Audit Committee and the Board of Governors each conducts an annual review of the effectiveness of our risk management arrangements;
 - h) the corporate risk register is updated at least three times a year and includes the main risk owners and risk mitigating actions. Risks are coded using a traffic-light system;
 - i) risks are prioritised by likelihood, impact, and the quality of internal control, and ranked accordingly. Managers balance the cost of acting to mitigate risks against the risk of not doing so and the benefits to be derived from the investment;
 - j) risk registers have been developed within all schools and services and are tested during the annual planning round;
 - k) our strategic priorities sit back-to-back with the attendant risks;
 - l) reports are received from budget holders and project managers on internal control activities;
 - m) Deans and Directors are required to self certificate each year that their School or Service has complied with our risk management procedures as part of our risk management system;
 - n) we have a public interest disclosure policy and a major incident plan in place.
5. Our review of the effectiveness of the system of internal control is informed by the internal audit service, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Assurance Service in January 2008. The internal auditors submit regular reports which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, with recommendations for improvement. The effectiveness of our risk management arrangements is regularly reviewed by internal audit.
6. Our review of the effectiveness of the system of internal control is also informed by the work of the senior staff, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF EAST LONDON

We have audited the financial statements of University of East London for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Recognised Gains and Losses, the Group and University Balance Sheets, the Consolidated Cash Flow Statement, and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the board of governors of the University in accordance with the charter and statutes of the University and the financial memorandum effective August 2010. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it 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 board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the governing body and auditor

As explained more fully in the Governing Body's Responsibilities Statement, the governing body is responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the University and the Group affairs as at 31 July 2011 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion:

- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2011 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2011 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council and the funding agreement with the Training and Development Agency for Schools.

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF EAST LONDON
(CONTINUED)**

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the University.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham

29 November 2011

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
INCOME					
Funding Council grants	2		57,680		54,709
Tuition fees and education contracts	3		86,072		84,230
Research grants and contracts	4		1,760		1,551
Other income	5		19,946		18,096
Investment income			1,029		1,090
Total income			166,487		159,676
EXPENDITURE					
Staff costs					
- recurring staff costs	6	73,882		71,792	
- exceptional restructuring costs	6	4,557		68	
Other operating expenses	7	70,315		67,482	
Depreciation	10	7,437		6,862	
Interest payable	8	3,922		4,765	
Total expenditure			160,113		150,969
SURPLUS AFTER DEPRECIATION OF FIXED ASSETS AT VALUATION BOTH BEFORE AND AFTER TAX FOR THE FINANCIAL YEAR	9		6,374		8,707

The income and expenditure account is in respect of continuing activities.

The surplus for the year is retained in general reserves.

A statement of historical cost surpluses and deficits has not been included as there is no material difference between the surplus on a historical cost basis and the surplus for the year.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2011**

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets before and after tax		6,374		8,707
Unrealised loss on current asset investments		(64)		-
Actuarial gain/(loss) for local government pension scheme:				
- actuarial gain/(loss) on defined benefit obligations	4,921		(7,843)	
- actuarial gain on fair value of employer's assets	2,831		5,774	
- actuarial gain for past service costs*	-		8,186	
Total actuarial gain for local government pension scheme		<u>7,752</u>		<u>6,117</u>
TOTAL RECOGNISED GAIN/(LOSS) RELATING TO THE YEAR		<u>14,062</u>		<u>14,824</u>

Further details of FRS 17, Retirement Benefits, can be found in note 25.

	2011 £'000	2010 £'000
Reconciliation		
Opening reserves and endowments	58,457	43,633
Total recognised gain/(loss) for the year	14,062	14,824
Closing reserves and endowments	<u>72,519</u>	<u>58,457</u>

*Actuarial gain for past service costs figure is based on calculation of future pension increases being linked to the Consumer Prices Index (CPI) and not the Retail Prices Index (RPI) following the Chancellor's budget statement on 22 June 2010.

GROUP AND UNIVERSITY BALANCE SHEETS AS AT 31 JULY 2011

	Notes	Group 2011 £'000	University 2011 £'000	Group 2010 £'000	University 2010 £'000
FIXED ASSETS					
Tangible assets	10	167,104	167,104	159,220	159,220
Investments	11	34	34	34	34
		<u>167,138</u>	<u>167,138</u>	<u>159,254</u>	<u>159,254</u>
CURRENT ASSETS					
Stocks		46	28	25	16
Debtors - receivable within one year	12	9,375	9,545	9,869	10,025
- receivable after more than one year	12	46	64	470	506
Investments - deposits at bank		42,359	42,359	40,251	39,561
Cash at bank and in hand		19,475	18,637	23,060	22,961
		<u>71,301</u>	<u>70,633</u>	<u>73,675</u>	<u>73,069</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(39,518)</u>	<u>(39,430)</u>	<u>(40,981)</u>	<u>(40,860)</u>
NET CURRENT ASSETS		<u>31,783</u>	<u>31,203</u>	<u>32,694</u>	<u>32,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>198,921</u>	<u>198,341</u>	<u>191,948</u>	<u>191,463</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	<u>(33,392)</u>	<u>(33,392)</u>	<u>(35,291)</u>	<u>(35,291)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>165,529</u>	<u>164,949</u>	<u>156,657</u>	<u>156,172</u>
NET PENSION LIABILITY	25	<u>(45,178)</u>	<u>(45,178)</u>	<u>(52,239)</u>	<u>(52,239)</u>
NET ASSETS		<u>120,351</u>	<u>119,771</u>	<u>104,418</u>	<u>103,933</u>
DEFERRED CAPITAL GRANTS	15	47,832	47,832	45,961	45,961
RESERVES					
Pension reserve	16	(45,178)	(45,178)	(52,239)	(52,239)
General reserve (excluding pension reserve)	16	111,622	111,042	104,482	103,997
General reserve		<u>66,444</u>	<u>65,864</u>	<u>52,243</u>	<u>51,758</u>
Revaluation reserve	16	6,075	6,075	6,214	6,214
TOTAL		<u>120,351</u>	<u>119,771</u>	<u>104,418</u>	<u>103,933</u>

