

ARCHIVE
UNIVERSITY OF EAST LONDON

REPORT
AND
FINANCIAL STATEMENTS

FOR THE
YEAR ENDED
31 JULY 2013

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

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GOVERNORS, EXECUTIVES AND ADVISORS AT 31 JULY 2013

Board of Governors

Mr M Stephens CBE (Chair)
Ms J Arnold OBE AM
Mr R Beaver
Ms P Billingham
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 J Joughin
Mr L McGinty
Mr A Mullee
Mr F Obodo
Ms S Parkin
Mr B Patriniche
Professor A Renton
Ms A Umoren

Holders of senior posts

Professor J Joughin BA MA PhD
Mr D Amroliwala OBE MA MBA FCIPD
Mrs S Bolingbroke BA MA FHEA

Ms Louise Nadal BA PgDL MBA

Vice Chancellor
Deputy Vice-Chancellor & Chief Operating Officer
Pro Vice-Chancellor Strategic Planning and External
Development
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

CHAIRMAN'S INTRODUCTION

*Figure 1: Mr Mark Stephens,
Chair of Governors*

As Chair of Governors I was delighted in welcoming Lord Gulam Noon as the new Chancellor of the University of East London (UEL). Lord Noon replaces Lord Brian Rix who was our first Chancellor and the longest serving university Chancellor in England. We are immensely grateful for all the support that we have had from Lord Rix over many years.

Lord Noon developed a business from a sweet shop in Mumbai to a multimillion pound food empire. His business now supplies supermarkets including Sainsbury's, Morrisons and Waitrose, employing thousands of people in the UK. He was awarded an Honorary Doctorate by the university in 2009 in recognition of his achievements as an entrepreneur and has helped the university create and run a centre for diversity in business.

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. 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. 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.

I would like to congratulate Professor John Joughin on his appointment as Vice Chancellor of UEL during the year and I endorse his report and his views on managing the risks in the coming years. I look forward to working with him and his colleagues during what is likely to be a challenging period ahead.

A large, stylized handwritten signature in black ink, appearing to be 'M. Stephens'.

Mr Mark Stephens CBE
Chair of Governors



*Figure 2: Lord Gulam Noon,
Chancellor of the University of East
London*

VICE-CHANCELLOR'S REPORT

Figure 3: Professor John Joughin, Vice-Chancellor

Following my two and a half years as Deputy Vice-Chancellor (and a stint as acting Vice-Chancellor in early 2013) I was delighted to be appointed to the substantive role of Vice-Chancellor of UEL in July 2013. So far, during my time at UEL, my key priorities have been the strengthening of the academic core of the institution and leading on the development of our research base, which I trust will culminate in a successful Research Excellence Framework (REF) submission in November 2013. I look forward as the Vice-Chancellor to building on the strength of our academic reputation and working with students, staff, governors and other stakeholders to secure a successful future for the University in the years ahead.

As this report makes clear, this year's financial out-turn marks another successful year for the University, with a number of indicators emphasising the strength of our overall financial performance against benchmark. We have continued to invest in providing state-of-the-art infrastructure and facilities in order to enhance further the student experience. As such, this last year has witnessed the successful delivery of two major capital projects; the opening and launch of our new Library at Stratford, and our new joint Campus with Birkbeck at University Square Stratford. The latter will serve as the new home for our Law School, as well as providing a new location for our provision in Performing Arts, Dance and Music, with excellent facilities now available in the heart of Stratford's Cultural Quarter.

This year has also seen a range of achievements against our strategic priorities. We have continued to invest in academic leadership and research excellence with over 30 new posts (including a number of new Professorial-level appointments) strengthening further our academic core and supplementing our positive trajectory for the REF submission. This investment signals a continuing commitment to maintaining our reputation as a modern University underpinned by research quality and committed to offering the very best teaching to our students.

Other highlights during the last year include the continued success of our Centre for Women's Entrepreneurship (CEWE), which has attracted significant funding in order to generate new opportunities for women who wish to start their own businesses. Meanwhile, as part of the final phase of our Global Reach strategy, we awarded over one hundred 'Going Global' bursaries for students who successfully delivered on a range of exciting enterprise projects around the world. UEL Sport has also had its most successful year yet and we remain on course to become the leading University for Sport in London by 2015. We witnessed a truly outstanding performance by our students at this year's British Universities and Colleges Sport Championships, where we secured our first trophy success and produced winner's medals in every team game in which we competed – men's and women's basketball, men's football, women's netball and men's volleyball.

In the year ahead we will work with our Board to develop a new Corporate Plan for the University for the period 2014-2019. We will continue to place an emphasis on the need for the highest quality student experience and will deliver on our commitment to provide improved student support services. In particular, we are already introducing a number of changes to our Academic Framework, to better support student engagement and completion rates. We will enhance our existing successes and strengthen our academic base by taking a strategic approach to the development of our academic portfolio. All of this means further enrichment for our students during the years ahead as we aim to secure the University's position as being the top Modern University in London within the next five years.

Finally, I am pleased to welcome John Headley to the University. John took up the role of Director of Finance on 4 November 2013. With a background as a senior finance professional within the National Health Service and BUPA I am sure that John's range of skills and experience will be an asset to us over the coming years.

Professor John J. Joughin
Vice Chancellor

A handwritten signature in black ink, appearing to be 'J. Joughin', written in a cursive style.

OPERATING & FINANCIAL REVIEW

Purpose of the review

This review 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 2012/13. 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.

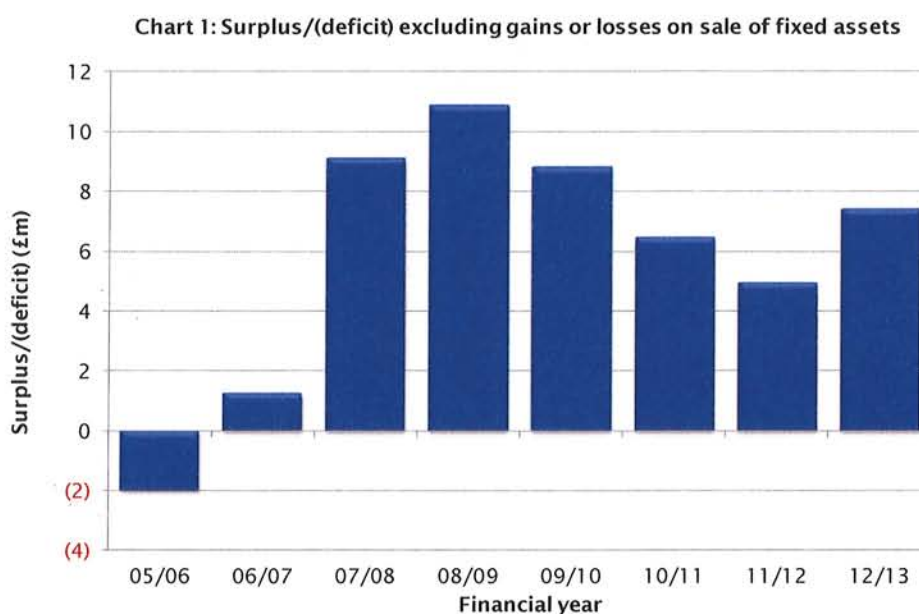
OPERATING & FINANCIAL REVIEW (CONTINUED)**Governors during the course of the year**

Mr M Stephens (Chair)
 Ms J Arnold
 Mr R Beaver
 Ms P Billingham (appointed May 2013)
 Mr M Brace
 Ms J Calvert-Lee
 Ms S Crouch
 Ms S Davis
 Dr M Hannam
 Dr I Jenkins
 Professor J Joughin (appointed January 2013)
 Professor P Marfleet (retired January 2013)
 Professor P McGhee (retired January 2013)
 Mr L McGinty (appointed May 2013)
 Mr S Mohammad (appointed August 2012, retired July 2013)
 Mr A Mullee
 Mr G Newton (retired March 2013)
 Mr F Obodo (appointed August 2012)
 Ms S Parkin
 Mr B Patriniche
 Professor A Renton
 Ms A Umoren

Financial Performance

Despite falling numbers of undergraduate students this year we are pleased to report that we have once again achieved a surplus. Our strategy of setting sound budgets has allowed us to continue to invest in our infrastructure without recourse to further loan funding, whilst also providing a cushion against the worst effects of the economic downturn and cuts in government funding.

Chart 1 highlights the trend in our revenue outturn since 2005/06. Our surplus for the year to 31 July 2012 was £7.4 million (2011/12: £4.3 million) representing 4.8% of total income (2011/12: 2.8% of total income).



OPERATING & FINANCIAL REVIEW (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 six years, our revenue activities have generated a total of £99.2 million.

