

ARCHIVE  
**UNIVERSITY OF EAST LONDON**

**REPORT**

**AND**

**FINANCIAL STATEMENTS**

**FOR THE  
YEAR ENDED  
31 JULY 2012**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012**

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**GOVERNORS, EXECUTIVES AND ADVISORS AT 31 JULY 2012****Board of Governors**

Mr M Stephens CBE (Chair)  
 Ms J Arnold OBE AM  
 Mr R Beaver  
 Mr M Brace CBE  
 Ms J Calvert-Lee JP  
 Ms S Crouch OBE  
 Ms S Davis  
 Dr M Hannam  
 Dr I Jenkins CEng FIET  
 Professor P Marfleet  
 Professor P McGhee MA (Glas) DPhil (Oxon) CPsychol AFBPsS  
 Mr A Mullee  
 Mr G Newton  
 Ms S Parkin  
 Mr B Patriniche  
 Professor A Renton  
 Ms A Umoren

**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
Ms Louise Nadal BA PgDL MBA	Head of Governance and Legal Services

**Auditors**

Deloitte LLP  
 Chartered Accountants and Statutory Auditor  
 3 Victoria Square  
 St Albans  
 AL1 3TF

**Bankers**

Barclays Bank Plc  
 P O Box 1006  
 Barking  
 IG11 8AT

**Solicitors**

Wedlake Bell LLP 52 Bedford Row London WC1R 4LR Wedlake Bell LLP	Mills & Reeve LLP Francis House 112 Hills Road Cambridge CB2 1PH
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## **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 2011/12. 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, 2006 and 2011. 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)  
Ms J Arnold  
Mr R Baxi (retired October 2011)  
Mr R Beaver  
Mr M Brace  
Ms J Calvert-Lee  
Ms S Crouch  
Ms S Davis (appointed August 2011)  
Dr M Hannam  
Dr I Jenkins  
Ms Maria Kyriacou (appointed August 2011, retired July 2012)  
Lord Loomba (retired March 2012)  
Professor P Marfleet (appointed July 2012)  
Professor P McGhee  
Mr Darius Moisa (appointed August 2011, retired July 2012)  
Mr A Mullee  
Mr G Newton (appointed August 2011)  
Ms S Parkin (appointed August 2011)  
Mr B Patriniche  
Professor A Renton  
Ms A Slater (retired May 2012)  
Dr K Tang (retired July 2012)  
Ms A Umoren (appointed August 2011)

**Introduction**

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 the University of East London (UEL), but set in the context of radical reforms to the way in which universities are now funded, increasing challenges in relation to the recruitment of international students and government funding cuts. Our staff have worked hard over the last few years to put us on a path to deliver a sustainable and firm financial foundation for the future - it will be even more important in the coming years to accelerate and 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 each of the last two years. However, our financial strategy and adequate management of costs continue to provide annual operating surpluses and cash from our activities. The Higher Education sector is facing 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.

I am particularly pleased and proud this year to report that two of UEL's staff were recognised in the Queen's Birthday Honours list.

Femi Bola, who is UEL's Director of Employability and Student Enterprise, was awarded an MBE for services to diversity. During her seven years at UEL, Femi has played a vital part in turning a traditional careers service into a proactive and high quality facility with a first-rate reputation. As part of her role, Femi helps equip students with the skills to attain and retain a job or start their own business. As chief architect of UEL's employer engagement strategy, Femi recognised the need to go back to basics and create an approach on two principles: to get employers to recruit beyond traditional corporate social responsibility engagements and to focus on the business benefits of recruiting UEL students.

Andy Minnion, the Director of the Rix Centre, a research and development centre which provides specialist support to people with learning disabilities, was also awarded an MBE for services to the education of people with special needs. The Rix Centre has pioneered and developed Multimedia Advocacy, which is a way of using new media production to help people with learning disabilities to communicate and take more control of their lives.

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

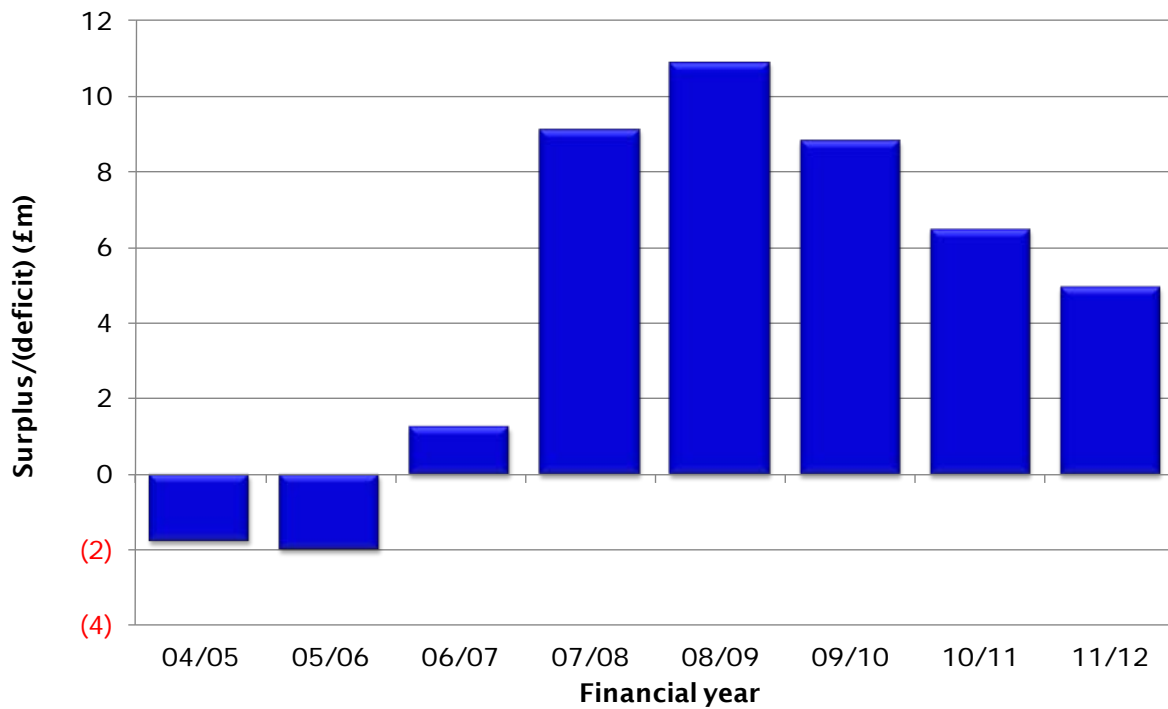
**REPORT OF THE GOVERNORS (CONTINUED)**

**Financial Performance**

We are pleased to report our financial performance remains strong and we have achieved a surplus for the fifth 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. Our Board recently recommended that we set our target surplus at £5.0 million for 2012/13 to provide further stability to our financial position.

Chart 1 highlights the trend in our revenue outturn since 2004/05. Our surplus for the year to 31 July 2012 was £4.3 million (2010/11: £6.4 million) representing 2.8% of total income (2010/11: 3.8% of total income).

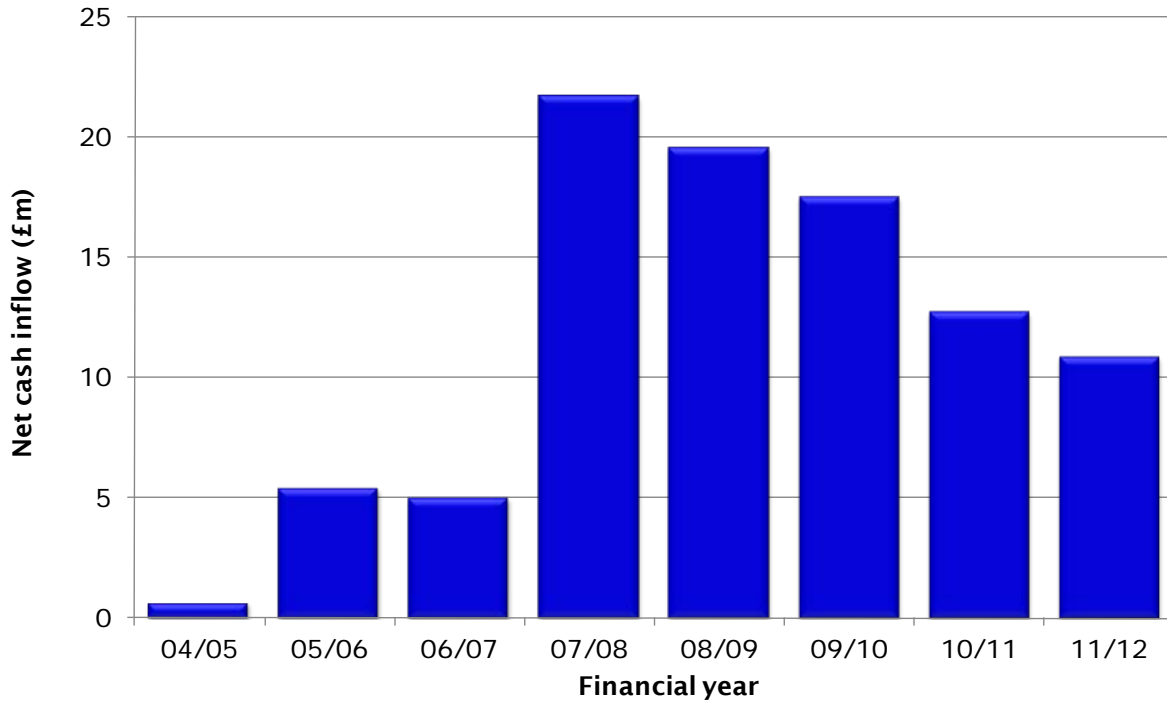
**Chart 1: Surplus/(deficit) excluding gains or losses on sale of fixed assets**



**REPORT OF THE GOVERNORS (CONTINUED)**

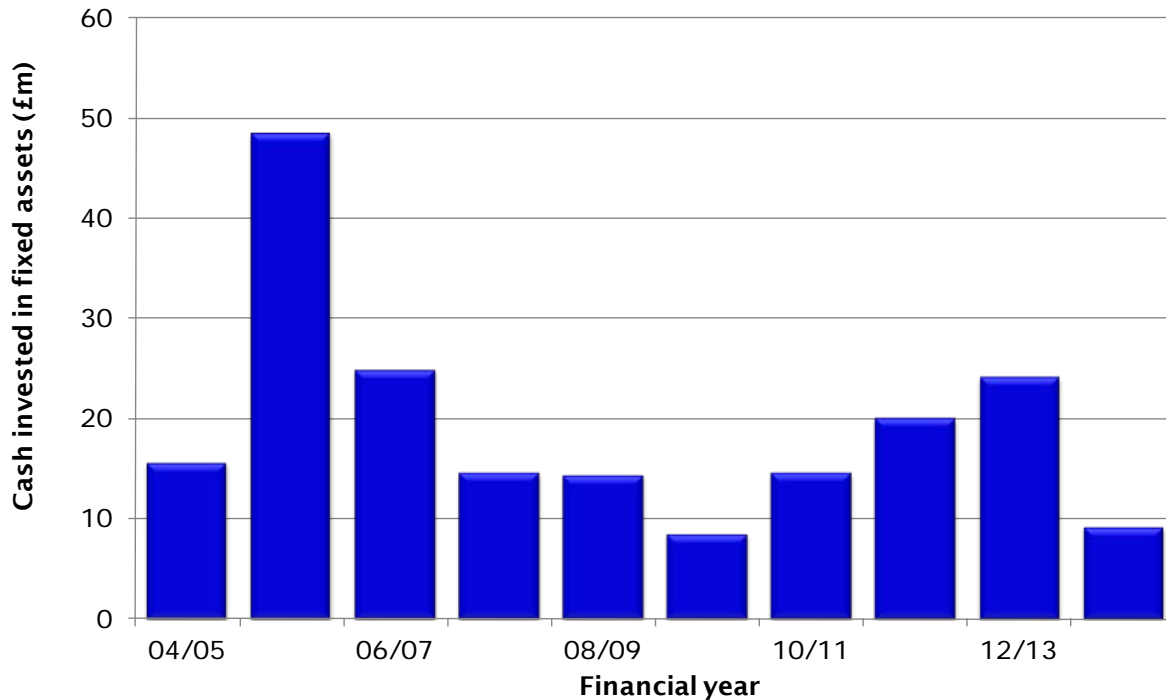
Chart 2 highlights the impact such a budget strategy has on the levels of cash generated from our operating activities. Having sold the last of our surplus buildings in 2005/06, we needed to amend our financial strategy to ensure that we were creating cash which could be reinvested in our infrastructure without the need for further loan funding. Over the last five years, our revenue activities have generated a total of £82.3 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. Previously, investment in our estate was met by a combination of loan funding in relation to new student residences and sale proceeds from other assets. Through generation of cash from operating activities we have been able to invest significant sums of money in improving and growing our estate without the need for further loan funding. Two newly constructed buildings were opened this year with two more due for completion in 2013. All four projects will be funded from our own cash reserves. (The spend profile for 2012/13 onwards is taken from our long term cash flow forecast and only includes existing estates projects).