The financial statements were approved by the Board of Governors on 29 November 2011 and signed on its behalf by:

Mr M Stephens
Chair of Governors

Professor P McGhee
Governor and Vice-Chancellor

Mr N Borkhataria
Pro-Vice-Chancellor &
Director of Finance

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2011

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		12,617		17,507
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		968		1,137	
Interest paid		(1,857)		(1,721)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(889)		(584)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets and investments		(14,589)		(8,492)	
Sale of tangible fixed assets		5		-	
Capital grants received		3,733		5,133	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(10,851)		(3,359)
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			877		13,564
MANAGEMENT OF LIQUID RESOURCES					
Net cash placed on bank deposit		(2,172)		(8,008)	
NET CASH OUTFLOW FROM MANAGEMENT OF LIQUID RESOURCES			(2,172)		(8,008)
FINANCING					
Loan principal payment		(1,900)		(2,199)	
NET CASH OUTFLOW FROM FINANCING			(1,900)		(2,199)
(DECREASE)/INCREASE IN CASH IN THE YEAR			(3,195)		3,357
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)					
			2011 £'000		2010 £'000
(Decrease)/increase in cash in the year			(3,195)		3,357
Cash outflow from decrease in debt			1,900		2,199
Cash outflow from increase in liquid resources			2,172		8,008
Movement in the year			877		13,564
Unrealised loss on current asset investment			(64)		-
Net funds at 1 August			25,493		11,929
Net funds at 31 July	18		26,306		25,493

NOTES TO THE ACCOUNTS**1 ACCOUNTING POLICIES****(a) Accounting convention**

The accounts have been prepared under the historical cost convention, modified by the inclusion of certain properties at valuation, and in accordance with Statement of Recommended Practice on Accounting for Further and Higher Education dated July 2007 and applicable accounting standards.

(b) Grants and other income

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

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

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

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations are recognised by inclusion as other income in the income and expenditure account.

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

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

Investment income is credited to the income and expenditure account on a receivable basis

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the university and its subsidiary undertakings. The consolidated financial statements do not include those of the University of East London Students' Union as the University of East London has no significant influence over its policies.

The financial statements of our subsidiary are prepared in accordance with the requirements of the Companies Act 2006.

(d) Stocks

Stocks primarily comprise various consumables and are valued at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS (CONTINUED)**1 ACCOUNTING POLICIES (CONTINUED)****(e) Fixed assets and depreciation**

Depreciation is provided on all tangible fixed assets except land at rates calculated to write off the cost or valuation of each asset evenly over its estimated useful life as follows:

	Years
Buildings	5 - 50
Major refurbishment projects	5
Equipment and furniture	5 - 10

Assets costing more than £10,000 are initially capitalised at historical cost.

Assets in the course of construction are not depreciated. On completion they are transferred to other fixed asset categories and depreciated accordingly.

Interest paid on loans to acquire tangible fixed assets is capitalised during the period of construction and written off over the life of the asset acquired.

The University of East London has adopted the transitional provisions of Financial Reporting Standard (FRS) 15. Accordingly the book values at the implementation of FRS 15 have been retained and the valuations of those assets held at valuation have not been updated.

(f) Pension scheme arrangements

Retirement benefits for employees of the university are provided by defined benefit schemes that are funded by contributions from the university and employees. Payments are made to the Teachers' Pensions Agency, in accordance with the Teachers' Superannuation Scheme, for teaching staff and to the London Borough of Barking and Dagenham Pension Scheme for non-teaching staff. These are both independently administered schemes. Where an institution closes and there is no successor establishment, the Secretary of State becomes the compensating authority.

It is not possible to identify the assets of the Teachers' Pension Scheme which are attributable to the university. In accordance with FRS17 this scheme is accounted for on a defined contribution basis and contributions to the scheme are included as expenditure in the period in which they are payable.

For the London Borough of Barking and Dagenham Pension Scheme the amounts charged to the income and expenditure account are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the income and expenditure account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(g) Revaluation reserve

The revaluation reserve arises from the revaluation of certain assets. An amount equal to the increase in depreciation charge on these assets is transferred to the income and expenditure account each year.

NOTES TO THE ACCOUNTS (CONTINUED)**1 ACCOUNTING POLICIES (CONTINUED)****(h) Leases**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the income and expenditure account in the year the costs are incurred.

(i) Investments

Fixed asset investments are stated at cost less provision for any impairment in value. Current asset investments are stated at the lower of cost and net realisable value. Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

(j) Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 of the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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. All subsidiary companies (with the exception of UEL Development Trust, which is a Trust Deed) are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation.

The University's principal activities are exempt from Value Added Tax, but certain ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure includes irrecoverable Value Added Tax charged by suppliers to the University.