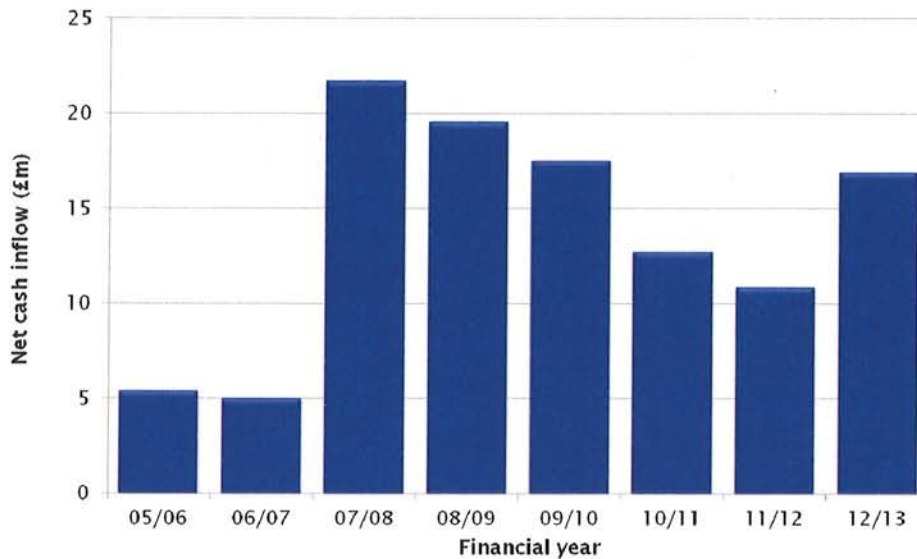
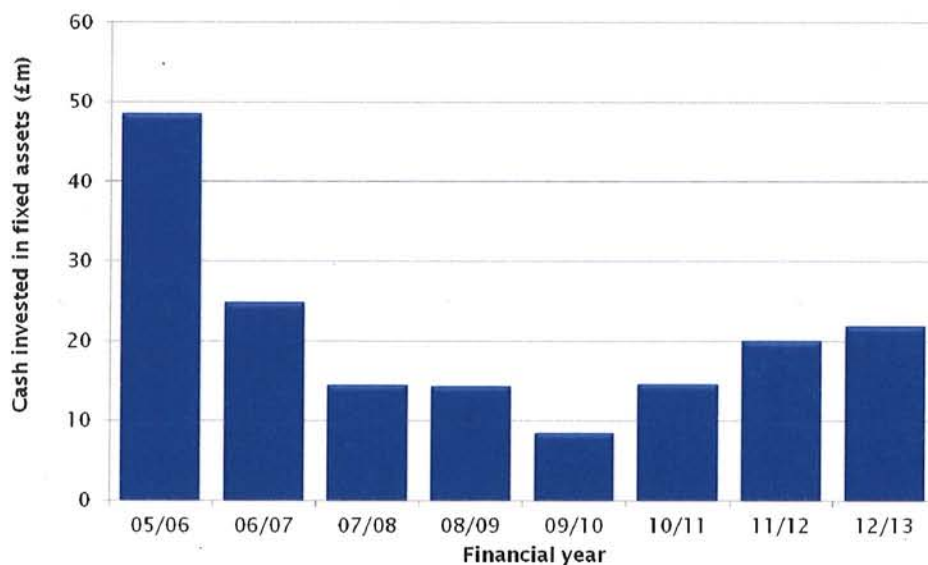
Chart 2: Net cash inflow from operating activities

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 for 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 major buildings were opened this year.

Chart 3: Cash invested in fixed assets

OPERATING & FINANCIAL REVIEW (CONTINUED)

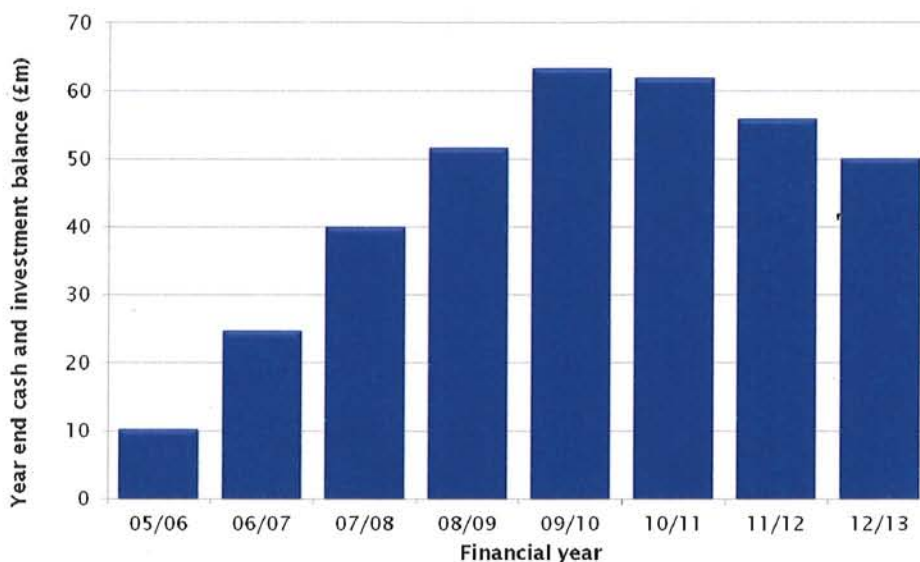
Key Balance Sheet data for the last few years can be summarised as follows:

	2009/10 (£m)	2010/11 (£m)	2011/12 (£m)	2012/13 (£m)	Change 2009-2013
Net book value fixed assets	159.2	167.1	179.4	193.7	+21.7%
Outstanding loans	(37.2)	(35.3)	(34.1)	(32.2)	+13.4%
Net assets	104.4	120.4	108.1	117.7	+12.7%
Net pension liability	(52.2)	(45.2)	(64.4)	(61.7)	-18.2%

Although the net deficit on the Local Government Pension Scheme has improved by £2.7 million this year it remains our single largest variable risk. The latest triennial actuarial valuation of the scheme is due before the end of 2013 and it is likely that the report will recommend an increase in the contributions made by the university. With the assistance of experts in the field of pension development, and in discussion with the Local Authority and the 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 26 to the financial statements. The other balance sheet statistics highlight that we have a strong base on which to develop the university in the coming years.

Our strategy in recent years has been to create budgets which, in turn, create cash reserves which can be used to invest in infrastructure. We have also chosen to raise gradually the minimum level of cash which should be maintained at all times. For the year ended 31 July 2012/13 this balance was set at the equivalent of 40 cash days rising to 50 days for 2013/14. With a turnover including interest receivable of £155.3 million in 2012/13 this equates to a minimum cash holding of £17.0 million. Chart 4 confirms that our year end cash balance of £50.1 million comfortably exceeded this minimum.

Chart 4: Year end cash and investment balances



Government changes to student finance funding, reductions in teaching grants and changes to the visa criteria for international students have created 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 allowed us to remain in a position of financial 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.

OPERATING & FINANCIAL REVIEW (CONTINUED)

Student Demand

There has been a significant change in the external environment in which Higher Education Institutions in the UK have operated in the last few years. The movement in our key home undergraduate market between 2005/06 and 2012/13 can be seen in Charts 5 and 6. The number of full time undergraduate students from the United Kingdom and elsewhere within the European Union studying at our campuses in London grew steadily between 2006 (the first year that the government introduced fees of £3,000) and 2011 (the final year before fees for new undergraduates were increased to £9,000).

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

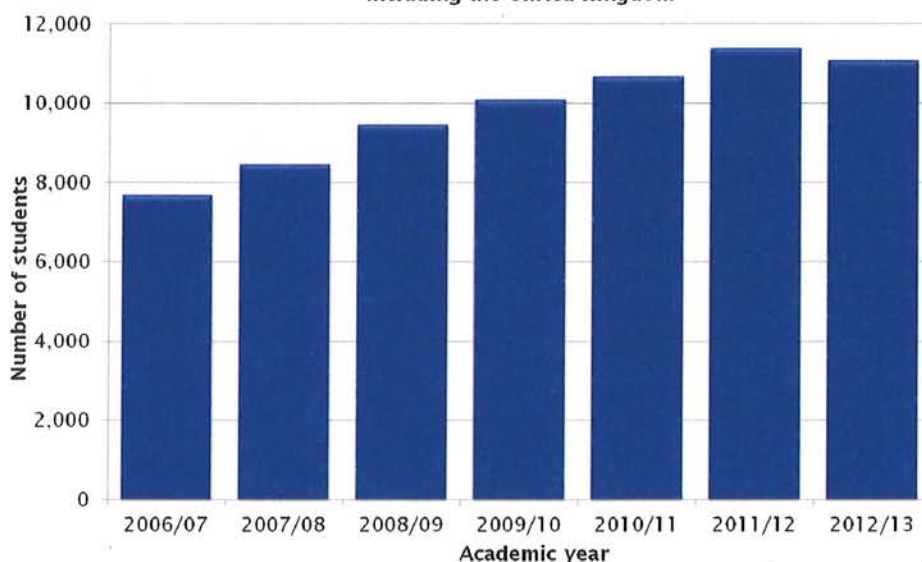
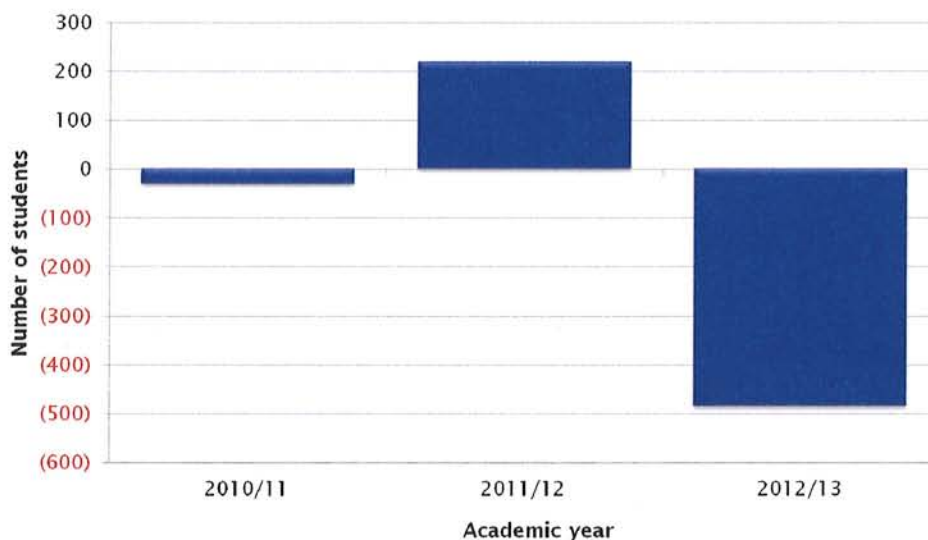