**Chart 3: Cash invested in fixed assets**

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

	2008/09 (£m)	2009/10 (£m)	2010/11 (£m)	2011/12 (£m)	Change 2008- 2012
Net book value fixed assets	159.1	159.2	167.1	179.4	+ 12.8%
Outstanding loans	(39.4)	(37.2)	(35.3)	(34.1)	+ 13.5%
Net assets	86.4	104.4	120.4	108.1	+25.1%
Net pension liability	(56.8)	(52.2)	(45.2)	(64.4)	-13.4%
Net funds	11.9	21.5	22.4	19.8	+ 7.9m

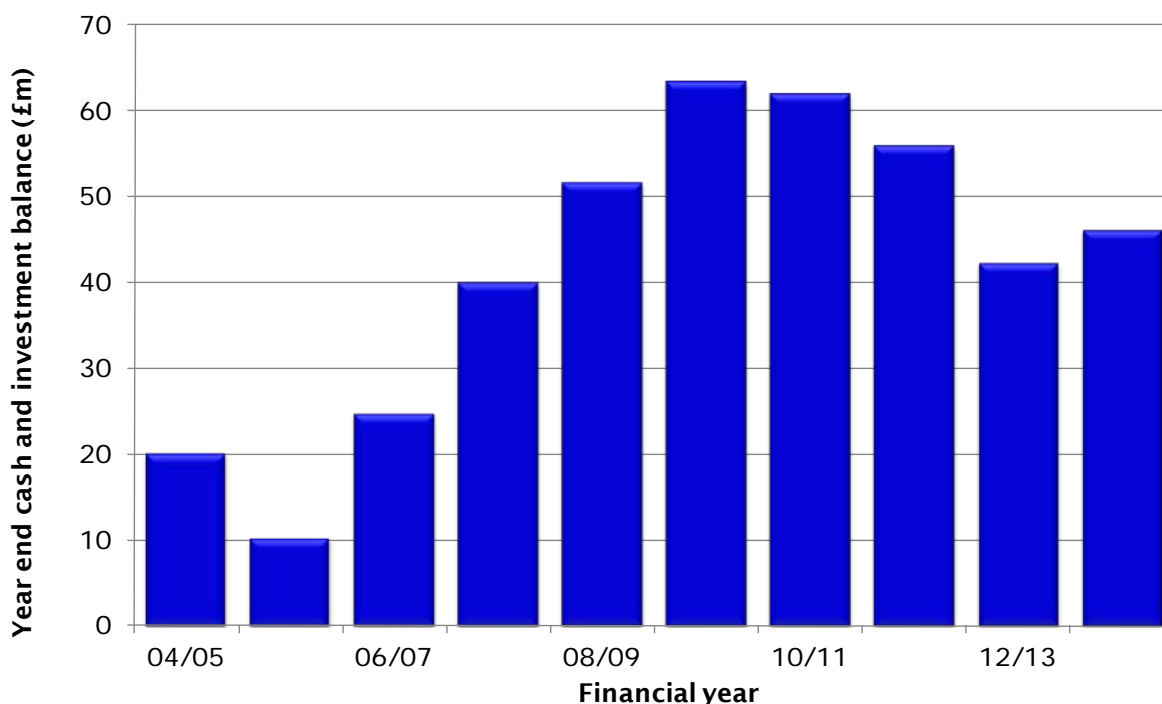
As we approach what is likely to be an uncertain period for the Higher Education sector, it is pleasing to know that we have such a strong Balance Sheet. Despite a significant increase in the pension liability of the Local Government Pension Scheme we retain a healthy net funds balance of £19.8 million.



**REPORT OF THE GOVERNORS (CONTINUED)**

With the ongoing downturn in the world economy, continuing funding cuts and uncertainty around demand from international students, 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 (2010/11: 40 cash days) should be maintained at all times. With a turnover excluding interest receivable of £153.3 million in 2011/12 (2010/11: £165.5 million) this equates to a minimum cash holding of £16.8 million (2010/11: £18.1 million). Even though we expect to invest over £33 million in fixed assets over the next two years, Chart 4 confirms that we expect to remain above this minimum level, even if we assume a modest growth in income in the same period. (The cash balances at the end of 2012/13 and 2013/14 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 are likely to lead to a volatile and uncertain market for UK universities. Our financial strategy of creating surpluses to invest, coupled with a proactive and continuous review of our cost base to improve financial sustainability, has 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 sustainable and income streams are diversified.

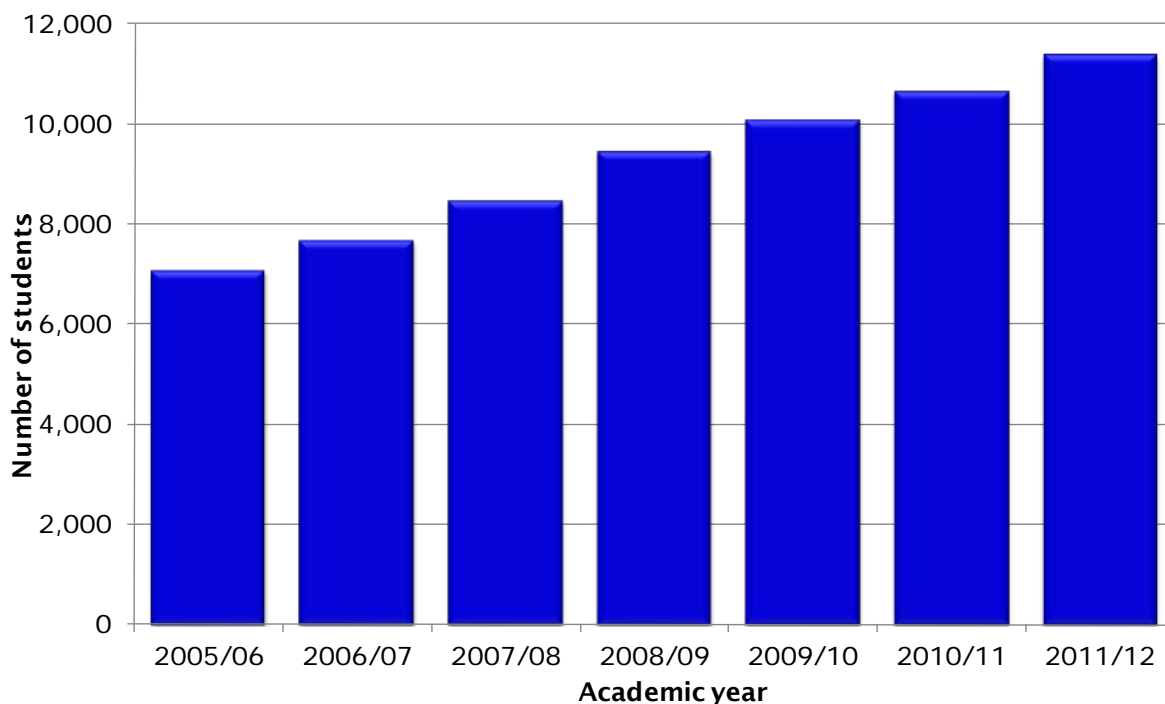
Despite reductions in the Local Government Pension Scheme deficit in the last couple of years the liability worsened this year by £19.2 million, finishing at £64.4 million. This increase occurred despite the fact that our contribution rate increased significantly from April 2011 to 23.6% of pensionable salaries for non-teaching staff (previously: 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. With the assistance of experts in the field of pension development, and in discussion with the Local Authority and pension scheme actuary, 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

The changing environment in which Higher Education Institutions in the UK will need to operate from 2012/13 is highlighted as one of our main risks later in this report. The movement in our two key markets between 2005/06 and 2011/12 can be seen in Charts 5 and 6. The change in both categories is a direct consequence of the influence of these external factors.

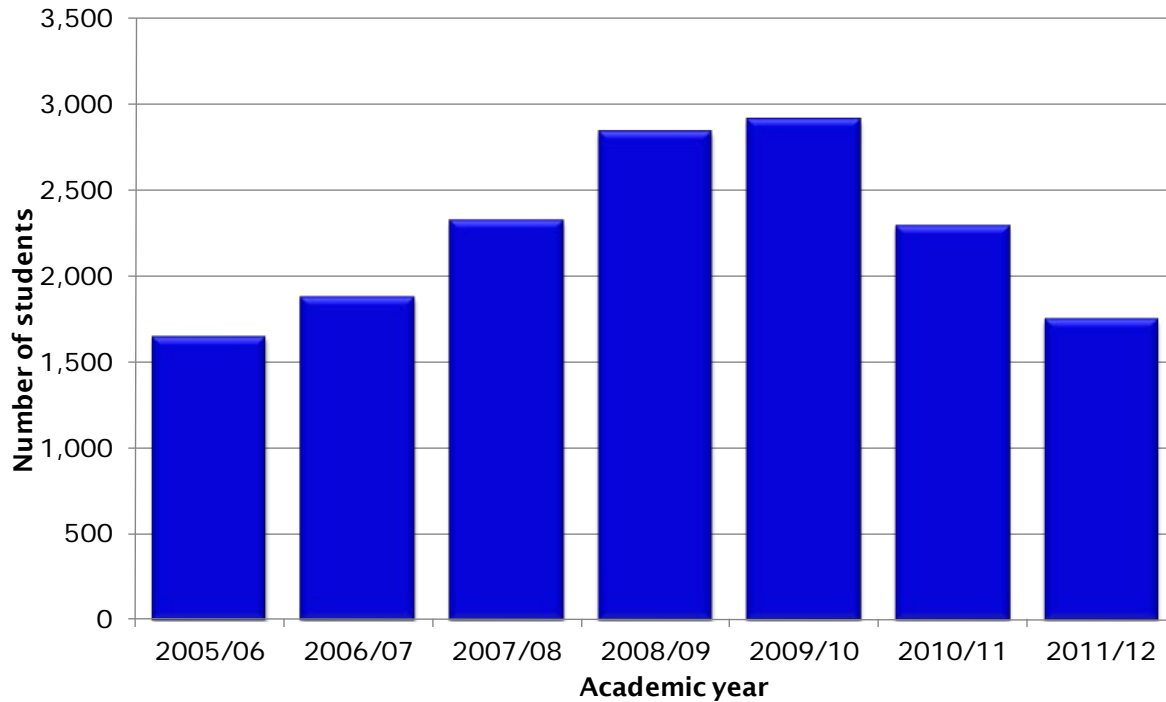
The number of full time undergraduate students studying on one of our campuses from the United Kingdom and elsewhere within the European Union exceeded 11,300 in 2011/12, an increase of 720 on the previous year. This increase was largely due to students wishing to commence their undergraduate programmes before the introduction of increased tuition fees in September 2012. We restricted the number of new applicants for many of our programmes to ensure that we did not breach the student number controls set by HEFCE.

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



Recruitment levels have dropped in semester A 2012/13 in comparison with the number of new students commencing their studies last year, primarily as a result of a cut in the student number targets allowable by HEFCE. The introduction of higher fees, the increase in the number of students starting in 2011/12 (coupled with an associated fall in the number deferring their studies post A levels) and the change in government regulations allowing greater mobility of students between institutions with AAB grades at A level or equivalent have all contributed to this fall. However, although the number of new students is likely to have fallen year on year we anticipate that our targets for the year will be met.