(k) Provisions

Provisions are recognised when the University of East London has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(l) Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the university's control, or a present obligation arises from past events but is not recognised because it is not probable that a transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

(m) Maintenance of premises

The University of East London has a long term maintenance programme which forms the basis of the ongoing maintenance of our estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as it is incurred.

Major refurbishment projects undertaken as part of our estates strategy which increase our economic capacity are capitalised on completion and depreciated over a five year period.

(n) Reclassification of prior year comparatives

We have reconsidered the classification of certain items of income and expenditure during 2010/11. The 2010 figures have been reclassified so that they are presented on a consistent basis. The net effect of the reclassifications on the 2010 figures is to decrease UK tuition fees by £3,620,000 and increase EU tuition fees by £3,620,000 (note 3), decrease Academic Departments costs by £1,490,000, and increase Administration and Central Services costs by £1,490,000 (note 6), as well as increasing other operating expenses by £53,000 (note 7) and decreasing staff costs by £53,000 (note 6). There is no net effect on operating surplus.

NOTES TO THE ACCOUNTS (CONTINUED)**2 FUNDING COUNCIL GRANTS**

	2011 £'000	2010 £'000
Higher Education Funding Council for England		
Recurrent grant:		
- teaching	44,589	41,782
- research	2,527	2,791
Specific grants	3,547	2,976
Matched funding of donations	171	183
Release of deferred capital grants:		
- buildings	1,099	1,099
- equipment	195	313
Training and Development Agency for Schools		
Teaching grant	5,487	5,506
Contribution to administration costs	65	59
	<u>57,680</u>	<u>54,709</u>

The Higher Education Funding Council for England income excludes Access Funds which are paid to eligible students on the Council's behalf. This income has been transferred to the Balance Sheet to be offset against the associated expenditure (see note 23).

The Training and Development Agency for Schools income excludes training bursaries paid on the Agency's behalf to trainee teachers. This income has been transferred to the Balance Sheet to be offset against the associated expenditure (see note 24).

NOTES TO THE ACCOUNTS (CONTINUED)**3 TUITION FEES AND EDUCATION CONTRACTS**

	2011 £'000	2010 £'000
UK Higher Education students	46,310	40,839
European Union (excluding UK students)	6,293	6,242
Non European Union students	28,209	31,584
Total fees paid by or on behalf of individual students	<u>80,812</u>	<u>78,665</u>
Education contracts	5,260	5,565
	<u>86,072</u>	<u>84,230</u>

4 RESEARCH GRANTS AND CONTRACTS

	2011 £'000	2010 £'000
Research councils	266	464
UK based charities	383	308
European Commission	314	61
Other grants and contracts	797	718
	<u>1,760</u>	<u>1,551</u>

UK based charities include income of £21,000 (2009/10: £5,000) from the Esmee Fairbairn Foundation.

Other grants and contracts include income of £320,000 (2009/10: £247,000) from the GLA Well London Project Funding (via the BIG Lottery Fund)."

5 OTHER INCOME

	2011 £'000	2010 £'000
Residences, catering and conferences	8,337	7,070
Collaborative agreements	4,170	3,109
Release of non-HEFCE capital grants	568	540
Non-research income	2,544	2,728
Other income	4,327	4,649
	<u>19,946</u>	<u>18,096</u>

NOTES TO THE ACCOUNTS (CONTINUED)**6 STAFF COSTS AND NUMBERS**

The average weekly number of persons employed by the University of East London during the year, expressed as full time equivalents, was:	2011 Number	2010 Number
Senior management staff	5	5
Teaching and research staff	630	621
Professional, administrative, technical and other support staff	765	767
	<hr/> 1,400 <hr/>	<hr/> 1,393 <hr/>
Staff costs for the above persons:	2011 £'000	2010 £'000
Wages and salaries	60,388	59,477
Social security costs	5,539	5,030
Other pension costs:		
- Teachers' Pension Scheme	4,049	3,698
- Local Government Pension Scheme		
- current service costs	3,824	3,708
- net contribution in respect of unfunded benefits	(130)	(121)
- past service costs	171	-
- gains on curtailments and settlements	41	-
Restructuring costs	4,557	68
	<hr/> 78,439 <hr/>	<hr/> 71,860 <hr/>
Analysis of staff costs by activity	2011 £'000	2010 £'000
Academic departments	44,150	44,056
Research grants and contracts	886	613
Academic services	4,922	4,225
Administration and central services	17,627	17,119
Premises	2,533	2,436
Residences, catering and conferences	1,281	1,273
Other expenses	3,251	2,685
Less difference between employer contributions to Local Government Pension Scheme included above and the FRS17 charge	(768)	(615)
Restructuring costs	4,557	68
	<hr/> 78,439 <hr/>	<hr/> 71,860 <hr/>

Included in the staff costs above are salaries totalling £3,497,722 (2009/10: £2,801,530) paid to 1,694 (2009/10: 582) hourly paid and specialist lecturers. The number of staff paid cannot be readily converted into full time equivalents so has not been included in the staff number table above. If an average lecturer cost was used then the total spend would translate into 70 full time equivalent academic staff in 2010/11 (2009/10: 56 academic staff).