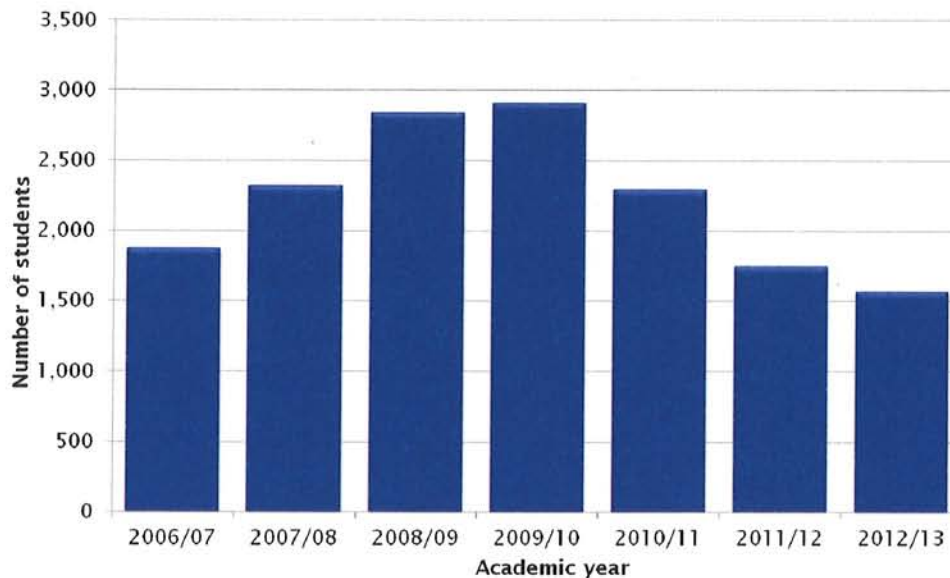
Chart 6: Change against 2009/10 base in the number of first year full time undergraduate students from the European Union, including the United Kingdom



New UK and EU students entering HE in 2012/13 were the first to be charged under the new government funding framework which saw annual fees increase from £3,465 to £9,000. This change saw an increase in the number of students commencing their studies in 2011/12 before the increase in fees and a reduction in those starting in 2012/13. In 2012/13, a change in government regulations also allowed greater mobility between universities for those students who achieved AAB grades at A level or equivalent. Recruitment of students with these qualifications does not contribute to the HEFCE imposed Student Number Control (SNC) thereby allowing some institutions to grow their number of undergraduate students without penalty. The impact of the increased fees and greater mobility both had a negative impact on the number of first year students at UEL in 2012/13. Despite this drop we remained within tolerance when the data was compared with our SNC and we maintained the targets required from a budget perspective.

OPERATING & FINANCIAL REVIEW (CONTINUED)

Chart 7: Number of full time students from outside the European Union



The numbers of international students choosing to study at UEL in the UK fell again during 2012/13. The factors contributing to the reduction in numbers remain broadly similar to previous years and 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.

Early indications of international recruitment in 2013/14 suggest that numbers are up slightly at both undergraduate and postgraduate level for semester A. We also redrafted our International Strategy at the beginning of 2013/14 with a view to increasing further on campus recruitment in 2014/15 by focusing our marketing activities on a small number of important international markets and building progression to the UK from partner institutions overseas.

The income we received from tuition fees and education contracts rose from £82.6 million in 2011/12 to £97.4 million in 2012/13; a rise of 17.9% in the year. The expected rise due to the increase in the undergraduate tuition fee to £9,000 for UK and EU students was £20.1 million, an increase of 34.5% on the previous year. This helped to offset the fall in income from international students studying with us in the UK and at partner institutions overseas of £4.5 million, a fall of 23.3%, and the year on year reduction in teaching grant from HEFCE of £14.0 million, a fall of 35.1%. Funding from HEFCE changed partly due to the shift of funding directly to students but also due to a reduction in the number of fundable students.

Information Technology

Our new Director of IT undertook a thorough review of our IT resources at the start of the year and made a number of recommendations. The recommendations included:

- **New network architecture** to replace the existing system which had reached the end of its useful life;
- **An updated unified desktop environment** which will rationalise the existing multiple versions currently in place across the university into a single, modern and stable Windows 7 environment;
- **New e-mail system** to replace the current out of date system;
- **Building an efficient IT function for the future** through investment in appropriately experienced IT staff and integration and development of applications.

Having considered feedback from students and staff, his vision aimed to improve the end user experience whilst also creating a modern, stable and secure environment for the future. The strategy was supported by the Vice-Chancellor and the Board and additional resources were set aside during 2012/13 and for 2013/14.

OPERATING & FINANCIAL REVIEW (CONTINUED)

In 2012/13 £1,526,000 of investment in the upgraded network infrastructure was capitalised and £174,000 of additional costs were expensed. £1,700,000 of budget has been allocated in 2013/14 to develop further hardware with £2,240,000 to commence work on the desktop and e-mail upgrades. We have also begun the process to recruit high quality IT staff with appropriate skills and experience to replace a number of contractors who have been used in the last year. Continuing investment in IT is a vital element of our current strategy.

Undergraduate completion and employability

The Higher Education Statistics Agency (HESA) publishes statistics on the proportion of undergraduate students projected to complete their degree studies. 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 completion

Entry Cohort	Projected degree completion (UEL)	HESA benchmark	Performance against benchmark
2010/11	55.4%	68.3%	-12.9%
2009/10	53.8%	65.4%	-11.6%
2008/09	64.4%	67.7%	-3.3%
2007/08	71.9%	67.8%	+4.1%

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

The Board recognises that the trend in this measure has significantly worsened over the last three years. This has occurred at the same time that performance across the rest of the sector has improved, resulting in an increase to the HESA benchmark. Under the leadership of the new Vice-Chancellor we have launched a comprehensive review of our academic framework and our student support arrangements. We are investing heavily in the academic skills and pastoral support we provide to all our students and, from academic year 2014/15, will introduce a new set of academic regulations designed to support learning, teaching and the student experience more effectively. We also continue to support our students through a range of bursaries and scholarships, including the innovative Progress Bursary.

HESA also publishes 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 education (UEL)	HESA benchmark	Performance against benchmark
2011/12	79.4%	84.5%	-5.1%
2010/11	79.4%	82.8%	-3.4%
2009/10	78.0%	82.4%	-4.4%
2008/09	82.9%	82.7%	+0.2%

Source: HESA website – performance indicators (E1)

The Board recognises the deterioration in this important measure when compared against our benchmark. Our performance has remained steady this year but we remain below where we want to be. The recession and difficulties in the economy continue to affect employment locally and nationally. We remain committed to increasing the number of graduates moving into employment and have recently launched an institution-wide project to examine how we can improve our performance in this area, taking into consideration the views of students, staff, experts in the field and best practice within the sector. As well as examining where we need to change our provision, the project will also consider how to develop and enhance a number of flourishing schemes across the University, including our highly successful mentoring activities, the Going Global bursary and the UEL undergraduate research internship scheme. We also remain committed to supporting student entrepreneurship and celebrate the fact that of our graduates who are employed full-time, 1 in 8 is self-employed or running their own business.

OPERATING & FINANCIAL REVIEW (CONTINUED)**Risk Management**

Institutional risks for the following twelve to eighteen months are regularly reviewed and assessed by a University Management Team working group who maintain the corporate risk register and who report regularly thereon to the Board. We have mitigating actions in place and hold modest contingency funds to enable us to respond promptly to unforeseen events as and when they arise. We are satisfied that effective risk management is embedded within our university's working practices, thereby allowing us to respond quickly to the many challenges which are inevitable in a dynamic environment.

The fall in the number of students from the UK and elsewhere in the European Union who commenced their studies in 2012/13 has been highlighted in Chart 6 along with a summary of the main reasons why this change might have occurred. Although our revenue budget for 2013/14 recognised the reduction in tuition income due to lower undergraduate student recruitment in 2012/13, recruitment of the same category of students in 2013/14 was also lower than target.

The disappointing trends against benchmark in the two key undergraduate student performance indicators of completion and employability outlined in the previous section are being addressed as a critical matter by our new Vice-Chancellor. Although the review of our academic framework has not reached its conclusion, one impact of the transition from our current framework to a new one in 2014/15 is that we will not be recruiting any new undergraduate students in February 2014. Mid-year programme starts have been a part of our business for many years and income from adjusted forecast student numbers has been included in our budget for 2013/14.

The net forecast effect of these two issues will impact negatively on our revenue budget for 2013/14. The Board is supportive of the need to change the academic framework and recognizes that short term financial challenges will need to be resolved. Proposals for mitigating the budget shortfall are currently being considered and a revised budget will be presented to governors for their approval. It is likely that even after in year cost reductions are implemented we will achieve a surplus, although this will be slightly lower than the original target of £5.0 million.

The longer term financial effects of falling undergraduate recruitment due to changes in the external environment and the changes brought about by a revision to our academic framework are still being assessed, although they are likely to be significant in the medium term. As noted earlier, improving graduate completion and employability are the main priorities for our new Vice-Chancellor and they are critical to our sustainability. Our corporate risk register includes a number of risks associated with these changes and we are focused on mitigating them as much as possible. Our Board is being regularly briefed.

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

- insufficient senior management capacity may prevent us from delivering strategic priorities. A number of senior postholders left UEL during the year and processes have commenced to recruit high quality staff;
- 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. Retention of our own status as a recruiter of international students remains an important objective;
- our partnership strategy might not be realised, leading to increased reputational and financial risk. Our new international strategy addresses the importance of setting challenging key performance indicators and a number of local and international partnerships are being reassessed with a couple being terminated where the quality does not meet our expectations;

Our risk register will continue to be developed during the coming year to ensure that it is closely aligned with existing and emerging strategies.

OPERATING & FINANCIAL REVIEW (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 these wherever possible. The following are just a few examples of some of our recent success stories:

In March 2013, **Dwayne Fields**, one of UEL's most inspiring and influential students, was given the prestigious honour of the Freedom of the City of London. A combined honours student in Psychology and Third World Studies, Dwayne became the first young black British man to walk across the North Pole, in 2010. Dwayne, who is currently in training for an expedition to the South Pole later this year, was honoured for his motivational visits to schools, youth clubs and projects, where he urges young people to follow their dreams, and to seek inspiration through exploration, adventuring and embracing the outdoors.