Although not a significant contributory element to our financial budget, the new student funding regulations are having an effect on part time undergraduate student numbers from the UK and elsewhere within the European Union, with falls experienced across all schools in September 2012.

**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 again during 2011/12. 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 and the net migration cap. These changes have had an affect across all our major markets.

Our international strategy was adapted during 2011/12 in line with our 10 year institutional strategy, Transformation for Excellence 2010-2020. These enhancements have increased the number of partnership arrangements worldwide, particularly the number of articulation agreements which should see students progressing to study with us in the UK in the future, and reduced over-reliance on individual countries.

The income we received from tuition fees and education contracts fell from £86.1 million in 2010/11 to £82.6 million in 2011/12; a fall of 4.1% in the year. The rise from 2010/11 to 2011/12 relating to UK and EU students was £5.7 million, an increase of 12.3%. This helped to offset the fall in income from international students of £8.8 million, a fall of 31.2%.

**REPORT OF THE GOVERNORS (CONTINUED)****Million+**

Professor Patrick McGhee, Vice-Chancellor of the University of East London, has been elected as the new chair of university think-tank Million+. Professor McGhee commenced the role in May 2012, replacing Professor Les Ebdon who stood down in February following his appointment as the next Director of the Office for Fair Access (OFFA).



*Figure 1: Professor Patrick McGhee, Vice-Chancellor of UEL*

The role will be particularly important over the next few years as we face the challenges of rising to meet the aspirations of millions of students and their families, the opportunities of the global demand for UK higher education and the impact of funding changes on the sector.

The mission of Million+ is to develop and shape public policy and funding regimes on a non-party basis so as to:

- enable people from every walk of life to benefit from access to universities that excel in teaching, research and knowledge transfer;
- promote collaboration between universities, business, government, the NHS, the not for profit-sectors and international partners to enhance social and economic outcomes; and
- celebrate the strength and diversity of the UK higher education sector.

As part of its role, Million+ provides up-to-date briefings for affiliates, facilitates information exchange and discourse between university leaders, Ministers, MPs, members of the House of Lords and stakeholders such as the National Union of Students and hosts working groups for senior staff involved in research, enterprise and employability, admissions, public affairs and teacher education.

Professor McGhee is also a member of the Higher Education Funding Council for England's Committee on Teaching, Quality & Student Experience, Chair of its Teaching Funding Advisory Group and a member of the Board of Universities UK.

**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
2009/10	16.8%	23.6%	+6.8%
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 has made significant progress with non-completion almost halving in the period from 2001/02 to 2008/09. Although non-completion has increased slightly in the past year, this increase is below the national trend such that our performance relative to our benchmark has improved further still. We believe that the impact of our Progress Bursary has been a significant contributor to the dramatic improvement for recent entry cohorts and we have extended the scheme in our Access Agreement for 2012/13, with the new scheme design based on data provided by John Smith's bookstores and analysed by Continuum. Alongside specific schemes such as the Progress Bursary, we have prioritised investment in the student experience, in particular focusing on additional activity during the vital first semester induction. We have also demanded year-on-year improvements in first-year teaching and learning.

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
2010/11	79.4%	82.8%	-3.4%
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 last year the significant deterioration in this important measure when compared against our benchmark. Our performance has improved this year, both in absolute terms and relative to our benchmark, but we remain significantly below where we want to be. The recession and continuing difficulties in the economy continue to negatively affect 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

**REPORT OF THE GOVERNORS (CONTINUED)**

investing 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, and these schemes will begin to have an impact on our employability performance indicators from next year. The data already reveals that of our graduates who are employed full-time, 1 in 8 is self-employed or running their own business. We have performed a detailed review of our entire employability curriculum, and revalidated modules reflecting national best practice are now being taught across Schools.

We have also partnered with Mumsnet, the busiest online community for parents, to create an innovative business start-up programme, designed to support mums to develop the skills they need to start their own business. Developed by women business experts at UEL's Centre of Excellence for Women's Entrepreneurship (CEWE), the Be Your Own Boss course will give women the knowledge and confidence they need to turn their entrepreneurial ambitions into reality, whilst also making an important contribution to the UK's economic recovery.

Through an online learning platform, Be Your Own Boss students will be able to access inspirational enterprise case studies, specialist business advice and get to grips with what they need to know to succeed in their first year in business. To encourage them on their business journey, entrepreneurs will have access to events, seminars and workshops hosted by CEWE, giving them the advice, knowledge and networks they need to start and grow their business.

**International strategy**

Central to our university-wide Transformation for Excellence strategy is the Global Reach initiative. The initiative is structured around a number of strands including:

- Providing a high level of support for international students studying with us in the UK;
- Offering opportunities for UK students to integrate overseas mobility into their studies through short trips abroad part funded by the Going Global bursary scheme;
- Increasing our facilities overseas in selected regional hubs to enhance academic, development and promotional activities, including the development of "micro-campuses" in key regions;
- Working collaboratively with international partners to create opportunities to internationalise our values of academic excellence, enterprise, equality and sustainability; and
- To blend distance learning into our global activities.



In June 2012, we were delighted to win the prestigious 'Outstanding International Strategy Award' at The Times Higher Education Leadership and Management Awards 2012. At a ceremony which celebrated the talented and dedicated staff working to steer universities and colleges through a time of unprecedented change, we beat off stiff competition from the University of Birmingham, City University London, De Montfort University, the University of Exeter and the University of Nottingham.

The judges were impressed by the number of 'distinct threads' running through the strategy, with a range of university schools and services fully involved. Judges were also impressed by the Going Global bursary scheme, a key element of Global Reach, providing UK based students the chance to travel, linked to their studies, whether for a few days or a whole semester. The highly successful introduction of languages to the curriculum after a nine-year absence was also praised.

Our aim is to provide a truly international study experience to students on all UEL programmes whether they are studying in East London or at our newly launched Cyprus campus. We are equally proud of the experience provided for those studying UEL programmes across our tremendous partner institution network which includes not only the BRIC (Brazil, Russia, India and China) countries but other parts of the world where the UEL brand is well known such as Malaysia, Greece, Singapore and Vietnam.

**REPORT OF THE GOVERNORS (CONTINUED)**

*Figure 2: UEL Cyprus, Nicosia at night*

The first of our “micro-campuses” was recently opened in Nicosia, Cyprus. Developed with a low risk strategy offering a limited range of programmes at both postgraduate and undergraduate level in business, it is our intention to expand into further subject areas during the coming years. The campus offers three year degrees taught in English. We will be recruiting international students to commence their studies in Cyprus in February 2013 and expect there to be interest from students in the Middle East, North Africa and the former Soviet states.

Over 200 UK students were awarded bursaries under our Going Global bursary scheme during the year. The successful students from across the university undertook a range of projects around the world for short periods of time, usually outside of the teaching period, and were required to write a report on their trip on their return. All trips were aimed at supporting the programmes being studied by the students. Some examples of the breadth of projects included:

- 9 students went to Nanjing University, China to study acupuncture;
- 2 students completed a medical work placement in Jodhpur, India;
- 6 students travelled to Los Angeles, USA to attend the 5<sup>th</sup> World Conference on Women and Sport;
- 5 students attended International Law week in Leuven and Brussels, Belgium; and
- 1 student took part in a conference and workshops in Ethiopia.

The central strand of our global reach strategy is a move towards rolling out mutually beneficial partnerships with key HE providers in the BRIC countries, South East Asia, Africa and Eastern Europe. Our position as a London institution with a wide range of provision in marketable disciplines such as Engineering, Business and the Arts, ensures that we are an interesting prospect to a handful of carefully chosen, prestigious universities in these regions. We continue to develop a broad range of articulation agreements that allow us to bring in revenue through international activity whilst not being beholden to the changes in policy of the UK Border Agency. It also ensures that we continue our mission of broadening participation in HE but on an international scale, bringing UK higher education to those who are unable to travel to London to study.

Our reputation as an increasingly international university ensured our involvement in the Science Without Borders scheme which aims to send thousands of Brazilians to study in foreign universities, fully funded by the Brazilian government. Universities UK has been asked to lead on this initiative. Our Vice-Chancellor is a member of the Universities UK International Strategy group and our Pro Vice-Chancellor (International) is a member of the Brazil Steering Group. This model is expected to be rolled out across other Latin American countries so we are, in principle, well placed to secure additional sponsored students in the future. We are now the second biggest destination in the UK for students under that scheme, moving Brazil into the position of being one of our biggest markets.

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

Many of our students accomplish objectives whilst they are studying with us, both academic and extra-curricular, that they are justifiably proud of. All of their achievements are important to us and we are happy to encourage and support wherever possible. The following are just a few examples of some of our recent success stories:

UEL student **Susanna Yi** won the 'Best of British' Award at Graduate Fashion Week during the summer. The Best of British competition was created to celebrate 2012 and the exciting year with the Olympics and the Queen's Diamond Jubilee. The competition was open to 2nd year students to research the local area around their UK University and design three outfits to represent this. Susanna was inspired by the contrast between the historic old dock buildings in the East End with the new architecture and contemporary feel of riverside apartments and the business district of Canary Wharf.



*Figure 3: TV presenter Caroline Flack (front left), Susanna Yi and Asda brand director Fiona Lambert (front right)*

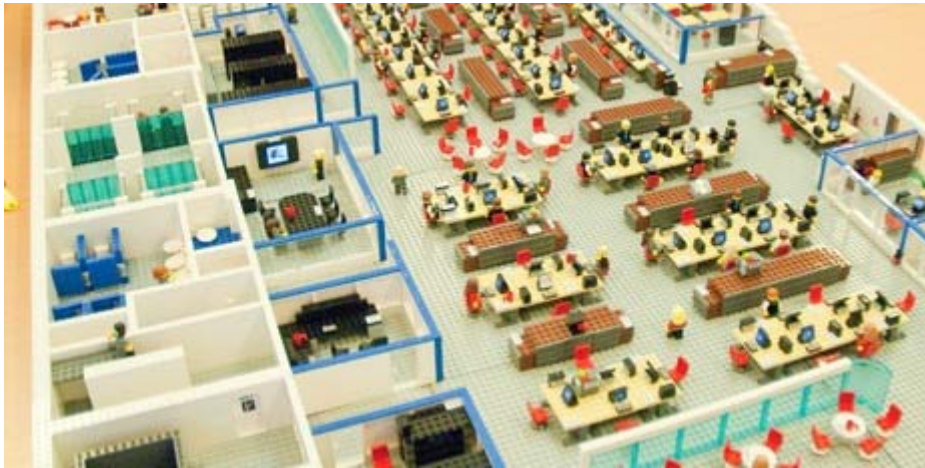
Susanna will now get the opportunity to work with George at Asda in-house designers to see her winning range turned into a collection for George, as well as enjoying a £1,000 cash prize.

Photography students from UEL's School of Arts and Digital Industries captured the lion's share of top prizes at a national film competition, 'Framing the Nation' in March 2012. Although the competition, hosted by photography firm Ilford (Harman Technology Ltd), was open to all UK universities, UEL won 3 out of the 6 available prizes, while the University itself was rewarded for its flair for photography, winning the prize for the University with the most eligible entries.



*Figure 4: Redgrave Pinsent rowing lake, Berkshire. Winner best mono photograph. Picture by UEL student Thomas Janusca*



**REPORT OF THE GOVERNORS (CONTINUED)**

*Figure 5: Lego office by UEL student Matt Fallowfield-Cooper*

which is a scale replica of a floor in the Man Yee building in Hong Kong, over the course of five months. The model was showcased in San Diego at the CoreNet Global Summit, which took place from 29 April to 1 May 2012. Representatives from a variety of major US corporations were keen to see the model including Pepsi, Coca Cola, Bank of America and FedEx. The Lego office will undergo further updates involving adding more sophisticated electronics. This will be undertaken by a UEL student before it is taken to further trade shows in the UK and the USA.