NOTES TO THE ACCOUNTS (CONTINUED)

6 STAFF COSTS AND NUMBERS (CONTINUED)

Emoluments of the Vice-Chancellor

	2011 £'000	2010 £'000
Vice-Chancellor		
Salary	214	105
Pension contributions	30	15
	<u>244</u>	<u>120</u>

Acting and Interim Vice-Chancellors

Salary	-	94
Pension contributions	-	11
	<u>-</u>	<u>105</u>

The prior year comparatives in the table above include data for our Acting Vice-Chancellor for the period 1 August 2009 to 31 December 2009, our Interim Vice-Chancellor for the period 1 January 2010 to 31 January 2010 and our Vice-Chancellor from 1 February 2010 to 31 July 2010. The emoluments, including taxable benefits, of the Vice-Chancellor are shown on the same basis as for higher paid staff and exclude employer's national insurance contributions.

The university's pension contributions to the Teachers' Pension Scheme in respect of the Vice-Chancellor are paid at the same rates as for other academic staff. This represents employer's pension contributions of 14.1% (2009/10: 14.1%).

The table below shows the number of higher paid staff, excluding the Vice-Chancellor, whose remuneration, including taxable benefits and pension contribution, but excluding employer's national insurance contributions, falls within the following bands:

	2011 Number	2010 Number
£100,001 - £110,000	2	2
£110,001 - £120,000	2	3
£120,001 - £130,000	4	4
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-
£150,001 - £160,000	1	1
£170,001 - £180,000	2	-

There have been payments during the year totaling £203,000 to former higher paid employees who chose to accept offers under a voluntary severance scheme (2009/10: £nil).

NOTES TO THE ACCOUNTS (CONTINUED)

7 OTHER OPERATING EXPENSES

	2011 £'000	2010 £'000
Academic departments	27,097	30,288
Research grants and contracts	429	436
Bursaries and scholarships	12,060	10,280
Academic services	2,685	2,404
Administration and central services	10,040	8,499
Residences, catering and conferences	3,457	1,980
Other expenses	3,936	2,873
Premises:		
- recurring costs	7,307	8,366
- refurbishment costs	3,304	2,356
Other operating expenses	<u>70,315</u>	<u>67,482</u>

Other expenses include:

External auditors' remuneration:

- fees payable to the university's auditor for the audit of the university's annual accounts	49	45
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Fees payable to the university's auditor for other services:

- the audit of the university's subsidiary, pursuant to legislation	3	2
- other audit services	25	8

Internal auditors' remuneration	138	143
Losses on disposal of tangible fixed assets	98	105
Students' Union grant	600	594
Rentals paid during the year under operating leases:		
- hire of plant and machinery	302	405
- buildings	490	490

NOTES TO THE ACCOUNTS (CONTINUED)**8 INTEREST PAYABLE**

	2011 £'000	2010 £'000
On bank loans, overdrafts and other loans: - repayable wholly or partly in more than 5 years	1,846	1,928
Local Government Pension Scheme - net pension scheme finance costs	2,076	2,837
	<u>3,922</u>	<u>4,765</u>

9 SURPLUS FOR THE YEAR

	2011 £'000	2010 £'000
The surplus for the year is made up as follows:		
University surplus for the year	6,279	8,640
Surplus generated by the subsidiary undertakings	95	67
	<u>6,374</u>	<u>8,707</u>

NOTES TO THE ACCOUNTS (CONTINUED)

10 TANGIBLE FIXED ASSETS

Group and University

	Land and buildings		Equipment & furniture £'000	Assets in the course of construction £'000	Total £'000
	Freehold £'000	Long leasehold £'000			
Cost					
At 1 August 2010	166,170	4,878	17,513	2,745	191,306
Additions	1,598	-	730	13,091	15,419
Disposals	-	-	(3,024)	-	(3,024)
At 31 July 2011	<u>167,768</u>	<u>4,878</u>	<u>15,219</u>	<u>15,836</u>	<u>203,701</u>
Depreciation					
At 1 August 2010	21,901	189	9,996	-	32,086
Charge for year	5,630	65	1,742	-	7,437
Disposals	-	-	(2,926)	-	(2,926)
At 31 July 2011	<u>27,531</u>	<u>254</u>	<u>8,812</u>	<u>-</u>	<u>36,597</u>
Net book value at 31 July 2011	<u>140,237</u>	<u>4,624</u>	<u>6,407</u>	<u>15,836</u>	<u>167,104</u>
Net book value at 31 July 2010	<u>144,269</u>	<u>4,689</u>	<u>7,517</u>	<u>2,745</u>	<u>159,220</u>
Inherited assets	5,900	-	-	-	5,900
Assets funded by capital grants	35,556	3,660	341	2,253	41,810
Assets funded from other sources	98,781	964	6,066	13,583	119,394
Net book value At 31 July 2011	<u>140,237</u>	<u>4,624</u>	<u>6,407</u>	<u>15,836</u>	<u>167,104</u>

NOTES TO THE ACCOUNTS (CONTINUED)**10 TANGIBLE FIXED ASSETS (CONTINUED)**

Included in freehold land and buildings is land valued at £894,333 (2009/10: £894,333). This valuation was undertaken by Bridgeman Clarke Chartered Surveyors in September 1998. Included in long leasehold land and buildings is land with an original cost of £3,257,000 (2009/10: £3,257,000). The University of East London does not depreciate land. Also included within freehold land and buildings is capitalised interest of £1,712,593 (2009/10: £1,712,593).

The net book value of equipment and furniture comprises:

	2011 £'000	2010 £'000
Equipment	3,353	3,710
Furniture	1,165	1,314
Computers	1,845	2,484
Vehicles	44	9
	<u>6,407</u>	<u>7,517</u>

All assets are owned by the University of East London.