Figure 4: UEL student Dwayne Fields (second from right) receives the Freedom of the City of London

The Freedom of the City of London is often bestowed on individuals by the City Corporation to celebrate their contribution to London or public life, or to mark an outstanding achievement. During the year, Dwayne also raised £1,000 for a local children's hospice, Noah's Ark Children's Hospice in Barnet.

Current UEL undergraduate student **April Evelyn-Cooper** won the £6,000 top prize in UEL's E-Factor competition this year. E-Factor is a Dragons' Den style competition aimed at supporting and showcasing student entrepreneurs. April is currently studying Graphic Design with Illustration and developed her idea following a trip to Japan. She plans to use transmedia and stealth learning to educate children about the benefits of healthy food, the importance of learning to cook and the history, traditions and preparation of intercontinental foods. Along with the cash prize, April has been granted desk space in UEL's Petchey Centre for Entrepreneurship where she will also receive support and guidance from the university's Enterprise team.



Figure 5: April Evelyn-Cooper (third from left) winner of UEL's E-Factor competition 2013 with the other finalists

OPERATING & FINANCIAL REVIEW (CONTINUED)

UEL students continued to make the headlines in sport with a wide range of achievements during the year in both individual and team events. A number of impressive "firsts" were seen including winning our first British Universities and Colleges Sport (BUCS) Cup. In quick succession, we then went on to win a further four Conference Cups this year and reached the final of the women's tennis tournament. The five victorious teams were:

- **men's football** – beat Reading 3-2 with a final minute goal;
- **men's volleyball** – successful against Sussex, 3 sets to 1;
- **women's basketball** – won their final against Royal Holloway with an overtime victory;
- **men's basketball** - beat Kingston 79-74 to win the BUCS South Eastern Conference Cup;
- **women's netball** successful against St Mary's 68-18 in the final of the BUCS Netball Plate;

Six UEL teams also won their respective BUCS league titles and earned promotion: Basketball Men's 1st, Basketball Women's 1st, Football Men's 1st, Hockey Men's 1st, Tennis Men's 1st, Netball Women's 1st and Volleyball Men's 1st. The men's volleyball team are now playing at the highest level of University sport in the UK.

Three UEL students represented their countries at the World University Games joining 10,400 students from universities around the globe at the 27th Universiade in Kazan, Russia. The event is the second largest in the world after the summer Olympics:

- **Anna Fitzpatrick** reached the quarter finals in both the singles and mixed doubles tennis;
- **Szandra Szogedi** reached the last 16 of the women's u57Kg Judo competition; and
- **Thalosang Thirelestso** participated in the men's triple jump. Thalosang had won a bronze medal in the BUCS indoor championships earlier in the year but was unfortunately injured during the World University Games.

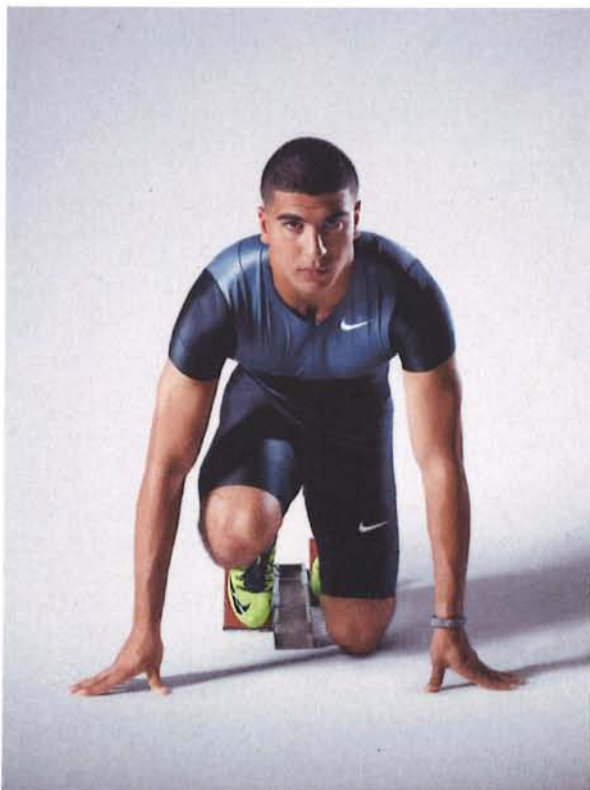


Figure 6: UEL undergraduate Adam Gemili

Sport and Exercise Science undergraduate, **Adam Gemili**, really made his mark this year finishing fifth in the 200m at the World Athletics Championships in Moscow in a time only four one hundredths of a second behind the third placed athlete. Competing in his first major final, Adam broke his personal best twice becoming only the second Briton ever to break the 20 second barrier for the event with a time of 19.98 seconds in the semi-final. During the year, Adam also came third in the Olympic Games 100m semi final and won the gold in the 100m at the European Athletics u23 Championships.

OPERATING & FINANCIAL REVIEW (CONTINUED)**Estate Strategy**

The university's strong investment in its estate continued this year, with the completion of a new library at the Stratford campus. The facility was built at a cost of nearly £15 million and hosts an advanced digital library, over 130,000 printed books and journals, 120 open-access computers for student and staff use, with access to the building available 24 hours a day, 7 days a week during teaching. The work on the building began in October 2011 and was designed by Hopkins Architects (who were also the designers of the velodrome at the Olympic Park). UEL students were able to get involved in every stage of the process from a user questionnaire at the very start of the design process to participation in a furniture selection workshop.



Figure 7: UEL Vice-Chancellor Professor John Joughin (front right) with Cathy Walsh, Director of Library & Learning Services and UEL Chancellor Lord Gulam Noon at the official opening of the new Stratford Library

University Square Stratford was also opened to students from the University of East London and Birkbeck College, University of London, shortly after the end of the 2012/13 academic year. The £33.0 million building located in the cultural quarter of Stratford is jointly funded by the two higher education institutions. It was formally opened by HRH Princess Anne at a ceremony on 5th November 2013.



The partnership initiative was formed in 2008 with construction on site beginning in September 2011. Land was purchased from the London Borough of Newham on a long lease and grant funding was obtained from the Higher Education Funding Council for England and the London Thames Gateway Development Corporation.

Construction of both the new library and University Square Stratford was undertaken by Volker Fitzpatrick.



Figure 8: Internal shots of the open plan atrium at University Square Stratford

OPERATING & FINANCIAL REVIEW (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 further employability and entrepreneurship activities linked to sustainability.

Our Environmental Sustainability Annual Report for 2012/13 included 8 sections. The following highlights successes from each strand of the report:

Environmental management: The prestigious ISO14001 certification for our environmental management system promotes good environmental practice while the reaccreditation process drives continual improvements in the management of environmental impacts. This year we also achieved a First Honours in the People and Planet Green League for the 2nd consecutive year.

Energy and water: Rain water harvesting has been installed at the new Stratford Library and at University Square Stratford which will provide water to the toilet blocks throughout these buildings. Electricity demand will be supported by the extensive solar photovoltaic arrays that have been installed here as well. When demand is low or production is high then we will export energy to the national grid thereby generating revenue which contributes to our investment in renewables.

Waste Management: This summer UEL became a zero-to-landfill organisation due to a new waste management contract which sees our waste being recovered for secondary uses through either material recycling or energy production. At the end of the year we partnered with the British Heart Foundation (BHF) to convert condemned and unwanted student possessions into donations which generated an estimated £13,800 for the BHF amounting to an estimated 6 tonnes of waste being saved.

Transport: In an attempt to encourage more students to cycle we have responded to their feedback by providing secure cycle compounds for students at Docklands where the campus is not access controlled. We also hold regular cycle training for all abilities as well as bike maintenance, free of charge, for staff and students alike.



Figure 9: The British Heart Foundation were particularly pleased with the quality of the donations of unwanted student possessions.

Sustainable procurement: Through close collaboration with our new catering contractors we are starting to see real improvements in the range of fair-trade goods available as well as the frequency of sustainable eating promotions such as Meat Free Mondays and Fair-Trade Fortnight.

Construction and refurbishment: The estate at UEL has expanded considerably in the last year with the new Stratford Library and University Square Stratford being opened. Both of these buildings have been awarded an 'Excellent' rating under the Building Research Establishment Environmental Assessment Method (BREEAM) which is considered a best practice standard for sustainable construction.

Biodiversity: Following a recent survey it has been confirmed that one of the UK's rarest animals, the Streaked Bombardier beetle, continues to thrive on the 'Beetle Bump' one year after being set up. This beetle is so rare that little was known about its preferred habitat so this survey confirms that our mock brownfield habitat caters for all its needs.

Community involvement: Compared to the previous year, twice the number of staff teams were involved in the Green Impact office environmental awareness competition. This involved carrying out environmental improvement actions in the areas of energy, waste, procurement, biodiversity and transport. The enthusiasm of staff involved last year has spread and the initiative has made a real difference to environmental performance in offices, labs and workshops across both campuses.

OPERATING & FINANCIAL REVIEW (CONTINUED)**Research Activity and Support**

UEL's total grant capture for research, knowledge exchange and consultancy totaled just over £3 million during 2012/13. Two of the successful bids related to data centre research and a 20th Century disaster in East London:



Figure 10: PEDCA project team

In July 2013, UEL achieved one of its most significant funding successes with the award of €1.7 million from the European Commission. Along with the Data Centre Alliance (DCA), UEL will help define the training and research needs of the data centre industry and create a new European Data Centre Academy. The project, titled **Pan-European Data Centre Academy (PEDCA)**, is being led by Professor Hassan Abdalla, Dean of UEL's School of Architecture, Computing and Engineering, in conjunction with the DCA, an independent not-for-profit international industry association.

In February 2013 it was announced that **Dr. Toby Butler**, Senior Lecturer in History at UEL, will lead a project to piece together and publicise one of the worst modern civilian disasters to take place in Britain. The tragedy at Bethnal Green Underground Station shelter in 1943 claimed 173 lives and occurred at the height of the Second World War. As part of the research, UEL is recording the memories of some 20 survivors, rescuers and relatives of those who died. These and other documents relating to the disaster and the effect of the war on Bethnal Green will form the basis of an exhibition, which will travel to 12 local venues.