The University of East London's E-Factor competition, now in its seventh year, saw UEL students present their business ideas and compete for funding from a panel of four judges, composed of highly influential people in the local banking and business sectors. **Alex Oviawe**, currently an MSc Strength and Conditioning student, impressed the panel with his Global Positioning System (GPS) business idea, designed to monitor an athlete's performance. As head of his company, Precision Sports Performance Systems, Alex's design was deemed the best out of five finalists in the Dragon's Den style contest. Oviawe describes his device, titled 'Project Raiden', as "the first and only low-cost GPS system for team sports".



*Figure 6: E-Factor winner Alex Oviawe*

First Year UEL students exhibited three multifunctional chairs in the Pleasure Gardens, Royal Docks, as part of this year's London Festival of Architecture. The chairs were primarily designed for Ecobuild - one of the world's largest construction events for sustainable design and the built environment opening up a dialogue about public furniture in the city. The chairs can be used in a variety of ways: as prayer benches, to read on, work from and even use as a rocking swing. In addition, Second and Final Year students along with Diploma students showcased their work in another space at the Hoxton Hub in Shoreditch, on the top floor of Architectural practice, Mossessian and Partners. The students displayed their work alongside professionals. The practice and students found a shared vision in their use of materials and light, displaying work in an exhibition entitled 'Mirroring Space and Time', curated by artist, Faisal Abdu'allah. As a result, a final year UEL student, the RIBA Bronze nominee, Arthur Trieu who graduated with a First Class honours in Architecture has been offered an internship with the company.

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

The Board agreed a new five year Estate Strategy in March 2009 which plans to invest over £50 million in new landmark buildings over the next few years. £3.7 million has also been spent during the course of this year on refurbishment projects at both our Docklands and Stratford campuses (2010/11: £3.3 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.

Four key building projects were approved in the Estate Strategy, two of which were opened during the year:

**1. SportsDock**

Once the design phase had been completed construction commenced on the building in the summer of 2010. The main contractor, Denne Construction, handed over the completed state of the art sports complex on our Docklands campus in early 2012. Costing nearly £21 million, the facility was opened to the public in March 2012. The completed centre provides facilities for UEL students, staff, members of the local community and a wide range of local and regional sports clubs. The centre includes:

- a large 100 + station Fitness Gym;
- a strength and conditioning room;
- two flexible sports halls comprising 20 badminton courts or a combination of basketball, volleyball, cricket, football and netball;
- aerobic and dance studios;
- martial arts studio;
- an outdoor multi-use games area (football, hockey, etc);
- teaching space, including three Harvard style teaching rooms;
- administrative offices;
- Sportscafe.



*Figure 7: SportsDock official opening*

The building was officially opened at an event held on Saturday 24 March 2012. The launch was attended by double Paralympic medal winner, Ade Adepitan MBE, five-time American Olympic medallist (four gold, one bronze) and Chef de Mission for Team USA, Teresa Edwards, and British long distance track and road running athlete, Mara Yamauchi, who competed in the 2008 Summer Olympics in Beijing. Newham Mayor, Sir Robin Wales and MP for East Ham, Stephen Timms, also turned up to show their support. As part of the special open day, Ade Adepitan and Teresa Edwards took part in a training session with the Newham All Star Sports Academy (NASSA), while there was also training sessions with West Ham United Academy coaches, West Ham Boys Amateur Boxing Club and London Lynx Volleyball Club.

SportsDock currently has nearly 900 student members along with well over 1,000 community and 100 staff members. UELSports provides a huge range of sporting opportunities to students, staff and the wider community. Try a Sport 365 alone delivers 35 sessions per week across 17 sports within 11 different venues at UEL and across East London. The project was funded by UEL with some additional grants coming in from The London Marathon Trust, Mayor's Legacy Fund and England Basketball.

**REPORT OF THE GOVERNORS (CONTINUED)****2. Reception building, Docklands campus**

With a budget of nearly £2.0 million, the Surface Architects designed, Charter Construction plc built, Reception Building at our Docklands campus was opened for use in May 2012. The completed building, and the enhanced level of services that we deliver from it, have been very well received by our students, visitors and staff alike. The predominantly glass building provides a welcoming entrance to our Docklands campus for those visitors alighting at the Cyprus Docklands Light Railway station in the heart of the campus.



*Figure 8: Reception Building viewed from Cyprus Docklands Light Railway station*



*Figure 9: Inside the Reception Building*

**3. University Square, Stratford**

Located in the Cultural Quarter of Stratford town centre, construction on this project is now well underway and the building remains on course to be completed in May 2013. Scheduled to open in the summer of 2013, the £33 million Make Architects designed academic building in the centre of Stratford, is being jointly developed by UEL and Birkbeck College, University of London. The building will house our Institute of the Performing Arts and the School of Law & Social Sciences. It will also provide a purpose built teaching and support facility for Birkbeck's part-time students in East London. The project is being supported by grant funding from the Higher Education Funding Council for England and from the London Thames Gateway Development Corporation. The main contractor for the building is Volker Fitzpatrick.



*Figure 10: Topping-out ceremony for University Square Stratford*

**REPORT OF THE GOVERNORS (CONTINUED)**

The benefits of working together were championed at a 'topping-out' ceremony marking the completion of the first stage in construction. The leaders of both universities spoke about the advantages of partnership, and study opportunities to be offered at the campus. Staff and governors also joined the visit to celebrate the completion of the main structure of the five-storey building. The campus will be able to cater for a total of 3,400 students from UEL and Birkbeck. It will offer flexible part-time, full-time, day and evening study opportunities at both undergraduate and postgraduate level for people living and working in East London.

#### 4. New library building, Stratford campus

The construction of a new library for our main Stratford campus commenced in November 2011 and will be completed in early 2013. UEL will take-up occupation after the summer exams in the following June. The design of the library by Sir Michael Hopkins Architects is truly stunning and contains excellent learning facilities that will ensure the building is enjoyed by all of our students to enhance their experience at UEL.



*Figure 11: Part of the new Stratford library complex*

#### The Olympic and Paralympic Games

We are immensely proud of the role that UEL has played in the entire Olympic and Paralympic movement. First and foremost, our students have clearly benefitted directly from the games, with hundreds involved as paid staff or as enthusiastic volunteers and we hope that they will continue to benefit through access to world-class facilities. The impact of the games cannot be underestimated. The bid made us sit up and take sport seriously, transforming the numbers of students involved in sport, our research profile, and our facilities. We now aim to be London's best university for sport, an ambition that is not just about academic or sporting excellence, it is as much about the role we play as a driver of regeneration in Newham through community sport and legacy projects.

Our flagship SportsDock, on-site halls of residence and high-quality academic facilities, coupled with our location in the heart of East London, provided us with an ideal opportunity to enter into some exciting partnerships during the Olympic and Paralympic Games. The following long-term partnership agreements will support students, staff and the local community as a living legacy:

- The **United States Olympic Committee (USOC)** used UEL facilities at both our Docklands and Stratford campuses as training bases for Team USA during the Games. More than 1,000 Team USA athletes and staff used our state-of-the-art facilities on a daily basis prior to and throughout the Games for athlete training, performance services, staff and training partner accommodation, catering, media, and logistical operations.

**REPORT OF THE GOVERNORS (CONTINUED)**

On 27 July 2012 we were delighted to welcome First Lady Michelle Obama to SportsDock where she greeted athletes from Team USA. Mrs Obama went on to lead the US delegation at the opening ceremony;



*Figure 12: Michelle Obama at UEL SportsDock*

- Leading sports performance company, **ASICS**, operated its brand centre at our Stratford Campus during the 2012 Olympic Games. The agreement also facilitates a long term partnership arrangement lasting five years, including the provision of undergraduate and postgraduate scholarships and visiting professorships. As part of the agreement, UEL will be allocated a budget to cover the costs of an academic researcher to visit the ASICS Institute of Sport Science in Kobe, Japan. In addition, current students at UEL will be able to share funding over the next three years to take part in specialist coaching clinics. There has also been strong interest in the ASICS/UEL PhD studentships, which started in September 2012. This will, for example, see students examining the impact of sports footwear on the foot and lower limb. For these scholarships, ASICS generously allocated a significant budget to fund two PHD students each year over the course of three years;
- Through a contract with **The London Organising Committee of the Olympic and Paralympic Games (LOCOG)** around 800 rooms in our student accommodation were occupied by the world's media including China Central Television (CCTV) and Olympic Broadcasting Services (OBS);
- **Team Singapore** used the University of East London as a base for their recovery centre during the 2012 London Olympic Games. The centre provided high performance athletic services to their athletes and also housed the Team Singapore Athletes' Lounge. In addition, we provided accommodation for medical support staff.

On 26 July 2012, The President of Singapore, Tony Tan, visited our Stratford campus to welcome Team Singapore athletes. The president spent time greeting athletes and talking to Vice-Chancellor Professor Patrick McGhee. UEL is also developing a number of academic links with colleges within Singapore;



*Figure 13: Tony Tan, President of Singapore at our Stratford campus*

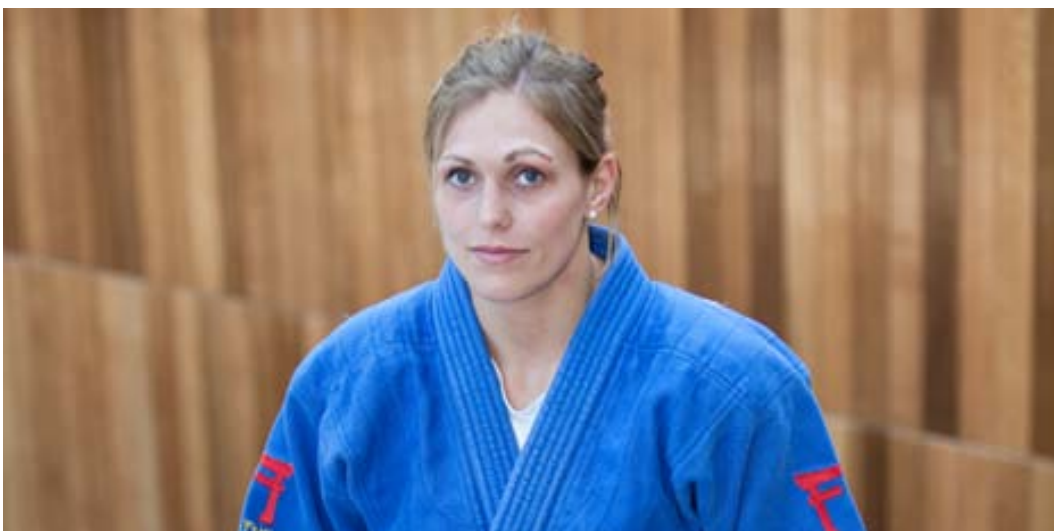
**REPORT OF THE GOVERNORS (CONTINUED)**

- Representatives from **British Swimming** were housed 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 to build a legacy for the University after 2012 and to enhance UEL's sporting offer;
- **Paralympics Ireland** used our Duncan House building as the location for its Team Ireland Lodge during the Paralympic Games. Acting as the team base outside of the official venues, the Lodge provided a venue for athletes to meet and relax with fellow team members, families and friends;
- The **Olympic Park Legacy Company** (now the London Legacy Development Corporation) 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.

Staff and students at UEL contributed to the great success of the Games in many ways:

- LOCOG recruited an army of **Gamesmakers** - volunteers in every field, to work out front and behind the scenes. UEL students took on various roles that included greeting visitors, transporting athletes, supporting the world's media - and generally helping to deliver a world class event. In the process they developed employment skills that will benefit them in the future whilst gaining a once in a lifetime opportunity and an experience they will never forget;
- UEL teamed up with **Capture the Event**, a digital events and online photographic imaging services company. Based in our Print Centre, students had the chance to work with Capture the Event staff producing images for athletes and spectators during the Games. A variety of sporting event photographic montages for athletes and keepsake images for visitors to take away as mementos were created;
- UEL sports journalism student, **Andrew Bontiff**, was awarded the post of Olympic and Paralympic News Service Coordinator. The placement saw Andrew working as an intermediary between the on-site reporters and the Central Editorial Team, ensuring the daily deluge of sports coverage was all processed in a timely manner. Andrew's work also involved managing the event 'storyboard', through which all news stories were tracked and organised

One of our postgraduate students, **Gemma Gibbons**, also won a fantastic silver medal in the 78Kg women's judo category. An Exercise Science and Health student and one of UEL's elite athletes, she reached the final and took on Kayla Harrison from the United States. Although Gemma more than held her own for most of the contest, the American emerged victorious to win the gold medal. Paralympic powerlifter and UEL undergraduate Ali Jawad narrowly missed out on a medal finishing fourth.