We are engaged in a jointly funded project with Birkbeck College, University of London. University Square, Stratford is currently under construction and will provide teaching and other education facilities in the heart of Stratford. The building is being jointly funded by Birkbeck and UEL with capital grants from the Higher Education Funding Council for England and the London Thames Gateway Development Corporation. The capital project is being administered on behalf of the partners by UEL with each institution recognising their share of the asset, deferred grants and corresponding cash flows in their financial statements. A summary of the cumulative accounting balances since the project commenced is as follows:

	UEL accounts (£'000)	Birkbeck accounts (£'000)	Total paid /(received) by UEL (£'000)
Assets in construction	2,083	1,041	3,124
Deferred grant received	(1,802)	(901)	(2,703)

11 INVESTMENTS

The University of East London wholly owns a subsidiary called Knowledge Dock (UEL) Limited. Knowledge Dock (UEL) Ltd's principal activities include the management of business start up units, training and consultancy. The capital of the company is divided into two ordinary shares of one pound each which are held by the University of East London. The company is registered in England and Wales.

The University of East London has also established University of East London Development Trust. The trustees are governors and ex-governors of the university. The charitable objects of the Trust are to raise funds from donations and to use such funds for charitable purposes as determined by the trustees. The assets of the Trust are consolidated within the university's group accounts.

The university owns £34,000 of shares issued by Universities UK (2009/10: £34,000).

NOTES TO THE ACCOUNTS (CONTINUED)

12 DEBTORS

	Group 2011 £'000	University 2011 £'000	Group 2010 £'000	University 2010 £'000
Amounts receivable within one year				
Trade debtors	5,036	4,926	6,290	6,168
Amounts owed by subsidiary undertaking	-	290	-	308
Other debtors	428	428	365	365
Prepayments and accrued income:				
- HEFCE matched funding of donations	234	234	86	86
- General	3,677	3,667	3,128	3,098
	<u>9,375</u>	<u>9,545</u>	<u>9,869</u>	<u>10,025</u>
Amounts receivable after more than one year				
Amounts owed by subsidiary undertaking:				
- Between one and two years	-	18	-	18
- Between two and five years	-	-	-	18
Other debtors:				
- Between one and two years	-	-	200	200
HEFCE matched funding of donations:				
- Between one and two years	-	-	201	201
General prepayments and accrued income:				
- Between one and two years	23	23	23	23
- Between two and five years	23	23	46	46
	<u>46</u>	<u>64</u>	<u>470</u>	<u>506</u>

NOTES TO THE ACCOUNTS (CONTINUED)

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2011 £'000	University 2011 £'000	Group 2010 £'000	University 2010 £'000
Bank overdraft	237	237	627	627
Other loans repayable within one year	1,899	1,899	1,900	1,900
Trade creditors	13,819	13,761	10,696	10,651
Other creditors	311	311	209	209
Taxation and social security	2,127	2,127	2,328	2,313
Accruals and deferred income	21,125	21,095	25,221	25,160
	<u>39,518</u>	<u>39,430</u>	<u>40,981</u>	<u>40,860</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2011 £'000	University 2011 £'000	Group 2010 £'000	University 2010 £'000
Other loans				
- Between one and two years	1,900	1,900	1,899	1,899
- Between two and five years	5,699	5,699	5,699	5,699
- In five years or more	25,793	25,793	27,693	27,693
	<u>33,392</u>	<u>33,392</u>	<u>35,291</u>	<u>35,291</u>

The table below provides details of the loans which are shown above under "other loans":

Original loan £'000	Interest basis	Repayment terms	Security
14,000	Fixed at 5.15% for full term	Equal principal instalments over 22 years starting in 2006	Land and property at the Docklands campus
30,000	Fixed at 5.01% for full term	Equal principal instalments over 24 years starting in 2007	Land and property at the Docklands campus

NOTES TO THE ACCOUNTS (CONTINUED)

15 DEFERRED CAPITAL GRANTS

Group and University

	HEFCE capital equipment grant £'000	Other capital equipment grant £'000	HEFCE capital building grant £'000	Other capital building grant £'000	Total £'000
At 1 August 2010	348	138	23,193	22,282	45,961
Grant received	51	25	2,177	1,480	3,733
Released to income and expenditure account	(195)	(26)	(1,099)	(542)	(1,862)
At 31 July 2011	204	137	24,271	23,220	47,832

16 RESERVES

Group

	Revaluation reserve £'000	Pension reserve £'000	General reserve £'000
At 1 August 2010	6,214	(52,239)	104,482
Surplus for the year before transfers from reserves	-	-	6,374
Release of revaluation reserve in respect of depreciation and disposal charged against fixed assets	(139)	-	139
Actuarial gain for local government pension scheme	-	-	7,752
Unrealised loss on current asset investments	-	-	(64)
Transfers between general reserve and pension reserve (see note 24):			
- current service costs	-	(3,824)	3,824
- past service costs	-	(171)	171
- curtailment and settlement	-	(41)	41
- employer contributions	-	4,674	(4,674)
- contributions in respect of unfunded benefits	-	747	(747)
- net return on assets	-	(2,076)	2,076
- actuarial gain for local government pension scheme	-	7,752	(7,752)
At 31 July 2011	6,075	(45,178)	111,622

All reserves are held within the University of East London with the exception of surpluses totalling £580,000 (2009/10: surpluses totalling £485,000) held within the subsidiaries.