Professor Allan Brimicombe was appointed as Specialist Advisor to the House of Lords Select Committee on Olympic and Paralympic Legacy – a committee that was set up in May to consider the strategic issues for regeneration and sporting legacy from the London 2012 Games. Last year, Professor Brimicombe was commissioned by the Economic and Social Research Council to lead research on the Olympic Games Impact Study for the London 2012 Games – a project being carried out on behalf of the International Olympic Committee and the first of its kind for a summer Games.

Figure 11: Professor Allan Brimicombe

This year is an extremely important one for research at the university as preparations are culminating for the **Research Excellence Framework** submission in November. Planning has been underway for the last two years to ensure that we make a submission which reflects the strength and breadth of the high quality research that takes place within the institution. We are intending to submit across 13 areas of research increasing from the 9 submitted into the 2008 Research Assessment Exercise, where 78% of UEL's research was deemed to be of international standing.

Now approaching its fourth year, UEL's **Research Internship Scheme** offers students an authentic research experience and aims to develop undergraduates' research skills further and encourage them to see research and post-graduate study as a career option following graduation. Students are given the opportunity to work as researchers and boost their employability skills by working with academic researchers for 10 weeks on a diverse range of research projects. This year, 54 undergraduate students spent the summer conducting interviews, surveys and questionnaires to produce some exciting pieces of research into topics such as the use of social media to enhance student experience, energy modelling in cloud computing and educational perspectives on mega events and regeneration.

PUBLIC BENEFIT STATEMENT

The University of East London is an exempt charity by virtue of the Charities Acts 1993, 2006 and 2011. 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 twelve specified charitable purposes of which UEL makes a significant contribution to the following nine:

- 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 a 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.

PUBLIC BENEFIT STATEMENT (CONTINUED)

The University's Articles of Government dated 11 July 2006 require its Board of Governors to determine "the educational character and mission of the University and for oversight of its activities". Our vision and mission are regularly reviewed by the Board to ensure that they remain current and are linked to our strategy. 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.

The Board of Governors believes that this mission statement sets out our charitable aims such that our primary activities provide public benefit as outlined by the Charities Act. A meeting of governors to review the effectiveness of the Board is scheduled for 2013/14. At this meeting they will reassess our charitable objectives to ensure that the principles continue to underpin our strategy and decision making. The Charity Commissions guidance and the recent best practice review undertaken by HEFCE will be considered.

Some of our work has already been mentioned earlier in this report such as our commitment to the advancement of the improvement and protection of the environment (see section on Environmental Sustainability). 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.

During the year, UEL was recognised as being the leading London university for Higher Education Academy Fellows and is now ranked 8th nationally. UEL was one of the first institutions to be accredited by the Higher Education Academy to award every category of Fellowship, from Associate through to Principal. Fellowships of the Higher Education Academy are awarded to academic staff who have evidenced their commitment to delivering high quality teaching to our students.

A number of examples of the achievements of our students were included earlier in this report. Some further case studies of activities we have undertaken to provide wider benefits to the public follow:

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 wide range of bursaries and scholarships. All of our prospective students are notified in advance of the availability of financial support and, in most instances, awards are made without the need for students to submit applications. During 2012/13 we spent £10.8 million (2011/12: £10.3 million), or 7.1% (2011/12: 6.7%) of our 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.

PUBLIC BENEFIT STATEMENT (CONTINUED)

During 2012/13 we introduced a new scheme for all undergraduate students which provided a core text book free of charge for each module being studied. At a cost of nearly £600,000, over 26,000 books were given to new first year students. This number will double in 2013/14 as both first and second year students benefit from the scheme. We believe that this innovative approach, in conjunction with our existing range of scholarships and bursaries, provides students with the materials they need to make the most of their opportunities whilst at university irrespective of any financial hardship they may face. This funding directly contributes to principle 2 of the Charities Act.

500 recipients of the new free books responded to a survey during the year with very positive support being voiced. When asked "how much did the free books help you with your studies" 83.7% confirmed that the books were extremely or very helpful. 95.8% of the respondents affirmed that the process of collecting the books was extremely or moderately simple. A similar scheme was introduced to help support postgraduate students whereby each student was provided with credit totalling £120 to be used towards funding resources in support of their studies.

127 students travelled to 27 countries to undertake short term projects supported by UEL's Going Global bursary scheme. Open to all our students from the United Kingdom and elsewhere in the European Union, the scheme aims to encourage greater international mobility as part of a student's programme of study. Nearly £60,000 was provided to students following the competitive application process. A presentation evening was chaired by the Vice-Chancellor in October at which students from each School presented a summary of their trip and the benefits they had gained. As an example, a number of Architecture students travelled to Detroit where they investigated the urban deterioration of the city following the collapse of the motor industry and how residents and government are planning for regeneration. The trip allowed the group to consider their role as architects and urban planners and they are currently developing a publication covering their research.

We remain committed to providing financial support to students to ensure that they obtain the maximum benefit possible from their time at university.

A study undertaken by UEL researchers into electronic cigarettes revealed that nearly 75 percent of the people who took part in the survey reported using the devices as a safer option to tobacco and a way of kicking the habit altogether. As part of the study the researchers contacted approximately 1,400 electronic cigarette users between September 2011 and May 2012 via a survey which was accessible from the websites of two electronic cigarette manufacturers. The findings were published in the *Addiction Journal* and showed that 86 percent of those surveyed confirmed they had not smoked cigarettes for several weeks or months since using the e-cigarette, and that the amount they smoked had decreased dramatically. The researchers also found that the majority of people responding to the survey felt their health had improved since using the devices.

Mala Rao, Professor of International Health in the Institute for Health and Human Development at UEL was awarded an OBE in the New Year Honours List for services to public health in the UK and overseas. During her 30 year career, Professor Rao's work in policy, practice and research has had a major positive impact in both the UK and India. She established the first evidence-based cancer service network in the UK and led the delivery of its public health skills and career framework. Her recent work has focused on highlighting the health impacts of climate change, directing the first institute of public health in India and the development of health insurance schemes and primary care in India. The e-cigarette study and Professor Rao's award highlight the work UEL is undertaking in support of the advancement of health.

PUBLIC BENEFIT STATEMENT (CONTINUED)

Disability sport continues to be a focus for UEL following on from the opening of our new SportsDock complex in the spring of 2012 and our successful supporting role during the London 2012 Olympic and Paralympic Games. During the year we received £20,000 from UNITE Group to enable students to work in partnership with the university to assist local residents taking part in wheelchair sports including badminton, tennis and basketball, at council-run sports centres and local community venues. As part of our Chairs in the Community project this builds on the legacy from 2012 which has seen an increase in the interest in disability sports at SportsDock. Our commitment to the advancement of sport and in particular, disability sport, resulted in UEL's Docklands campus being named as the location of the main athletes village during the 2017 International Paralympic Committee Athletics World Championships.



Figure 12: UEL Director of Sport David Cosford and Jenny Shaw, Head of Higher Education Engagement at UNITE

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 Chairs 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 two co-opted members of staff. The Vice-Chancellor, the member of staff nominated by Academic Board and the two 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, the International Development & Commercial Activities 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 Governance & Search Committee, 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 and members of the University Management Team 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 National College for Teaching & Leadership (previously known as the Teaching Agency until 1 April 2013) are used only for the purposes for which they have been given and in accordance with the terms and conditions of the organisation;
- 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 2013 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 development meeting 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 at least five 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 include the management of student data and inform 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 and cover a variety of risks, including reputational, financial, quality, management and governance, while focusing on the most important;
 - 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 as well as forming part of the University's project management processes;
 - 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. During the year, our internal auditors carried out 134 days of work in accordance with the internal audit plan approved by the Audit Committee on 5 November 2012. The work covered 16 assignments including: risk management; corporate governance; procurement, contracts and tendering; Research Excellence Framework (REF); data quality and UKBA Highly Trusted Status. The outcome of their reviews, including a summary of the recommendations made, is presented to the Audit Committee throughout the year as assignments are completed. An overall summary of recommendations and their status was provided to the Audit Committee on 4 November 2013.

The auditors were able to provide moderate assurance that there is generally a sound system of internal control, designed to meet the university's objectives, and that controls are generally being applied consistently. Specific recommendations were made in relation to the effectiveness of the university's arrangements for the annual Higher Education Statistics Agency (HESA) and Higher Education Students Early Statistics (HESES) data returns processes and the achievement of value for money. Members of the Vice-Chancellor's Group and the University Management Team have been tasked with implementing the various recommendations and reporting progress to the Audit Committee at their quarterly meetings.

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 2013 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 26. 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 2013 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 National College for Teaching & Leadership, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2013 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2013 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 National College for Teaching & Leadership.

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

28 November 2013

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2013**

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
INCOME					
Funding Council grants	2		33,666		49,973
Tuition fees and education contracts	3		97,368		82,609
Research grants and contracts	4		1,751		1,576
Other income	5		21,814		19,191
Investment income			726		609
Total income			155,325		153,958
EXPENDITURE					
Staff costs					
- recurring staff costs	6	68,279		69,448	
- exceptional restructuring costs	6	1,459		1,542	
Other operating expenses	7	66,813		67,912	
Depreciation	10	7,456		7,362	
Interest payable	8	3,901		3,401	
Total expenditure			147,908		149,665
SURPLUS AFTER DEPRECIATION OF FIXED ASSETS AT VALUATION BOTH BEFORE AND AFTER TAX FOR THE FINANCIAL YEAR	9		7,417		4,293

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.

The Group Income and Expenditure Account is in respect of continuing activities with the exception of the activities detailed in note 11.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2013**

	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets before and after tax		7,417		4,293
Exchange rate gain/(loss)		21		(8)
Unrealised gain/(loss) on current asset investments		241		(150)
Actuarial (loss)/gain for local government pension scheme:				
- actuarial loss on defined benefit obligations	(3,459)		(14,517)	
- actuarial gain/(loss) on fair value of employer's assets	7,169		(4,561)	
Total actuarial gain/(loss) for local government pension scheme		3,710		(19,078)
TOTAL RECOGNISED GAIN/(LOSS) RELATING TO THE YEAR		11,389		(14,943)

Further details of FRS 17, Retirement Benefits, can be found in note 26.