*Figure 14: Olympic silver medal winner and UEL student, Gemma Gibbons*

## REPORT OF THE GOVERNORS (CONTINUED)

### Environmental Sustainability

Over the last three years we have been working hard to raise the profile of environmental sustainability at UEL. This has involved making changes at all levels from operational to strategic; working with staff, students and partners; and being creative about how we use our resources to secure continuous improvement across our activities. One of the highlights of the year has been greater student involvement in environmental initiatives, a trend we hope to encourage by facilitating employability and entrepreneurship activities linked to sustainability.

Our environmental Sustainability Annual report for 2011/12 included 7 sections. The following highlights a success from each strand of the report:

**Environmental management:** We were awarded ISO14001 certification for our environmental management system, only the second university in London to achieve this standard, showing that we have a structured framework for managing significant impacts on the environment.

**Energy and water:** We deployed a tool to control the energy consumption of PC's throughout the institution. This action has been the major contributor to the reduction of our carbon dioxide emissions in the last year. Implemented across 4,000 PCs, the biggest energy saving impact has been in our 24 hour library spaces.

**Transport:** The number of employees taking advantage of our tax-free bike (and accessories) Cycle to Work scheme has reached 78 over the last three years. Our focus for 2012/13 is to encourage more students to cycle.

**Sustainable procurement:** We won a Good Food on the Public Plate award for improving the sustainability of the food and drink we served and a Good Egg award for using cage-free eggs. Having outsourced our catering operation to a private provider for 2012/13 we are committed to working with the company to implement a sustainable catering plan.

**Construction and refurbishment:** Our aim is to achieve BREEAM 'Excellent' for all new build construction projects and 'Very Good' for major refurbishments. We are pleased that our new £21.0 million SportsDock achieved an Excellent rating.

**Biodiversity:** Our Environmental Research Group worked with wildlife charity Buglife to create a mock brownfield habitat to re-home one of the UK's most endangered invertebrates – the Streaked Bombardier beetle (*Brachinus sclopeta*).

**Community involvement:** UEL historically has low student engagement levels for environmental volunteering. To address this we took part in an NUS national pilot to train students as project assistants to assist staff teams taking part in the Green Impact office environmental competition. The focus was to support development of transferable skills such as communication, leadership and project management; as well as improving students' sustainability knowledge. The initiative also provided an opportunity for staff and students to work together outside of an academic environment. Awards were presented to staff and students by Dusty Gedge, renowned wildlife consultant specializing in green roofs.



*Figure 15: Students at the Green Impact awards ceremony with Dusty Gedge*

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

2011/12 was our most successful year to date in terms of research grant capture with over £3 million won in research income, £1 million more than in 2010/11. We have been successful in gaining a number of grants from prestigious Research Councils. UEL received two of nine nationally awarded fellowships from the Economic Social Research Council for: Professor Peter Morey, '*Muslims, Trust and Cultural Dialogue*', worth £0.3 million and Professor John Preston, '*Threats to infrastructures: consolidation, collaboration and future orientation*', worth £0.4 million.

In terms of our continued work to increase European funding for research, Professor Yuval-Davis notably secured £0.3 million of Framework 7 European Union funding under the 'Borderscapes' research initiative. Many of these funding bids have been supported by the Research and Development Support (ReDS) team which provides colleagues with a one-stop-shop service for supporting all aspects of research and knowledge exchange funding.

The institution continued to invest in research through our popular internal research investment schemes such as the Research Development Fund, the UEL Sabbatical Scheme and the newly established Early Career Researchers Accelerator Scheme. The Early Career Accelerator grants were awarded to early career researchers in order to allow them a unique opportunity to boost their research career through, for example, undertaking a research trip or visit another institution abroad. We also continued to support the development of research informed teaching across the institution. The second year of our successful undergraduate research internship scheme saw 50 students undertake research projects across the institution, with 477 students applying to the scheme.



*Figure 16: Undergraduate research interns with Vice-Chancellor Professor Patrick McGhee (left) and Deputy Vice-Chancellor Professor John Joughin (right)*



*Figure 17: UEL's Olympic Research Group at the Podium 2012 awards ceremony*

In terms of our research impact outside of the institution UEL's Olympic Research Group was awarded the Research Councils UK (RCUK) Bronze Award for Exceptional Research Contribution for its London-Rio: Olympic Cities research into the Olympic and Paralympic legacy for mega event host cities.

In Psychology, Dr Ashok Jansari, was awarded a Live Science residency at the Science Museum in London to run the largest ever study on face-recognition in the UK.



**REPORT OF THE GOVERNORS (CONTINUED)****Public Benefit statement**

Under the Charities Act 2006 (updated 2011), 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 2011 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, our work on employability of students and our ambitions to provide world-class sporting opportunities for our quadrant of London. 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 runs a range of programmes including BSc Public Health, BSc Health Services Management, MSc Pharmaceutical Science and MSc Exercise Science & Health and our School of Law & Social Sciences offers MSc Anthropology, Human Rights & Justice, MSc Transport, Sustainability & Society along with many others. 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:



*Figure 18: The CareersBuzz at our Docklands campus*

A new careers service for young people in Newham, **CareersBuzz**, was launched in March 2012. A community interest company sponsored by UEL and Careersinfo, CarrersBuzz will offer professional guidance to young people aged between 14 and 19 years old about the options available to them in an interactive, honest and engaging way. Using a variety of multimedia tools, from iPhone apps to the Careersbox website and short films, the CareersBuzz – a mobile learning vehicle – will make a real impact to help those at risk of reaching NEET (not in education, employment or training) status. It will also support professional development for teachers and career guidance professionals.

With the Government's Health and Social Care Bill set to become legislation in the coming year, two organisations with a key role in driving forward the public health improvement agenda have forged a significant partnership. At an event in the House of Lords in December 2011, The University of East London signed a Memorandum of Collaboration with the **Royal Society for Public Health (RSPH)**. The collaboration will aim to raise the profile of the University and the RSPH among health professionals and organisations, engage colleagues from higher education in the work of the RSPH and develop joint funding bids in areas that support each organisation's objectives.



*Figure 19: UEL Vice-Chancellor Professor Patrick McGhee (left) with Professor Richard Parish, Chief Executive of RSPH*

UEL already has strong links with RSPH. The Well London Partnership was presented with a certificate by the RSPH at the 2011 Health Promotion and Community Well Being Awards. Funded through the Big Lottery Fund, Well London is a £9.6m programme that has been working with local people in 20 of the most deprived boroughs across London over the past three years to transform their health through promoting mental health and well-being, improving healthy eating choices and promoting access to open spaces and increasing physical activity.

In the week when the achievements of adult learners were being celebrated across the UK, the University of East London scooped a prestigious award for its outstanding work with people in the South Essex area. The Thurrock Learning Shop, which is managed by UEL, picked up an Inspiring Learning Project Award at a special ceremony in London in May 2012, as part of Adult Learners' Week National Awards.

The **Thurrock Learning Shop** in Grays, Essex, was set up to encourage more adults in South Essex to discover the opportunities available to them, in response to the area's traditionally low participation in post-16 learning, especially in Higher Education. Since launching in December 2009, it has engaged more than 1,200 adults in learning activities, and has also reached marginalised groups of adults by hosting community events for free.

The ceremony was organised by the National Institute of Adult Continuing Education (NIACE) and attended by the Rt Hon Dr Vince Cable, Secretary of State for Business, Innovation and Skills.

**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 2011/12 we spent £10.3million, or 6.7% of our total income (2010/11: £12.1 million, 7.3% of total income) on bursaries or scholarships including: specific support for students leaving care and support for students with a strong commitment to sport. Our largest support package is available to full time undergraduate students from the European Union, including the United Kingdom. The bursaries offered provide credit to students allowing them to buy books, laptops and other goods and services which support their educational needs. 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.

As mentioned earlier, one of the key strands of our international strategy is the Going Global bursary which provides funding for UK students to travel overseas for short periods of time. One our students, **Biddy Salter**, was awarded a bursary to travel to Israel and the Occupied Palestinian Territories to take part in a three month placement with an NGO called Project Hope (Humanitarian Opportunities for Peace and Education). Based in Nablus, home to three refugee camps, Biddy spent her time teaching drama to groups of children between 5 and 16 years old, including a group of deaf children.

Irrespective of the turbulent economic environment and the various funding challenges ahead we remain committed to providing benefits far beyond "just teaching".

### **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:

- recruitment of international students to study in the UK is becoming more challenging and it has proved difficult to meet our targets over the last couple of years. Our international strategy has been developed to mitigate against this risk as noted earlier in this report;
- meeting the numerous obligations placed on us by the UK Border Agency regulations as they relate to the recruitment of international students has been something we have prioritized since they were first introduced. The suspension of London Metropolitan University's Highly Trusted Status has sent shockwaves around the sector and retention of our own status as a recruiter of international students remains an important focus;
- the rate of change in the external environment (particularly government policy and funding cuts) has the potential to destabilise the University and make it much harder to realise our strategy. We are continually undertaking environmental scanning and financial scenario planning to manage any change. We are also seeking to diversify income streams to counter any falls from a particular market or business sector;
- it is important to ensure that we implement and maintain infrastructure to support a high quality student experience. Having invested considerable sums in both our buildings and IT over the last few years and with on-going plans to meet future needs we already have a strong base on which to enhance what is available. We have developed processes to identify potential weaknesses highlighted by students and a robust disaster recovery plan;
- managing rising costs at a time of income uncertainty can adversely impact on us meeting our budget targets and the rising aspirations of our students. The issue of unsustainable pension obligations is a challenge faced by all business sectors not just higher education. Our financial strategy and corporate planning methodologies help to ensure that liabilities are controlled, reductions are planned for and efficiencies are achieved.

Our risk register will 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.

**REPORT OF THE GOVERNORS (CONTINUED)****Governance**

In a world of heightened expectations and demands from students, Government, business and staff, we are fully supportive of an ambitious strategy for development and diversification, Transformation for Excellence 2010-2020. To ensure that our objectives are achieved it is essential that the governing body must also be ambitious, as it seeks to mould the circumstances which will convert those aspirations into successful outcomes within a robust and reliable framework of governance. To assist us with this task, we have adopted the Governance Code of Practice of the Committee of University Chairs (February 2009).

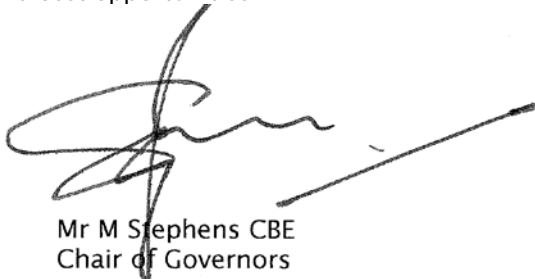
In line with this code we aim to be "unambiguously and collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment in which the institutional mission is achieved and the potential of all learners is maximised." As Chair, my role is to provide leadership to the board and be responsible to all stakeholders for the effectiveness of the governing body. In my opinion, effectiveness is most likely to be achieved when a constructive and challenging working relationship is developed between the Chair, the Board and the executive head of the institution, the Vice-Chancellor. It is vitally important for all to recognise that the roles are formally distinct. The relationship should be mutually supportive, but must also incorporate the checks and balances imposed by the different roles each has within an institution's constitution.

I believe that a strong executive supported by an effective Board of Governors is critical in ensuring that stakeholders can have confidence in the decisions we take. There have been a number of high profile governance failures recently and I aim to ensure that this will not be the case at UEL. Our committee structure has been developed to question rather than get drawn in to the day to day executive management of the university. We also subject ourselves to regular and rigorous review to maintain the standards we aspire to. During a strategy meeting during the year, governors elected to establish a new committee to oversee the new business ideas being developed as contributors to achieving Transformation for Excellence 2010 – 2020. The International Development and Commercial Activities Committee will review proposals on behalf of the Board, feeding in to other committees such as the Finance & Capital Projects Committee where appropriate.