NOTES TO THE ACCOUNTS (CONTINUED)

17 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £'000	2010 £'000
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets	6,374	8,707
Depreciation	7,437	6,862
Deferred capital grants released to income	(1,862)	(1,952)
Loss on disposal of tangible fixed assets	93	105
Adjustment to I&E in relation to fixed assets	-	798
Interest payable:		
- on bank loans, overdrafts and other loans	1,846	1,928
- local government net pension scheme finance costs	2,076	2,837
(Increase)/decrease in stocks	(21)	2
Decrease/(increase) in debtors	980	(2,991)
(Decrease)/increase in creditors	(1,892)	3,533
Interest receivable	(1,029)	(1,090)
Local government pension scheme costs:		
- net contribution in respect of unfunded benefits	(747)	(738)
- current service costs	3,824	3,708
- past service costs	171	-
- curtailments and settlements	41	-
- employer contributions	(4,674)	(4,202)
Net cash inflow from operating activities	<u>12,617</u>	<u>17,507</u>

18 ANALYSIS OF NET FUNDS

	At 31 July 2010 £'000	Cash flow £'000	Non-cash movements £'000	At 31 July 2011 £'000
Cash at bank and in hand	23,060	(3,585)	-	19,475
Bank overdraft	(627)	390	-	(237)
Net cash at bank and in hand	<u>22,433</u>	<u>(3,195)</u>	<u>-</u>	<u>19,238</u>
Debt due within one year	(1,900)	1,900	(1,899)	(1,899)
Debt due after one year	(35,291)	-	1,899	(33,392)
Current asset investments	40,251	2,172	(64)	42,359
	<u>25,493</u>	<u>877</u>	<u>(64)</u>	<u>26,306</u>

NOTES TO THE ACCOUNTS (CONTINUED)**19 CAPITAL COMMITMENTS****Group and University**

	2011 £'000	2010 £'000
Contracted for but not provided for in the financial statements	5,357	19,561
Authorised by the Board of Governors but not yet contracted for	38,078	35,512

20 OPERATING LEASE COMMITMENTS**Group and University**

At 31 July 2011, the University of East London was committed to making the following payments during the next year in respect of operating leases.

	2011 Land and buildings £'000	2011 Other £'000	2010 Land and buildings £'000	2010 Other £'000
Leases which expire:				
- Less than one year	-	16	-	45
- Between one and two years	-	176	-	18
- Between two and five years	-	246	-	175
- In five years or more	490	-	490	-
	<u>490</u>	<u>438</u>	<u>490</u>	<u>238</u>

21 CONTINGENT LIABILITIES

The University has received a legal claim for damages from a former consultant in relation to the cessation of a contract for services. The University has submitted a counter claim against the former consultant. The Governors consider that they have a strong case to refute the claim against the University, but given the inherent uncertainty in such cases, settlement of the legal claim is possible. If they are ultimately required to make a payment, the Governors do not expect this to be for a significant amount. However, due to the uncertainties associated with this claim it is not practicable: to disclose an estimate of the financial impact of the claim; or give an indication of the timing of any outflow; or provide information on the possibility of any reimbursement.

NOTES TO THE ACCOUNTS (CONTINUED)**22 RELATED PARTY TRANSACTIONS**

Due to the nature of the institution's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions are completed in accordance with the University of East London's financial regulations. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length.

The consolidated financial statements do not include those of the University of East London Students' Union as the university has no significant influence over its policies. However, since the university's Board of Governors includes representatives from the elected members of the students' union, transactions between the university and the union are recorded here for completeness.

The following summarises the significant arms length transactions (in excess of £20,000) with related parties during the year:

Company/institution	Role of governor/senior postholder	Opening debtor or (creditor)(£)	Income or (expenditure) for the year (£)	Closing debtor or (creditor) (£)
Petchey Academy	Governor			
Payments in respect of Graduate Teacher Programme		-	(47,500)	(12,200)
Sir John Cass's Foundation	Chief Executive Officer			
Donation (deferred capital grant)		-	200,000	-
Finers Stephens Innocent	Partner			
Legal services		-	(25,200)	-
Veolia Environment	Director of subsidiary company			
Environmental services		-	(89,900)	(8,500)
Barking & Dagenham College	Board member			
Collaborative teaching agreement		-	36,000	-
Collaborative teaching agreement		-	(34,300)	-
UEL Students' Union	Elected President			
Annual support grant		-	(600,000)	-
Loan repayment		100,000	100,000	-
Other services - income		99,900	34,000	3,800
Other services - expenditure		-	(23,100)	-

None of our governors were paid for their services as a governor. Expenses totalling £154 were paid to non-staff governors during the year (2009/10: £nil).

There have been no debts written off, nor provisions for doubtful debts created, during the year in respect of related parties.

NOTES TO THE ACCOUNTS (CONTINUED)

23 ACCESS FUNDS

	2011 £'000	2010 £'000
At 1 August	(59)	(8)
Received	918	1,114
Interest earned	5	5
Disbursed	(1,035)	(1,170)
At 31 July	<u>(171)</u>	<u>(59)</u>

The University of East London receives Access Funds from the HEFCE which it disburses to eligible students. The fund provides financial help to students whose access to higher education might be inhibited by financial considerations or who, for whatever reason, including physical or other disabilities, face financial difficulties. The income and expenditure shown above has been excluded from the income and expenditure account.