	2013 £'000	2012 £'000
Reconciliation		
Opening reserves and endowments	57,576	72,519
Total recognised gain/(loss) for the year	11,389	(14,943)
Closing reserves and endowments	68,965	57,576


GROUP AND UNIVERSITY BALANCE SHEETS AS AT 31 JULY 2013

	Notes	Group 2013 £'000	University 2013 £'000	Group 2012 £'000	University 2012 £'000
FIXED ASSETS					
Tangible assets	10	193,667	193,663	179,409	179,409
Investments	11	34	34	34	34
		<u>193,701</u>	<u>193,697</u>	<u>179,443</u>	<u>179,443</u>
CURRENT ASSETS					
Stocks		18	-	29	10
Debtors - receivable within one year	12	10,489	11,022	9,141	9,652
- receivable after more than one year	12	-	-	23	140
Investments - deposits at bank		16,527	16,527	19,573	19,573
Cash at bank and in hand		33,537	33,418	36,270	35,321
		<u>60,571</u>	<u>60,967</u>	<u>65,036</u>	<u>64,697</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(44,841)	(44,901)	(38,639)	(38,560)
NET CURRENT ASSETS		<u>15,730</u>	<u>16,066</u>	<u>26,397</u>	<u>26,136</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>209,431</u>	<u>209,763</u>	<u>205,840</u>	<u>205,579</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(30,060)	(30,060)	(33,342)	(33,342)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>179,371</u>	<u>179,703</u>	<u>172,498</u>	<u>172,237</u>
NET PENSION LIABILITY	25	(61,688)	(61,688)	(64,354)	(64,354)
NET ASSETS		<u>117,683</u>	<u>118,015</u>	<u>108,144</u>	<u>107,883</u>
DEFERRED CAPITAL GRANTS	15	48,718	48,718	50,568	50,568
RESERVES					
Pension reserve	16	(61,688)	(61,688)	(64,354)	(64,354)
General reserve (excluding pension reserve)	16	124,855	125,187	115,994	115,733
General reserve		<u>63,167</u>	<u>63,499</u>	<u>51,640</u>	<u>51,379</u>
Revaluation reserve	16	5,798	5,798	5,936	5,936
TOTAL		<u>117,683</u>	<u>118,015</u>	<u>108,144</u>	<u>107,883</u>

The financial statements were approved by the Board of Governors on 26 November 2013 and signed on its behalf by:


Mr M Stephens
Chair of Governors


Professor J Joughin
Governor and Vice-Chancellor


Mr J Headley
Director of Finance

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		16,879		10,862
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		898		814	
Interest paid		(1,659)		(1,762)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(761)		(948)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets and investments		(21,842)		(20,024)	
Sale of tangible fixed assets		-		90	
Capital grants received		1,582		5,559	
Net cash withdrawn from non-liquid financial investments		-		2,000	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(20,260)		(12,375)
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			(4,142)		(2,461)
MANAGEMENT OF LIQUID RESOURCES					
Net cash withdrawn from bank deposit		3,308		20,628	
NET CASH INFLOW FROM MANAGEMENT OF LIQUID RESOURCES			3,308		20,628
FINANCING					
New loan		-		666	
Loan principal payment		(1,899)		(1,899)	
NET CASH OUTFLOW FROM FINANCING			(1,899)		(1,233)
(DECREASE)/INCREASE IN CASH IN THE YEAR			(2,733)		16,934
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS					
			2013 £'000		2012 £'000
(Decrease)/increase in cash in the year			(2,733)		16,934
Cash outflow from decrease in debt			1,899		1,233
Cash inflow from decrease in liquid resources			(3,308)		(20,628)
Movement in the year			(4,142)		(2,461)
Unrealised gain/(loss) on current asset investment			262		(158)
Net funds at 1 August			19,785		22,404
Net funds at 31 July	18		15,905		19,785

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 2013. 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 as assets in construction and depreciated over a five year period from completion.

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:

	Years
Buildings	3 - 50
Major refurbishment projects	5
Equipment and furniture	5 - 25

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

In cases where individual assets costing less than £10,000 each form part of a specific project which enhances the value of the business for a number of years, the expenditure on that project will be capitalised and depreciated over the estimated useful life of the enhancement.

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) Going concern**

After taking into account possible changes in performance and the risks discussed in the Operating and Financial Review, the Board of Governors has a reasonable expectation that the University and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

2 FUNDING COUNCIL GRANTS

	2013	2012
	£'000	£'000
Higher Education Funding Council for England		
Recurrent grant:		
- teaching	25,846	39,825
- research	2,073	2,446
Specific grants	794	272
National Scholarship Programme	561	-
Release of deferred capital grants:		
- buildings	2,664	2,107
- equipment	65	92
National College for Teaching & Leadership		
Teaching grant	1,616	5,206
Contribution to administration costs	6	25
Specific Grants	41	-
	<u>33,666</u>	<u>49,973</u>

The Higher Education Funding Council for England income excludes Access Funds which are paid to eligible students on the Council's behalf. This income has been transferred to the Balance Sheet to be offset against the associated expenditure (see note 24).

The National College for Teaching & Leadership income excludes training bursaries paid on the organisation's behalf to trainee teachers. This income has been transferred to the Balance Sheet to be offset against the associated expenditure (see note 25).

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

	2013 £'000	2012 £'000
UK Higher Education students	70,354	52,049
European Union (excluding UK students)	7,904	6,119
Non European Union students	14,872	19,381
Total fees paid by or on behalf of individual students	<u>93,130</u>	<u>77,549</u>
Education contracts	4,238	5,060
	<u>97,368</u>	<u>82,609</u>

4 RESEARCH GRANTS AND CONTRACTS

	2013 £'000	2012 £'000
Research councils	280	240
UK based charities	411	393
European Commission	271	150
Other grants and contracts	789	793
	<u>1,751</u>	<u>1,576</u>

UK based charities includes income of £3,400 (2011/12: £500) from the Esmee Fairbairn Foundation.

Other grants and contracts include income of £71,400 (2011/12: £214,000) from the GLA Well London Project Funding (via the BIG Lottery Fund).

5 OTHER INCOME

	2013 £'000	2012 £'000
Residences, catering and conferences	9,059	8,268
Collaborative agreements	3,508	3,310
Release of non-HEFCE capital grants	702	624
Non-research income	2,631	2,291
Other income	5,914	4,698
	<u>21,814</u>	<u>19,191</u>

Non-research income includes income of £2,900 (2011/12: £2,000) from Sport England and £32,300 (2011/12: £800) from the Wates Family Enterprise Trust.

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:	2013 Number	2012 Number
Senior management staff	5	6
Teaching and research staff	549	577
Professional, administrative, technical and other support staff	681	695
	1,235	1,278
Staff costs for the above persons:	2013 £'000	2012 £'000
Wages and salaries	55,308	56,852
Social security costs	4,955	5,080
Other pension costs:		
- Teachers' Pension Scheme	3,514	3,598
- Local Government Pension Scheme		
- current service costs	4,254	3,901
- net contribution in respect of unfunded benefits	(51)	(130)
- past service costs	119	17
- gains on curtailments and settlements	2	130
- UEL Pension Scheme	178	-
Restructuring costs	1,459	1,542
	69,738	70,990
Analysis of staff costs by activity	2013 £'000	2012 £'000
Academic departments	42,815	43,185
Research grants and contracts	814	655
Academic services	3,938	4,511
Administration and central services	15,053	14,677
Information Technology	2,975	3,195
Premises	1,985	2,167
Residences, catering and conferences	452	1,632
Other expenses	765	404
Less difference between employer contributions to Local Government Pension Scheme included above and the FRS17 charge	(518)	(978)
Restructuring costs	1,459	1,542
	69,738	70,990

Included in the staff costs above are salaries totalling £2,004,138 (2011/12: £2,774,868) paid to 1,129 (2011/12: 1,394) 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 40 full time equivalent academic staff in 2012/13 (2011/12: 56 academic staff).

NOTES TO THE ACCOUNTS (CONTINUED)

6 STAFF COSTS AND NUMBERS (CONTINUED)

Emoluments of the Vice-Chancellor

	2013 £'000	2012 £'000
Previous Vice-Chancellor		
Salary	160	215
Pension contributions	23	30
	183	245
Acting Vice-Chancellor		
Salary	73	-
Pension contributions	10	-
	83	-

For the year to 31 July 2013, the table above includes data for the previous Vice-Chancellor and, from February 2013, the acting Vice-Chancellor. With effect from 23 July 2013 the acting Vice-Chancellor was appointed to the role of Vice-Chancellor on a permanent basis. 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 Vice-Chancellor's gross annual salary is £228,000.

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% (2011/12: 14.1%).

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

	2013 Number	2012 Number
£100,001 - £110,000	10	3
£110,001 - £120,000	2	2
£120,001 - £130,000	1	1
£140,001 - £150,000	1	2
£150,001 - £160,000	2	1
£160,001 - £170,000	1	1
£170,001 - £180,000	1	1
£180,001 - £190,000	1	1

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.

During the year to 31 July 2013 a combined total of £589,000 was paid to three former higher paid employees (2011/12: £nil).