**Conclusion**

It is often easy to forget success whilst concentrating on new challenges ahead. Over the last few years we have consistently outperformed the revenue budgets we set for ourselves, we have grown our student numbers and invested heavily in our estate, largely from cash reserves generated from our operations. Based on globalization, diversification and the development of new business ideas, Transformation for Excellence 2010 – 2020 sets the framework through which we will counter government policy changes affecting the higher education sector and allow us to continue to thrive. Without the strong financial foundations and performance of the last few years we would not have had the flexibility and resources to develop our future.

To achieve our ambitions we have to be flexible and adapt to the increasingly commercial challenges in higher education. The Board is ready to meet that challenge but eventual success is dependent upon how we actively embrace change. We believe that the university staff wish to embrace change that will provide UEL students with the best opportunities.



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 (February 2009).

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; and

**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.

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; and
- 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 2012 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 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 and Capital Projects Steering Group 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) 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;
  - m) 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.
7. Following the establishment of a new UEL campus in Cyprus during the academic year 2011/12, the Audit Committee invited KPMG to review the decision making process whereby the Cyprus campus project was developed by senior staff and then approved by the Board. The review identified a number of weaknesses in these processes which are being addressed through Board level action and the creation of a new standing committee - The International Development and Commercial Activities Committee. The terms of reference and membership of the new committee were agreed by the Board in July 2012.

**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 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Total 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 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 Group's affairs as at 31 July 2012 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 funding council, 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 2012 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2012 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.

**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  
St Albans

21 November 2012

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>INCOME</b>					
Funding Council grants	2		<b>49,973</b>		57,680
Tuition fees and education contracts	3		<b>82,609</b>		86,072
Research grants and contracts	4		<b>1,576</b>		1,760
Other income	5		<b>19,191</b>		19,946
Investment income			<b>609</b>		1,029
<b>Total income</b>			<b>153,958</b>		<b>166,487</b>
<b>EXPENDITURE</b>					
Staff costs					
- recurring staff costs	6	<b>69,448</b>		73,882	
- exceptional restructuring costs	6	<b>1,542</b>		4,557	
Other operating expenses	7	<b>67,912</b>		70,315	
Depreciation	10	<b>7,362</b>		7,437	
Interest payable	8	<b>3,401</b>		3,922	
<b>Total expenditure</b>			<b>149,665</b>		<b>160,113</b>
<b>SURPLUS AFTER DEPRECIATION OF FIXED ASSETS AT VALUATION BOTH BEFORE AND AFTER TAX FOR THE FINANCIAL YEAR</b>	9		<b>4,293</b>		<b>6,374</b>

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 2012**

	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets before and after tax		4,293		6,374
Exchange rate loss		( 8 )		-
Unrealised loss on current asset investments		( 150 )		( 64 )
Actuarial (loss)/gain for local government pension scheme:				
- actuarial (loss)/gain on defined benefit obligations	( 14,517 )		4,921	
- actuarial (loss)/gain on fair value of employer's assets	( 4,561 )		2,831	
Total actuarial (loss)/gain for local government pension scheme		( 19,078 )		7,752
<b>TOTAL RECOGNISED (LOSS)/GAIN RELATING TO THE YEAR</b>		<b>( 14,943 )</b>		<b>14,062</b>

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

	2012 £'000	2011 £'000
<b>Reconciliation</b>		
Opening reserves and endowments	72,519	58,457
Total recognised (loss)/gain for the year	( 14,943 )	14,062
Closing reserves and endowments	57,576	72,519

**GROUP AND UNIVERSITY BALANCE SHEETS AS AT 31 JULY 2012**

	Notes	Group 2012 £'000	University 2012 £'000	Group 2011 £'000	University 2011 £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	179,409	179,409	167,104	167,104
Investments	11	34	34	34	34
		<u>179,443</u>	<u>179,443</u>	<u>167,138</u>	<u>167,138</u>
<b>CURRENT ASSETS</b>					
Stocks		29	10	46	28
Debtors - receivable within one year	12	9,141	9,652	9,375	9,545
- receivable after more than one year	12	23	140	46	64
Investments - deposits at bank		19,573	19,573	42,359	42,359
Cash at bank and in hand		36,270	35,321	19,475	18,637
		<u>65,036</u>	<u>64,697</u>	<u>71,301</u>	<u>70,633</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	<u>( 38,639 )</u>	<u>( 38,560 )</u>	<u>( 39,518 )</u>	<u>( 39,430 )</u>
<b>NET CURRENT ASSETS</b>		<u>26,397</u>	<u>26,136</u>	<u>31,783</u>	<u>31,203</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>205,840</u>	<u>205,579</u>	<u>198,921</u>	<u>198,341</u>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	14	<u>( 33,342 )</u>	<u>( 33,342 )</u>	<u>( 33,392 )</u>	<u>( 33,392 )</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>172,498</u>	<u>172,237</u>	<u>165,529</u>	<u>164,949</u>
<b>NET PENSION LIABILITY</b>	25	<u>( 64,354 )</u>	<u>( 64,354 )</u>	<u>( 45,178 )</u>	<u>( 45,178 )</u>
<b>NET ASSETS</b>		<u>108,144</u>	<u>107,883</u>	<u>120,351</u>	<u>119,771</u>
<b>DEFERRED CAPITAL GRANTS</b>	15	50,568	50,568	47,832	47,832
<b>RESERVES</b>					
Pension reserve	16	( 64,354 )	( 64,354 )	( 45,178 )	( 45,178 )
General reserve (excluding pension reserve)	16	115,994	115,733	111,622	111,042
General reserve		<u>51,640</u>	<u>51,379</u>	<u>66,444</u>	<u>65,864</u>
Revaluation reserve	16	5,936	5,936	6,075	6,075
<b>TOTAL</b>		<u>108,144</u>	<u>107,883</u>	<u>120,351</u>	<u>119,771</u>

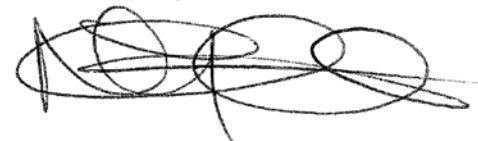
The financial statements were approved by the Board of Governors on 20 November 2012 and signed on its behalf by:



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 2012**

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	17		<b>10,862</b>		<b>12,715</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		814		968	
Interest paid		(1,762)		(1,857)	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			<b>(948)</b>		<b>(889)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Purchase of tangible fixed assets and investments		(20,024)		(14,589)	
Sale of tangible fixed assets		90		5	
Capital grants received		5,559		3,733	
Net cash withdrawn from non-liquid financial investments		2,000		-	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			<b>(12,375)</b>		<b>(10,851)</b>
<b>NET CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>			<b>(2,461)</b>		<b>975</b>
<b>MANAGEMENT OF LIQUID RESOURCES</b>					
Net cash withdrawn from/(placed on) bank deposit		20,628		(2,172)	
<b>NET CASH INFLOW/(OUTFLOW) FROM MANAGEMENT OF LIQUID RESOURCES</b>			<b>20,628</b>		<b>(2,172)</b>
<b>FINANCING</b>					
New loan		666		-	
Loan principal payment		(1,899)		(1,900)	
<b>NET CASH OUTFLOW FROM FINANCING</b>			<b>(1,233)</b>		<b>(1,900)</b>
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>			<b>16,934</b>		<b>(3,097)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>					
			2012 £'000		2011 £'000
Increase/(decrease) in cash in the year			16,934		(3,097)
Cash outflow from decrease in debt			1,233		1,900
Cash (inflow)/outflow from (decrease)/increase in liquid resources			(20,628)		2,172
Movement in the year			(2,461)		975
Unrealised loss on current asset investment			(158)		(64)
Net funds at 1 August			22,404		21,493
Net funds at 31 July	18		19,785		22,404

**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 for the financial year to 31 July 2012. Intra-group transactions are eliminated on consolidation. 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.

**(e) Agency arrangements**

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

**(f) 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.

**NOTES TO THE ACCOUNTS (CONTINUED)****1 ACCOUNTING POLICIES (CONTINUED)****(g) 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:

	<b>Years</b>
Buildings	3 – 50
Major refurbishment projects	5
Equipment and furniture	5 – 25

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.

**(h) 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.

**(i) 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)****(j) 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.

**(k) Investments**

Fixed asset investments are stated at cost less provision for any impairment in value. Current asset investments are stated at net realisable value. Any increase or decrease in value arising on the revaluation of current asset investments is carried to the general reserve via the Statement of Total Recognised Gains and Losses.

**(l) Cash flows and liquid resources**

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise assets held as readily disposable store of value. They include term deposits up to one year held as part of the university's treasury management activities. Investments with a maturity date in excess of one year at acquisition are classified as non-liquid resources and are treated as capital investments.

**(m) Taxation**

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993), and as such is a charity within the meaning of Paragraph 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 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.

**(n) 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.

**(o) 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.

**(p) Foreign currency translations**

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

**NOTES TO THE ACCOUNTS (CONTINUED)****1 ACCOUNTING POLICIES (CONTINUED)****(q) Reclassification of prior year comparatives**

We have reconsidered the classification of a liability during 2011/12. The 2011 figures have been reclassified so that they are presented on a consistent basis. The net effect of the reclassification on the 2011 figures is to decrease the overdraft by £98,000 in respect of a transaction which was mis-coded and increase accruals and deferred income by £98,000 (note 13). There is no net effect on the operating surplus for the year.

We have also considered the presentation of the cash flow statement in respect of non-liquid resources. Financial investments maturing more than one year after acquisition are now shown as non-liquid resources under the Capital Expenditure and Financial Investment section of the cash flow rather than Management of Liquid Resources. This has the effect of reducing Net Funds at 31 July 2010 from the previously published figure of £25,493,000 to £21,493,000.

**2 FUNDING COUNCIL GRANTS**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>Higher Education Funding Council for England</b>		
Recurrent grant:		
- teaching	<b>39,825</b>	44,589
- research	<b>2,446</b>	2,527
Specific grants	<b>272</b>	3,547
Matched funding of donations	-	171
Release of deferred capital grants:		
- buildings	<b>2,107</b>	1,099
- equipment	<b>92</b>	195
<b>Training and Development Agency for Schools</b>		
Teaching grant	<b>5,206</b>	5,487
Contribution to administration costs	<b>25</b>	65
	<b>49,973</b>	57,680

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**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
UK Higher Education students	<b>52,049</b>	46,310
European Union (excluding UK students)	<b>6,119</b>	6,293
Non European Union students	<b>19,381</b>	28,209
Total fees paid by or on behalf of individual students	<b>77,549</b>	80,812
Education contracts	<b>5,060</b>	5,260
	<b>82,609</b>	86,072

**4 RESEARCH GRANTS AND CONTRACTS**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Research councils	<b>240</b>	266
UK based charities	<b>393</b>	383
European Commission	<b>150</b>	314
Other grants and contracts	<b>793</b>	797
	<b>1,576</b>	1,760

UK based charities include income of £500 (2010/11: £21,000) from the Esmee Fairbairn Foundation.

Other grants and contracts include income of £214,000 (2010/11: £320,000) from the GLA Well London Project Funding (via the BIG Lottery Fund).