The balance at year end is carried forward within other debtors.

NOTES TO THE ACCOUNTS (CONTINUED)**24 TRAINING AND DEVELOPMENT AGENCY FOR SCHOOLS FUNDS**

The University of East London receives funds from the Training and Development Agency for Schools which it disburses under two specific schemes. The income and expenditure shown below for the Trainee Teacher Bursaries has been excluded from the income and expenditure account and the balance at the year end was carried forward within creditors less than one year (2009/10: other debtors). The funds received and disbursed for the two schemes are noted here for information only.

Trainee Teacher Bursaries

	2011 £'000	2010 £'000
At 1 August	(167)	162
Received	3,080	2,800
Disbursed	(2,832)	(3,129)
At 31 July	<u>81</u>	<u>(167)</u>

The purpose of the bursary is to encourage graduates to undertake teaching as a career and is disbursed monthly to eligible post graduate trainee teachers.

Student Associate Scheme

	2011 £'000	2010 £'000
At 1 August	29	-
Received	386	603
Disbursed	(389)	(574)
At 31 July	<u>26</u>	<u>29</u>

The aim of the scheme is to increase the number and quality of recruits into teaching by enabling students in Higher Education to make better informed decisions about career options in education. Funds are disbursed to participating schools in recognition of the trainee teachers they assist.

NOTES TO THE ACCOUNTS (CONTINUED)**25 PENSION SCHEMES**

Retirement benefits for employees of the University of East London are provided by defined benefit schemes that are funded by contributions from both the employer and the employees. Payments are made to the Teachers' Pensions Agency, in accordance with the Teachers' Pension Scheme, for teaching staff and to the London Borough of Barking and Dagenham Pension Scheme for non-teaching staff. These are both independently administered schemes. Where an institution closes and there is no successor establishment, the Secretary of State becomes the compensating authority.

Teachers' Pension Scheme (England and Wales)

The Teachers' Pension Scheme is a statutory, contributory, defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The pensions cost is assessed not less than every four years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004	31 March 2001
Actuarial method	Prospective benefits	Prospective benefits
Investment returns per annum	6.5% per annum	7.0% per annum
Salary scale increases per annum	4.5% per annum	5.0% per annum
Notional value of assets at date of last valuation	£163,240 million	£142,880 million
Proportion of members' accrued benefits covered by the notional value of the assets	98%	100%

The employee contribution rate to the scheme is 6.4% (2009/10: 6.4%) and the employer contribution rate is 14.1% (2009/10: 14.1%).

Under the definitions set out in FRS 17, Retirement Benefits, the Teachers' Pension Scheme is a multi-employer pension scheme. Consequently, the University of East London is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, we have accounted for its contributions as if it were a defined contribution scheme in accordance with the exemption afforded by FRS 17.

London Borough of Barking and Dagenham Pension Scheme

The London Borough of Barking and Dagenham Pension Scheme is a defined benefit scheme administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. Although a multi-employer scheme, due to the limited number of members it is possible to separately identify the University of East London's share of the assets and liabilities of the scheme as required by FRS 17, Retirement Benefits.

The scheme is valued every three years by a professionally qualified independent actuary using the projected unit credit method of valuation, the rates of contribution payable being determined by the actuary. The latest actuarial assessment of the London Borough of Barking and Dagenham Pension Scheme was at 31 March 2010. For the purposes of meeting the requirements of the reporting standard FRS 17, Retirement Benefits, they have used data from this to assess the assets and liabilities of the scheme as at 31 July 2011. Using data provided by the actuarial valuation, the University of East London's share of the assets and liabilities of the scheme have been fully provided for within the financial statements.

It should be noted that the defined benefit asset or liability is based on a valuation of the scheme assets that are not intended to be realised in the short term and which may change significantly over time. The actuarial valuation of scheme liabilities is based on cash flow projections over very long periods and, therefore, is inherently uncertain.

From April 2011, the contribution to the scheme by the University of East London increased to 23.6% (2009/10: 19.2%) of pensionable salaries for non-teaching staff. The University of East London is not involved in the financial management of the fund. The scheme actuary estimates that the employer's contributions for the year to 31 July 2012 will be approximately £4,506,000.

NOTES TO THE ACCOUNTS (CONTINUED)**25 PENSION SCHEMES (CONTINUED)**

The principal financial assumptions used by the actuary were:

	2011	2010	2009
Pension increase rate	2.7% per annum	2.9% per annum	3.7% per annum
Salary increase rate*	5.0% per annum	4.9% per annum	5.2% per annum
Expected return on assets	6.1% per annum	6.3% per annum	6.8% per annum
Discount rate	5.3% per annum	5.4% per annum	6.0% per annum

*Salary increases are 1% per annum nominal until 31 March 2012, reverting to the long term rate shown thereafter.

Life expectancy is based on the Fund's VitaCurves (2009/10: PFA92 and PMA92 tables) with improvements from 2007 in line with the medium cohort and a 1% per annum underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2011	2010
Current pensioners – male	21.2 years	20.8 years
Current pensioners – female	23.1 years	24.1 years
Future pensioners – male	22.7 years	22.8 years
Future pensioners – female	25.0 years	26.2 years

Life expectancy for all of the below year ends is based on the PFA92 and PMA92 tables. The allowance for future life expectancy is shown in the following table.