NOTES TO THE ACCOUNTS (CONTINUED)

7 OTHER OPERATING EXPENSES

	2013 £'000	2012 £'000
Academic departments	20,246	23,169
Research grants and contracts	452	125
Bursaries and scholarships	10,709	10,345
Academic services	2,215	2,208
Administration and central services	10,244	8,458
Residences, catering and conferences	4,371	4,295
Other expenses	5,596	5,369
Information Technology:		
- recurring costs	2,231	2,418
- major infrastructure upgrade	174	1,514
Premises:		
- recurring costs	7,490	6,329
- refurbishment costs	3,085	3,682
Other operating expenses	<u>66,813</u>	<u>67,912</u>

Other expenses include:

External auditor's remuneration:

- fees payable to the university's auditor for the audit of the university's annual accounts	51	51
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Fees payable to the university's auditor for other services:

- the audit of the university's subsidiary, pursuant to legislation	5	4
- other audit services	10	7

Internal auditor's remuneration	114	107
Losses on disposal of tangible fixed assets	21	746
Students' Union grant	604	600
Rentals paid during the year under operating leases:		
- hire of plant and machinery	572	532
- buildings	491	491

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

	2013	2012
	£'000	£'000
On bank loans, overdrafts and other loans: - repayable wholly or partly in more than 5 years	1,651	1,753
Local Government Pension Scheme - net pension scheme finance costs	2,250	1,648
	<u>3,901</u>	<u>3,401</u>

9 SURPLUS FOR THE YEAR

	2013	2012
	£'000	£'000
The consolidated surplus for the financial year is made up as follows:		
University surplus for the year	8,010	4,612
Deficit generated by the subsidiary undertakings	(593)	(319)
Consolidated surplus for the financial year	<u>7,417</u>	<u>4,293</u>

NOTES TO THE ACCOUNTS (CONTINUED)

10 TANGIBLE FIXED ASSETS

Group and University

	Land and buildings		Equipment & furniture & fixtures	Assets in the course of construction	Total
	Freehold £'000	Long leasehold £'000			
Cost					
At 1 August 2012	186,332	4,878	17,371	13,228	221,809
Additions	253	-	2,931	18,550	21,734
Disposals	(1,254)	-	(482)	-	(1,736)
Transfers to/(from)	13,129	-	-	(13,129)	-
Adjustment	(500)	500	-	-	-
At 31 July 2013	197,960	5,378	19,820	18,649	241,807
Depreciation					
At 1 August 2012	32,509	319	9,572	-	42,400
Charge for year	5,495	65	1,896	-	7,456
Disposals	(1,254)	-	(462)	-	(1,716)
At 31 July 2013	36,750	384	11,006	-	48,140
Net book value at 31 July 2013	161,210	4,994	8,814	18,649	193,667
Net book value at 31 July 2012	153,823	4,559	7,799	13,228	179,409
Inherited assets	5,622	-	-	-	5,622
Assets funded by capital grants	39,516	3,588	276	7,333	50,713
Assets funded from other sources	116,072	1,406	8,538	11,316	137,332
Net book value At 31 July 2013	161,210	4,994	8,814	18,649	193,667

During the year we identified that a fixed asset addition had been incorrectly classified as Freehold Land rather than Long Leasehold Land during 2011/12. The reclassification is shown above as an adjustment to the fixed asset cost balances. Included in Freehold Land and Buildings is land valued at £894,333 (2011/12: £1,394,333). Included in Long Leasehold Land and Buildings is land with an original cost of £3,757,000 (2011/12: £3,257,000). The changes in these land values from 2011/12 to 2012/13 are a consequence of the reclassification adjustment. The University does not depreciate land so there is no effect on the depreciation figures.

Also included within Freehold Land and Buildings is capitalised interest of £1,048,683 (2011/12: £1,074,824). Capitalised interest is depreciated at the same rate as the buildings constructed with the loan funding. No additional finance costs were capitalised during the year (2011/12: £nil).

NOTES TO THE ACCOUNTS (CONTINUED)

10 TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of equipment and furniture comprises:

	2013 £'000	2012 £'000
Equipment	4,746	4,839
Furniture	1,071	1,212
Computers	2,942	1,698
Vehicles	55	50
	8,814	7,799

All assets are owned by the University of East London with the exception of assets with a net book value of £4,000 owned by subsidiaries (2011/12: £nil).

We are engaged in a jointly funded project with Birkbeck College, University of London. University Square, Stratford was completed in September 2013 and will provide teaching and other education facilities in the heart of Stratford. The building is being jointly funded by Birkbeck and UEL with capital grants from the Higher Education Funding Council for England and the London Thames Gateway Development Corporation. The capital project is being administered on behalf of the partners by UEL with each institution recognising their share of the asset, deferred grants and corresponding cash flows in their financial statements. A summary of the cumulative accounting balances since the project commenced is as follows:

	UEL accounts (£'000)	Birkbeck accounts (£'000)	Total paid /(received) by UEL (£'000)
Assets in construction	18,398	9,199	27,597
Long leasehold land	500	250	750
Deferred grant received	(7,333)	(3,667)	(11,000)
Other loans - HEFCE	(667)	(333)	(1,000)

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 previously established **University of East London Development Trust**. The trustees were governors and ex-governors of the university. The charitable objects of the Trust were to raise funds from donations and to use such funds for charitable purposes as determined by the trustees. The assets of the Trust were consolidated within the university's group accounts. During the year, the Trustees agreed to close the Trust and the remaining assets were transferred to the University. The University holds the funds in a separate reserve under the headings of Restricted Donations and Unrestricted Donations and will continue to use the donations in accordance with the charitable purposes of the Trust (see note 16 for further details).

The university owns £34,000 of shares issued by Universities UK (2011/12: £34,000).

NOTES TO THE ACCOUNTS (CONTINUED)

11 INVESTMENTS (CONTINUED)

The decision was taken during the year to dispose of our shareholding in two subsidiaries:

UEL Cyprus Limited was registered in Cyprus on 27 July 2012. The capital of the company is divided into two thousand ordinary shares of one euro each which are split equally between the University of East London and its Cypriot partner, Trinity College (Cyprus) Limited. The company leases refurbished property in Cyprus and aimed to provide UEL validated higher education programmes in Cyprus. Due to lower than expected student recruitment the University agreed to transfer its shareholding in the company to the Cypriot partner with effect from 30 September 2013. At that date, the company will cease to provide UEL validated programmes.

The termination deed between the parties agreed that the University would pay the running costs of the company until 30 September 2013 and agree to write off loans made to the company in financial year 2013/14. In the current year, a provision for the loan write off has been created and the University's share of the assets of the company has been subject to accelerated depreciation.

Key financial data included in the Group Income & Expenditure Account for 2012/13:

	Income/(expenditure) (£'000)
Tuition fees	46
Staff costs	(83)
Depreciation	(19)
Other operating expenses	(115)
UEL share of net loss in company	(171)
Provision for loan write off	(477)
Accelerated depreciation	(161)
Net charge to I&E	(809)

Key financial data included in the Balance Sheet at 31 July 2013:

	Asset/(liability) (£'000)
UEL share of fixed assets (after deducting accelerated depreciation)	4
Cash at bank	21

UEL Global Examinations Board Limited was registered in England and Wales in August 2011 and aimed to provide quality assurance of training programmes and accreditation of awards offered by third parties worldwide. The capital of the company is divided into one ordinary shares of one pound which is held by the University of East London. The company is registered in England and Wales. Due to lower than expected income the subsidiary ceased trading on 23 January 2013.

Key financial data included in the Group Income & Expenditure Account for 2012/13:

	Income/(expenditure) (£'000)
Other income	8
Other operating expenses	(268)
UEL share of net loss in company	(260)

There were no outstanding assets or liabilities at 31 July 2013. The cumulative negative reserves of the company of £584,000 were written off in the Income & Expenditure Account of the University during 2012/13.

NOTES TO THE ACCOUNTS (CONTINUED)

12 DEBTORS

	Group 2013 £'000	University 2013 £'000	Group 2012 £'000	University 2012 £'000
Amounts receivable within one year				
Trade debtors	7,400	7,338	5,941	5,855
Amounts owed by subsidiary undertaking	-	707	-	719
Other debtors	845	738	215	214
Prepayments and accrued income	2,244	2,239	2,985	2,864
	<u>10,489</u>	<u>11,022</u>	<u>9,141</u>	<u>9,652</u>
Amounts receivable after more than one year				
Other debtors:				
- Between two and five years	-	-	-	117
General prepayments and accrued income:				
- Between one and two years	-	-	23	23
	<u>-</u>	<u>-</u>	<u>23</u>	<u>140</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2013 £'000	University 2013 £'000	Group 2012 £'000	University 2012 £'000
Other loans repayable within one year	2,099	2,099	1,899	1,899
Trade creditors	14,674	14,620	11,001	10,950
Other creditors	4,042	4,203	716	716
Taxation and social security	2,147	2,142	2,042	2,042
Accruals and deferred income	21,879	21,837	22,981	22,953
	<u>44,841</u>	<u>44,901</u>	<u>38,639</u>	<u>38,560</u>

NOTES TO THE ACCOUNTS (CONTINUED)

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2013 £'000	University 2013 £'000	Group 2012 £'000	University 2012 £'000
Other loans - Bank				
- Between one and two years	1,899	1,899	1,899	1,899
- Between two and five years	5,699	5,699	5,699	5,699
- In five years or more	21,995	21,995	23,894	23,894
Other loans - HEFCE				
- Between one and two years	200	200	200	200
- Between two and five years	267	267	467	467
Other creditors:				
- Between one and two years	-	-	1,183	1,183
	<u>30,060</u>	<u>30,060</u>	<u>33,342</u>	<u>33,342</u>

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

Original loan £'000	Interest basis	Repayment terms	Security
14,000	Fixed at 5.15% for full term	Equal principal instalments over 22 years starting in 2006	Land and property at the Docklands campus
30,000	Fixed at 5.01% for full term	Equal principal instalments over 24 years starting in 2007	Land and property at the Docklands campus
667	Interest free	Three years commencing 2013	No security

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 2012	128	188	27,138	23,114	50,568
Grant received	31	30	424	1,097	1,582
Released to Income and Expenditure Account	(65)	(36)	(2,664)	(667)	(3,432)
At 31 July 2013	<u>94</u>	<u>182</u>	<u>24,898</u>	<u>23,544</u>	<u>48,718</u>

NOTES TO THE ACCOUNTS (CONTINUED)

16 RESERVES

Group

	Revaluation reserve £'000	Pension reserve £'000	General reserve £'000
At 1 August 2012	5,936	(64,354)	115,994
Surplus for the year before transfers from reserves	-	-	7,417
Release of revaluation reserve in respect of depreciation and disposal charged against fixed assets	(138)	-	138
Actuarial gain for local government pension scheme	-	-	3,710
Unrealised gain on current asset investments	-	-	262
Transfers between general reserve and pension reserve (see note 26):			
- current service costs	-	(4,254)	4,254
- past service costs	-	(119)	119
- curtailment and settlement	-	(2)	2
- employer contributions	-	4,842	(4,842)
- contributions in respect of unfunded benefits	-	739	(739)
- net return on assets	-	(2,250)	2,250
- actuarial loss for local government pension scheme	-	3,710	(3,710)
At 31 July 2013	5,798	(61,688)	124,855

Within General Reserves are the following specific reserves in relation to donations:

	Unrestricted donations reserve £'000	Restricted donations reserve £'000	Total donations reserve £'000
At 1 August 2012	296	437	733
Donations received	10	250	260
Released to Income and Expenditure Account	(11)	(250)	(261)
At 31 July 2013	295	437	732

All reserves are held within the University of East London with the exception of deficits totalling £332,000 (2011/12: surpluses totalling £261,000) held within the subsidiaries.