**5 OTHER INCOME**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Residences, catering and conferences	<b>8,268</b>	8,337
Collaborative agreements	<b>3,310</b>	4,170
Release of non-HEFCE capital grants	<b>624</b>	568
Non-research income	<b>2,291</b>	2,544
Other income	<b>4,698</b>	4,327
	<b>19,191</b>	19,946

**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:	<b>2012</b>	2011
	<b>Number</b>	Number
Senior management staff	<b>6</b>	5
Teaching and research staff	<b>577</b>	630
Professional, administrative, technical and other support staff	<b>695</b>	765
	<b>1,278</b>	1,400
	<hr/>	<hr/>
<b>Staff costs for the above persons:</b>	<b>2012</b>	2011
	<b>£'000</b>	£'000
Wages and salaries	<b>56,852</b>	60,388
Social security costs	<b>5,080</b>	5,539
Other pension costs:		
- Teachers' Pension Scheme	<b>3,598</b>	4,049
- Local Government Pension Scheme		
- current service costs	<b>3,901</b>	3,824
- net contribution in respect of unfunded benefits	<b>( 130 )</b>	( 130 )
- past service costs	<b>17</b>	171
- gains on curtailments and settlements	<b>130</b>	41
Restructuring costs	<b>1,542</b>	4,557
	<b>70,990</b>	78,439
	<hr/>	<hr/>
<b>Analysis of staff costs by activity</b>	<b>2012</b>	2011
	<b>£'000</b>	£'000
Academic departments	<b>43,185</b>	44,150
Research grants and contracts	<b>655</b>	886
Academic services	<b>4,511</b>	4,922
Administration and central services	<b>14,677</b>	14,084
Information Technology	<b>3,195</b>	3,543
Premises	<b>2,167</b>	2,533
Residences, catering and conferences	<b>1,632</b>	1,281
Other expenses	<b>404</b>	3,251
Less difference between employer contributions to Local Government Pension Scheme included above and the FRS17 charge	<b>( 978 )</b>	( 768 )
Restructuring costs	<b>1,542</b>	4,557
	<b>70,990</b>	78,439
	<hr/>	<hr/>

Included in the staff costs above are salaries totalling £2,774,868 (2010/11: £3,497,722) paid to 1,394 (2010/11: 1,694) 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 56 full time equivalent academic staff in 2011/12 (2010/11: 70 academic staff).

**NOTES TO THE ACCOUNTS (CONTINUED)****6 STAFF COSTS AND NUMBERS (CONTINUED)****Emoluments of the Vice- Chancellor**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>Vice- Chancellor</b>		
Salary	<b>215</b>	214
Pension contributions	<b>30</b>	30
	<b>245</b>	244

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff and exclude employer's national insurance contributions. The figures are shown including taxable benefits and before deduction of any payments made under salary sacrifice schemes.

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% (2010/11: 14.1%).

The table below shows the number of higher paid staff, excluding the Vice-Chancellor, whose remuneration falls within the following bands:

	<b>2012</b>	2011
	<b>Number</b>	Number
£100,001 - £110,000	<b>3</b>	2
£110,001 - £120,000	<b>2</b>	2
£120,001 - £130,000	<b>1</b>	4
£130,001 - £140,000	<b>3</b>	1
£140,001 - £150,000	<b>2</b>	1
£150,001 - £160,000	<b>1</b>	1
£170,001 - £180,000	<b>1</b>	2
£180,001 - £190,000	<b>1</b>	-

The remuneration figures are calculated before deduction of any payments made under salary sacrifice schemes, include taxable benefits and pension contribution but exclude employer's national insurance contributions.

There have been no payments during the year to former higher paid employees (2010/11: £203,000).

**NOTES TO THE ACCOUNTS (CONTINUED)****7 OTHER OPERATING EXPENSES**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Academic departments	<b>23,169</b>	27,097
Research grants and contracts	<b>125</b>	429
Bursaries and scholarships	<b>10,345</b>	12,060
Academic services	<b>2,208</b>	2,685
Administration and central services	<b>8,458</b>	7,702
Residences, catering and conferences	<b>4,295</b>	3,457
Other expenses	<b>5,369</b>	3,936
Information Technology:		
- recurring costs	<b>2,418</b>	2,338
- major infrastructure upgrade	<b>1,514</b>	-
Premises:		
- recurring costs	<b>6,329</b>	7,307
- refurbishment costs	<b>3,682</b>	3,304
Other operating expenses	<b>67,912</b>	70,315
Other expenses include:		
External auditors' remuneration:		
- fees payable to the university's auditor for the audit of the university's annual accounts	<b>51</b>	49
Fees payable to the university's auditor for other services:		
- the audit of the university's subsidiary, pursuant to legislation	<b>4</b>	3
- other audit services	<b>7</b>	25
Internal auditors' remuneration	<b>107</b>	138
Losses on disposal of tangible fixed assets	<b>746</b>	98
Students' Union grant	<b>600</b>	600
Rentals paid during the year under operating leases:		
- hire of plant and machinery	<b>532</b>	302
- buildings	<b>491</b>	490

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
On bank loans, overdrafts and other loans: - repayable wholly or partly in more than 5 years	<b>1,753</b>	1,846
Local Government Pension Scheme - net pension scheme finance costs	<b>1,648</b>	2,076
	<b>3,401</b>	3,922

**9 SURPLUS FOR THE YEAR**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
The surplus for the year is made up as follows:		
University surplus for the year	<b>4,612</b>	6,279
Surplus generated by the subsidiary undertakings	<b>( 319 )</b>	95
	<b>4,293</b>	6,374

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

	<b>Land and buildings</b>		<b>Equipment</b>	<b>Assets in the</b>	<b>Total</b>
	<b>Freehold</b>	<b>Long leasehold</b>	<b>&amp; furniture</b>	<b>course of</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>construction</b>	
				<b>£'000</b>	
<b>Cost</b>					
At 1 August 2011	167,768	4,878	15,219	15,836	203,701
Additions	1,258	-	3,161	15,994	20,413
Disposals	(1,296)	-	(1,009)	-	(2,305)
Transfers to/(from)	18,602	-	-	(18,602)	-
At 31 July 2012	<b>186,332</b>	<b>4,878</b>	<b>17,371</b>	<b>13,228</b>	<b>221,809</b>
<b>Depreciation</b>					
At 1 August 2011	27,531	254	8,812	-	36,597
Charge for year	5,577	65	1,720	-	7,362
Disposals	(599)	-	(960)	-	(1,559)
Transfers to/(from)					
At 31 July 2012	<b>32,509</b>	<b>319</b>	<b>9,572</b>	<b>-</b>	<b>42,400</b>
<b>Net book value at 31 July 2012</b>	<b>153,823</b>	<b>4,559</b>	<b>7,799</b>	<b>13,228</b>	<b>179,409</b>
Net book value at 31 July 2011	140,237	4,624	6,407	15,836	167,104
Inherited assets	5,761	-	-	-	5,761
Assets funded by capital grants	32,325	3,624	316	6,447	42,712
Assets funded from other sources	115,737	935	7,483	6,781	130,936
<b>Net book value At 31 July 2012</b>	<b>153,823</b>	<b>4,559</b>	<b>7,799</b>	<b>13,228</b>	<b>179,409</b>

Included in freehold land and buildings is land valued at £1,394,333 (2010/11: £894,333). Included in long leasehold land and buildings is land with an original cost of £3,257,000 (2010/11: £3,257,000). The University of East London does not depreciate land. Also included within freehold land and buildings is capitalised interest of £1,074,824 (2010/11: £1,100,966). No additional finance costs were capitalised during the year (2010/11: Enil).



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

The net book value of equipment and furniture comprises:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Equipment	<b>4,839</b>	3,353
Furniture	<b>1,212</b>	1,165
Computers	<b>1,698</b>	1,845
Vehicles	<b>50</b>	44
	<b>7,799</b>	6,407

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:

	<b>UEL accounts (£'000)</b>	<b>Birkbeck accounts (£'000)</b>	<b>Total paid /(received) by UEL (£'000)</b>
Assets in construction	6,092	3,046	9,138
Long leasehold land	500	250	750
Deferred grant received	(6,447)	(3,223)	(9,670)

**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. Shortly after the balance sheet date, the Trustees agreed to close the Trust and transfer the remaining assets to the University. The University will continue to use the donations in accordance with the charitable purposes of the Trust.

Two new subsidiaries were created during the year:

- **UEL Cyprus Limited** was registered in Cyprus on 27 July 2012. Share capital is split equally between the University and a Cypriot partner. The company has refurbished property in Cyprus and will provide UEL validated higher education programmes in Cyprus. The first accounting year end for the company will be 31 July 2013;
- **UEL Global Examinations Board Limited** was registered in England and Wales in August 2011 and aims to provide quality assurance of training programmes and accreditation of awards offered by third parties worldwide. The subsidiary is wholly owned and has an initial accounting period end date of 31 July 2012.

The university owns £34,000 of shares issued by Universities UK (2010/11: £34,000).

**NOTES TO THE ACCOUNTS (CONTINUED)****12 DEBTORS**

	<b>Group 2012 £'000</b>	<b>University 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>University 2011 £'000</b>
<b>Amounts receivable within one year</b>				
Trade debtors	5,941	5,855	5,036	4,926
Amounts owed by subsidiary undertaking	-	719	-	290
Other debtors	215	214	428	428
Prepayments and accrued income:				
- HEFCE matched funding of donations	-	-	234	234
- General	2,985	2,864	3,677	3,667
	<b>9,141</b>	<b>9,652</b>	<b>9,375</b>	<b>9,545</b>
<b>Amounts receivable after more than one year</b>				
Amounts owed by subsidiary undertaking:				
- Between one and two years	-	-	-	18
Other debtors:				
- Between two and five years	-	117	-	-
General prepayments and accrued income:				
- Between one and two years	23	23	23	23
- Between two and five years	-	-	23	23
	<b>23</b>	<b>140</b>	<b>46</b>	<b>64</b>

**NOTES TO THE ACCOUNTS (CONTINUED)****13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2012 £'000</b>	<b>University 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>University 2011 £'000</b>
Bank overdraft	-	-	139	139
Other loans repayable within one year	<b>1,899</b>	<b>1,899</b>	1,899	1,899
Trade creditors	<b>11,001</b>	<b>10,950</b>	12,478	12,420
Other creditors	<b>716</b>	<b>716</b>	336	336
Taxation and social security	<b>2,042</b>	<b>2,042</b>	2,127	2,127
Accruals and deferred income	<b>22,981</b>	<b>22,953</b>	22,539	22,509
	<b>38,639</b>	<b>38,560</b>	39,518	39,430

We have reconsidered the classification of certain items in the above table during 2011/12. The 2011 figures have been reclassified so that they are presented on a consistent basis. The net effect is to reduce Trade Creditors by £1,859,000, to increase Other Creditors by £34,000 and to increase Deferred Income by £1,825,000. There is no effect on the operating surplus for the year.

**14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group 2012 £'000</b>	<b>University 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>University 2011 £'000</b>
Other loans - Bank				
- Between one and two years	<b>1,899</b>	<b>1,899</b>	1,900	1,900
- Between two and five years	<b>5,699</b>	<b>5,699</b>	5,699	5,699
- In five years or more	<b>23,894</b>	<b>23,894</b>	25,793	25,793
Other loans - HEFCE				
- Between one and two years	<b>200</b>	<b>200</b>	-	-
- Between two and five years	<b>467</b>	<b>467</b>	-	-
Other creditors:				
- Between one and two years	<b>1,183</b>	<b>1,183</b>	-	-
	<b>33,342</b>	<b>33,342</b>	33,392	33,392

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

<b>Original loan £'000</b>	<b>Interest basis</b>	<b>Repayment terms</b>	<b>Security</b>
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
667	Interest free	Three years commencing 2013	No security

**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 2011	204	137	24,271	23,220	47,832
Grant received	16	78	4,974	491	5,559
Released to income and expenditure account	( 92 )	( 27 )	( 2,107 )	( 597 )	( 2,823 )
<b>At 31 July 2012</b>	<b>128</b>	<b>188</b>	<b>27,138</b>	<b>23,114</b>	<b>50,568</b>

**16 RESERVES****Group**

	Revaluation reserve £'000	Pension reserve £'000	General reserve £'000
At 1 August 2011	6,075	( 45,178 )	111,622
Surplus for the year before transfers from reserves	-	-	4,293
Release of revaluation reserve in respect of depreciation and disposal charged against fixed assets	( 139 )	-	139
Actuarial loss for local government pension scheme	-	-	( 19,078 )
Unrealised loss on current asset investments	-	-	( 158 )
Transfers between general reserve and pension reserve (see note 24):			
- current service costs	-	( 3,901 )	3,901
- past service costs	-	( 17 )	17
- curtailment and settlement	-	( 130 )	130
- employer contributions	-	4,878	( 4,878 )
- contributions in respect of unfunded benefits	-	720	( 720 )
- net return on assets	-	( 1,648 )	1,648
- actuarial loss for local government pension scheme	-	( 19,078 )	19,078
<b>At 31 July 2012</b>	<b>5,936</b>	<b>( 64,354 )</b>	<b>115,994</b>

All reserves are held within the University of East London with the exception of surpluses totalling £261,000 (2010/11: surpluses totalling £580,000) held within the subsidiaries.