Year ended	Prospective pensioners	Pensioners
31 July 2010	year of birth, medium cohort and 1% p.a. minimum improvements from 2007	year of birth, medium cohort and 1% p.a. minimum improvements from 2007
31 July 2009	calendar year 2033	calendar year 2033
31 July 2008	calendar year 2033	calendar year 2033
31 July 2007	calendar year 2017	calendar year 2004

Age ratings are applied to the above tables based on membership profiles.

The University of East London's share of the value of assets in the scheme and the expected rate of return per annum were:

	2011 Long term Return	2011 Fund value £'000	2010 Long term Return	2010 Fund Value £'000	2009 Long term return	2009 Fund value £'000
Assets						
Equities	7.0%	53,251	7.3%	45,095	7.3%	48,667
Bonds	4.6%	23,570	4.8%	20,992	5.3%	10,382
Property	5.1%	7,857	5.3%	5,442	5.3%	4,542
Cash	4.0%	2,619	4.4%	6,220	4.3%	1,298
		<u>87,297</u>		<u>77,749</u>		<u>64,889</u>

The above asset values as at 31 July 2011 are at bid value as required under FRS17.

NOTES TO THE ACCOUNTS (CONTINUED)

25 PENSION SCHEMES (CONTINUED)

The share of the fund's assets and present value of the accrued pension liabilities at 31 July 2011 relating to the University of East London are:

	2011 £'000	2010 £'000	2009 £'000
Estimated asset share	87,297	77,749	64,889
Present value of scheme liabilities	(124,873)	(122,062)	(113,214)
Present value of unfunded liabilities	(7,602)	(7,926)	(8,426)
Net pension liability	(45,178)	(52,239)	(56,751)

The following results were measured in accordance with the requirements of FRS 17, Retirement Benefits, based on the assumptions summarised above:

Analysis of changes to the balance sheet:

	Fair value of employer assets		Defined benefit obligation		Net liability recognised in balance sheet	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Opening balance	77,749	64,889	(129,988)	(121,640)	(52,239)	(56,751)
Contributions by members	1,551	1,526	(1,551)	(1,526)	-	-
Contributions by the employer	4,674	4,202	-	-	4,674	4,202
Contributions in respect of unfunded benefits	747	738	-	-	747	738
Estimated benefits paid	(4,457)	(3,140)	4,457	3,140	-	-
Estimated unfunded benefits paid	(747)	(738)	747	738	-	-
Expected return on assets	4,949	4,498	-	-	4,949	4,498
Actuarial gains/(losses)	2,831	5,774	4,921	(7,843)	7,752	(2,069)
Actuarial gain for past service costs	-	-	-	8,186	-	8,186
Current service cost	-	-	(3,824)	(3,708)	(3,824)	(3,708)
Interest cost	-	-	(7,025)	(7,335)	(7,025)	(7,335)
Past service (costs)/gains	-	-	(171)	-	(171)	-
Losses on curtailments	-	-	(41)	-	(41)	-
Closing balance	87,297	77,749	(132,475)	(129,988)	(45,178)	(52,239)

NOTES TO THE ACCOUNTS (CONTINUED)

25 PENSION SCHEMES (CONTINUED)

	2011 £'000	2010 £'000
Fair value of employer assets	87,297	77,749
Present value of funded obligations	(124,873)	(122,062)
Net under-funding in funded plans	(37,576)	(44,313)
Present value of unfunded obligations	(7,602)	(7,926)
Net pension liability	(45,178)	(52,239)

Analysis of amount charged to the income and expenditure account:

	2011 £'000	2010 £'000
Current service cost	3,824	3,708
Past service cost	171	-
Operating charge	3,995	3,708
Expected return on employer assets	4,949	4,498
Interest on pension scheme liabilities	(7,025)	(7,335)
Losses on curtailments	(41)	-
Net return	(2,117)	(2,837)
Net income and expenditure account cost	6,112	6,545

History of experience gains and losses:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Difference between the expected and actual return on assets	2,831	5,774	(10,146)	(14,090)	2,268
Value of assets	87,297	77,749	64,889	67,537	75,526
Percentage of assets	3.2%	7.4%	(15.6%)	(20.9%)	3.0%
Experience gains/(losses) on liabilities	3,084	242	-	(918)	(1,047)
Present value of liabilities	132,475	129,988	121,640	102,908	96,888
Percentage of the present value of liabilities	2.3%	0.2%	-	(0.9%)	(1.1%)
Actuarial gains/(losses) recognised in STRGL	7,752	6,117	(20,969)	(13,274)	8,521
Present value of liabilities	132,475	129,988	121,640	102,908	96,888
Percentage of the present value of liabilities	5.9%	4.7%	(17.2%)	(12.9%)	8.8%
Net pension liability	45,178	52,239	56,751	35,371	21,362

NOTES TO THE ACCOUNTS (CONTINUED)**25 PENSION SCHEMES (CONTINUED)**

	2011	2010
	£'000	£'000
Actual return less expected return on pension scheme assets	2,831	5,774
Changes in assumptions underlying the present value of the scheme liabilities	4,921	(7,843)
Actuarial gain for past service costs*	-	8,186
Actuarial gains recognised in the statement of recognised gains and losses	7,752	6,117

*Actuarial gain for past service costs figure is based on a calculation of future pension increases being linked to the Consumer Prices Index (CPI) and not the Retail Prices Index (RPI) following the Chancellor's budget statement on 22 June 2010.