**NOTES TO THE ACCOUNTS (CONTINUED)****17 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets	<b>4,293</b>	6,374
Depreciation	<b>7,362</b>	7,437
Deferred capital grants released to income	<b>( 2,823 )</b>	( 1,862 )
Loss on disposal of tangible fixed assets	<b>656</b>	93
Interest payable:		
- on bank loans, overdrafts and other loans	<b>1,753</b>	1,846
- local government net pension scheme finance costs	<b>1,648</b>	2,076
Decrease/(increase) in stocks	<b>17</b>	( 21 )
Decrease in debtors	<b>51</b>	980
Increase/(decrease) in creditors	<b>64</b>	( 1,794 )
Interest receivable	<b>( 609 )</b>	( 1,029 )
Local government pension scheme costs:		
- net contribution in respect of unfunded benefits	<b>( 720 )</b>	( 747 )
- current service costs	<b>3,901</b>	3,824
- past service costs	<b>17</b>	171
- curtailments and settlements	<b>130</b>	41
- employer contributions	<b>( 4,878 )</b>	( 4,674 )
Net cash inflow from operating activities	<b>10,862</b>	12,715

**18 ANALYSIS OF NET FUNDS**

	At 31 July 2011 £'000	Cash flow £'000	Non-cash movements £'000	At 31 July 2012 £'000
Cash at bank and in hand	19,475	16,795	-	<b>36,270</b>
Bank overdraft	( 139 )	139	-	-
Net cash at bank and in hand	<u>19,336</u>	<u>16,934</u>	<u>-</u>	<u><b>36,270</b></u>
Debt due within one year	( 1,899 )	1,899	( 1,899 )	<b>( 1,899 )</b>
Debt due after one year	( 33,392 )	( 666 )	1,899	<b>( 32,159 )</b>
Current asset investments	38,359	( 20,628 )	( 158 )	<b>17,573</b>
	<u>22,404</u>	<u>( 2,461 )</u>	<u>( 158 )</u>	<u><b>19,785</b></u>

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Contracted for but not provided for in the financial statements	<b>17,867</b>	5,357
Authorised by the Board of Governors but not yet contracted for	<b>6,058</b>	38,078

**20 OPERATING LEASE COMMITMENTS****Group and University**

At 31 July 2012, the University of East London was committed to making the following payments during the next year in respect of operating leases.

	<b>2012</b>	<b>2012</b>	2011	2011
	<b>Land and</b>	<b>Other</b>	Land and	Other
	<b>buildings</b>	<b>£'000</b>	buildings	£'000
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
Leases which expire:				
- Less than one year	-	<b>175</b>	-	16
- Between one and two years	<b>490</b>	-	-	176
- Between two and five years	-	<b>246</b>	-	246
- In five years or more	-	-	490	-
	<b>490</b>	<b>421</b>	490	438

**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. The legal process is still ongoing.

**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:

<b>Company/institution</b>	<b>Role of governor/senior postholder</b>	<b>Opening debtor or (creditor)(£)</b>	<b>Income or (expenditure) for the year (£)</b>	<b>Closing debtor or (creditor) (£)</b>
<b>Tower Hamlets College</b>	Governor			
Payments in respect of Post Compulsory Education Training		-	(23,038)	-
<b>Sir John Cass's Foundation</b>	Chief Executive Officer			
Donation (deferred capital grant)		-	200,000	-
<b>Harris Chafford Hundred School</b>	Governor			
Payments in respect of Graduate Teacher Programme		-	(34,400)	-
<b>Barking &amp; Dagenham College</b>	Board member			
Collaborative teaching agreement		-	(45,394)	-
Collaborative teaching agreement		-	45,000	-
<b>UEL Students' Union</b>	Elected President			
Annual support grant		-	(600,000)	-
Other services - income		3,840	31,647	1,743
Other services - expenditure		-	(13,339)	-

None of our governors were paid for their services as a governor. Expenses totalling £nil were paid to non-staff governors during the year (2010/11: £154).

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**

	<b>2012</b> <b>£'000</b>	2011 £'000
At 1 August	( 171 )	( 59 )
Received	<b>887</b>	918
Interest earned	<b>8</b>	5
Disbursed	<b>( 931 )</b>	( 1,035 )
At 31 July	<u><b>( 207 )</b></u>	<u>( 171 )</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 (2010/11: other creditors). The funds received and disbursed for the two schemes are noted here for information only.

**Trainee Teacher Bursaries**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
At 1 August	<b>81</b>	( 167 )
Received	<b>1,183</b>	3,080
Disbursed	<b>( 1,147 )</b>	( 2,832 )
At 31 July	<u>117</u>	<u>81</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**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
At 1 August	<b>26</b>	29
Received	-	386
Disbursed	<b>( 26 )</b>	( 389 )
At 31 July	<u>-</u>	<u>26</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% (2010/11: 6.4%) and the employer contribution rate is 14.1% (2010/11: 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 2012. 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% (prior to April 2011: 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 2013 will be approximately £4,565,000.

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

The principal financial assumptions used by the actuary were:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Pension increase rate	2.2% per annum	2.7% per annum	2.9% per annum
Salary increase rate*	4.5% per annum	5.0% per annum	4.9% per annum
Expected return on assets	4.5% per annum	6.1% per annum	6.3% per annum
Discount rate	4.1% per annum	5.3% per annum	5.4% per annum

\*Salary increases are 1% per annum nominal until 31 March 2015, reverting to the long term rate shown thereafter.

Life expectancy is based on the Fund's VitaCurves 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:

	<b>2012</b>	<b>2011</b>
Current pensioners – male	21.2 years	21.2 years
Current pensioners – female	23.1 years	23.1 years
Future pensioners – male	22.7 years	22.7 years
Future pensioners – female	25.0 years	25.0 years

Life expectancy for all of the below year ends is based on the Fund's VitaCurves. The allowance for future life expectancy is shown in the following table.

<b>Year ended</b>	<b>Prospective pensioners</b>	<b>Pensioners</b>
31 July 2011	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 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

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:

	<b>2012 Long term Return</b>	<b>2012 Fund value £'000</b>	<b>2011 Long term Return</b>	<b>2011 Fund value £'000</b>	<b>2010 Long term Return</b>	<b>2010 Fund Value £'000</b>
<b>Assets</b>						
Equities	<b>5.5%</b>	<b>52,367</b>	7.0%	53,251	7.3%	45,095
Bonds	<b>2.8%</b>	<b>26,183</b>	4.6%	23,570	4.8%	20,992
Property	<b>3.7%</b>	<b>8,126</b>	5.1%	7,857	5.3%	5,442
Cash	<b>2.8%</b>	<b>3,611</b>	4.0%	2,619	4.4%	6,220
		<b>90,287</b>		<b>87,297</b>		<b>77,749</b>

The above asset values as at 31 July 2012 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 2012 relating to the University of East London are:

	<b>2012</b> <b>£'000</b>	2011 £'000	2010 £'000
Estimated asset share	<b>90,287</b>	87,297	77,749
Present value of scheme liabilities	<b>(146,888)</b>	(124,873)	(122,062)
Present value of unfunded liabilities	<b>(7,753)</b>	(7,602)	(7,926)
<b>Net pension liability</b>	<b>(64,354)</b>	(45,178)	(52,239)

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:

	<b>Fair value of employer assets</b>		<b>Defined benefit obligation</b>		<b>Net liability recognised in balance sheet</b>	
	<b>2012</b> <b>£'000</b>	2011 £'000	<b>2012</b> <b>£'000</b>	2011 £'000	<b>2012</b> <b>£'000</b>	2011 £'000
Opening balance	<b>87,297</b>	77,749	<b>(132,475)</b>	(129,988)	<b>(45,178)</b>	(52,239)
Contributions by members	<b>1,412</b>	1,551	<b>(1,412)</b>	(1,551)	-	-
Contributions by the employer	<b>4,878</b>	4,674	-	-	<b>4,878</b>	4,674
Contributions in respect of unfunded benefits	<b>720</b>	747	-	-	<b>720</b>	747
Estimated benefits paid	<b>(4,128)</b>	(4,457)	<b>4,128</b>	4,457	-	-
Estimated unfunded benefits paid	<b>(720)</b>	(747)	<b>720</b>	747	-	-
Expected return on assets	<b>5,389</b>	4,949	-	-	<b>5,389</b>	4,949
Actuarial gains/(losses)	<b>(4,561)</b>	2,831	<b>(14,517)</b>	4,921	<b>(19,078)</b>	7,752
Actuarial gain for past service costs	-	-	-	-	-	-
Current service cost	-	-	<b>(3,901)</b>	(3,824)	<b>(3,901)</b>	(3,824)
Interest cost	-	-	<b>(7,037)</b>	(7,025)	<b>(7,037)</b>	(7,025)
Past service (costs)/gains	-	-	<b>(17)</b>	(171)	<b>(17)</b>	(171)
Losses on curtailments	-	-	<b>(130)</b>	(41)	<b>(130)</b>	(41)
<b>Closing balance</b>	<b>90,287</b>	87,297	<b>(154,641)</b>	(132,475)	<b>(64,354)</b>	(45,178)

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

	<b>2012</b> <b>£'000</b>	2011 £'000
Fair value of employer assets	<b>90,287</b>	87,297
Present value of funded obligations	<b>(146,888)</b>	(124,873)
<b>Net under- funding in funded plans</b>	<b>(56,601)</b>	(37,576)
Present value of unfunded obligations	<b>(7,753)</b>	(7,602)
<b>Net pension liability</b>	<b>(64,354)</b>	(45,178)

Analysis of amount charged to the income and expenditure account:

	<b>2012</b> <b>£'000</b>	2011 £'000
Current service cost	<b>3,901</b>	3,824
Past service cost	<b>17</b>	171
<b>Operating charge</b>	<b>3,918</b>	3,995
Expected return on employer assets	<b>5,389</b>	4,949
Interest on pension scheme liabilities	<b>(7,037)</b>	(7,025)
Losses on curtailments	<b>(130)</b>	(41)
<b>Net return</b>	<b>(1,778)</b>	(2,117)
Net income and expenditure account cost	<b>5,696</b>	6,112

History of experience gains and losses:

	<b>2012</b> <b>£'000</b>	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Difference between the expected and actual return on assets	<b>(4,561)</b>	2,831	5,774	(10,146)	(14,090)
Value of assets	<b>90,287</b>	87,297	77,749	64,889	67,537
Percentage of assets	<b>(5.0%)</b>	3.2%	7.4%	(15.6%)	(20.9%)
Experience gains/(losses) on liabilities	<b>(1,885)</b>	3,084	242	-	(918)
Present value of liabilities	<b>154,641</b>	132,475	129,988	121,640	102,908
Percentage of the present value of liabilities	<b>(1.2%)</b>	2.3%	0.2%	-	(0.9%)
Actuarial gains/(losses) recognised in STRGL	<b>(19,078)</b>	7,752	6,117	(20,969)	(13,274)
Present value of liabilities	<b>154,641</b>	132,475	129,988	121,640	102,908
Percentage of the present value of liabilities	<b>(12.3%)</b>	5.9%	4.7%	(17.2%)	(12.9%)
Net pension liability	<b>64,354</b>	45,178	52,239	56,751	35,371

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

	<b>2012</b> <b>£'000</b>	2011 £'000
Actual return less expected return on pension scheme assets	<b>(4,561)</b>	2,831
Changes in assumptions underlying the present value of the scheme liabilities	<b>(14,517)</b>	4,921
<b>Actuarial (loss)/gain recognised in the statement of recognised gains and losses</b>	<b>(19,078)</b>	7,752