NOTES TO THE ACCOUNTS (CONTINUED)

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

	2013 £'000	2012 £'000
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets	7,417	4,293
Depreciation	7,456	7,362
Deferred capital grants released to income	(3,432)	(2,823)
Loss on disposal of tangible fixed assets	21	656
Interest payable:		
- on bank loans, overdrafts and other loans	1,650	1,753
- local government net pension scheme finance costs	2,250	1,648
Decrease/(increase) in stocks	11	17
(Increase)/Decrease in debtors	(1,497)	51
Increase/(decrease) in creditors	4,935	64
Interest receivable	(726)	(609)
Local government pension scheme costs:		
- net contribution in respect of unfunded benefits	(739)	(720)
- current service costs	4,254	3,901
- past service costs	119	17
- curtailments and settlements	2	130
- employer contributions	(4,842)	(4,878)
Net cash inflow from operating activities	16,879	10,862

18 ANALYSIS OF NET FUNDS

	At 31 July 2012 £'000	Cash flow £'000	Non-cash movements £'000	At 31 July 2013 £'000
Cash at bank and in hand	36,270	(2,733)	-	33,537
Net cash at bank and in hand	36,270	(2,733)	-	33,537
Debt due within one year	(1,899)	1,699	(1,899)	(2,099)
Debt due after one year	(32,159)	200	1,899	(30,060)
Current asset investments	17,573	(3,308)	262	14,527
Net funds	19,785	(4,142)	262	15,905

NOTES TO THE ACCOUNTS (CONTINUED)

19 CAPITAL COMMITMENTS

Group and University

	2013 £'000	2012 £'000
Contracted for but not provided for in the financial statements	1,405	17,867
Authorised by the Board of Governors but not yet contracted for	4,048	6,058

20 OPERATING LEASE COMMITMENTS

Group and University

At 31 July 2013, the University of East London was committed to making the following payments during the next year in respect of operating leases.

	2013 Land and buildings £'000	2013 Other £'000	2012 Land and buildings £'000	2012 Other £'000
Leases which expire:				
- Less than one year	78	-	-	175
- Between one and two years	-	11	490	-
- Between two and five years	-	246	-	246
- In five years or more	-	195	-	-
	<u>78</u>	<u>452</u>	<u>490</u>	<u>421</u>

21 PROVISIONS

Group and University

	Joint venture closure £'000	Total £'000
At 1 August 2012	-	-
Charge for the year	477	477
Utilisation of provision	-	-
At 31 July 2013	<u>477</u>	<u>477</u>

A deed of termination covering the disposal of the shares in UEL Cyprus Limited includes a termination date of 30 September 2013 (see note 11). Subject to certain obligations being satisfied by the remaining shareholder after this date, UEL have agreed to write off its share of the loans plus accrued interest provided to the company by the shareholders. The university expects to write off the loans before 31 December 2013. The provision covers the debt outstanding to the university at 31 July 2013 in full so there will not be any reimbursement in 2013/14.

NOTES TO THE ACCOUNTS (CONTINUED)**22 CONTINGENT LIABILITIES**

The University received a legal claim for damages from a former consultant in relation to the cessation of a contract for services. The claim was successfully defended in court but the former consultant subsequently submitted an appeal against this decision. The Governors consider that they have a strong case to once again 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. The legal process is still ongoing.

23 RELATED PARTY TRANSACTIONS

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

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

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

Company/institution	Role of governor/senior postholder	Opening debtor or (creditor)(£)	Income or (expenditure) for the year (£)	Closing debtor or (creditor) (£)
Sir John Cass's Foundation	Chief Executive Officer			
Donation (deferred capital grant)		-	200,000	-
Tavistock & Portman NHS Trust	Board member			
Collaborative teaching agreement		53,850	496,525	-
Collaborative teaching agreement		(223)	(825,601)	(161,225)
Barking & Dagenham College	Board member			
Collaborative teaching agreement		-	82,380	8,380
Miscellaneous expenditure		-	(2,600)	-
UEL Students' Union	Elected President			
Other services - income		1,743	77,455	1,669
Annual support grant		-	(603,660)	-

None of our governors were paid for their services as a governor. Expenses totalling £nil were paid to non-staff governors during the year (2011/12: £nil).

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

The University has provided loan funding to its joint venture company UEL Cyprus Limited. Interest is payable on the loans at a rate of 6% per annum. At 31 July 2013 the outstanding loan plus accrued interest stood at £477,000 (2011/12: £117,000). Details on the joint venture and our decision to terminate our investment in the company are outlined in notes 11 and 21.

NOTES TO THE ACCOUNTS (CONTINUED)**24 ACCESS FUNDS**

	2013 £'000	2012 £'000
At 1 August	(207)	(171)
Received	965	887
Interest earned	4	8
Disbursed	(762)	(931)
At 31 July	<u> -</u>	<u> (207)</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)**25 NATIONAL COLLEGE FOR TEACHING & LEADERSHIP FUNDS**

The University of East London receives funds from the National College for Teaching and Leadership 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 (2011/12: other creditors). The funds received and disbursed for the two schemes are noted here for information only.

Trainee Teacher Bursaries

	2013 £'000	2012 £'000
At 1 August	117	81
Received	2,895	1,183
Disbursed	(2,625)	(1,147)
At 31 July	<u>387</u>	<u>117</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

	2013 £'000	2012 £'000
At 1 August	-	26
Received	-	-
Disbursed	-	(26)
At 31 July	<u>-</u>	<u>-</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)

26 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. During the year a new defined contribution scheme was set up to capture all staff who were not members of either of these schemes.

UEL Retirement and Savings Plan

On 1 May 2013 UEL launched its Retirement and Savings Plan, a defined contribution scheme for those support staff who have opted out of the Local Government Pension Scheme (LGPS) and for academic staff who have opted out of the Teachers Pension Scheme (TPS). Just under 300 staff were enrolled in the Plan on that date and as at the end of August 2013, 300 remain as members of the Plan. The Plan is operated by Friends Life and Canada Life provides the insurance scheme for death-in-service and long-term ill-health cover. A UEL Governance Group will meet annually to oversee the progress of the Plan, in particular the performance of the commercial providers.

On 1 July 2013 UEL was obliged under statutory auto enrolment regulations to have all staff in a UEL occupational pension scheme; UEL met that requirement. Staff have the statutory right to rejoin LGPS or TPS at any stage of their employment at UEL if they opt out. In the spring of 2013, around 75% of support staff were members of LGPS and those who had opted out – typically part-time female staff – indicated that they did so on the basis of the affordability of employee contributions. The UEL Retirement and Savings Plan was designed to address that; staff pay no contribution and UEL pays 10% of the staff member's pensionable pay towards it; the staff member can contribute up to 4% of their salary if they wish to do so and UEL will match that by 1.5% for each 1% the staff member contributes, thus the employer contribution can rise to 16%. It is intended that this attractive offering will encourage staff to remain in the Plan.

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 should be assessed not less than every four years in accordance with the advice of the government actuary (although there have not been any formal valuations since 2004). 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 tiered employee contribution rates to the scheme changed on 1 April 2013. The rates payable and the change over the previous rates are as follows:

Lower salary	Upper salary	Contribution rate from 1 April 2013	Increase against previous rate
	£14,999	6.4%	0.0%
£15,000	£25,999	7.0%	0.0%
£26,000	£31,999	7.9%	0.6%
£32,000	£39,999	8.8%	1.2%
£40,000	£44,999	9.2%	1.2%
£45,000	£74,999	10.1%	2.1%
£75,000	£99,999	10.6%	2.2%
£100,000		11.2%	2.4%

Prior to 1 April 2012 the employee contribution rate was 6.4%.

NOTES TO THE ACCOUNTS (CONTINUED)**26 PENSION SCHEMES (CONTINUED)**

The employer contribution rate is 14.1% (2011/12: 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 2013. 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.

The contribution to the scheme by the University of East London is 23.6% of pensionable salaries for non-teaching staff (2011/12: 23.6%). 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 2014 will be approximately £4,770,000.

The principal financial assumptions used by the actuary were:

	2013	2012	2011
Pension increase rate	2.8% per annum	2.2% per annum	2.7% per annum
Salary increase rate*	5.1% per annum	4.5% per annum	5.0% per annum
Expected return on assets	5.6% per annum	4.5% per annum	6.1% per annum
Discount rate	4.6% per annum	4.1% per annum	5.3% per annum

*Salary increases are assumed to be 1% per annum 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:

	2013	2012
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

NOTES TO THE ACCOUNTS (CONTINUED)

26 PENSION SCHEMES (CONTINUED)

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.

Year ended	Prospective pensioners	Pensioners
31 July 2012	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 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

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:

	2013 Long term Return	2013 Fund Value £'000	2012 Long term Return	2012 Fund Value £'000	2011 Long term Return	2011 Fund Value £'000
Assets						
Equities	6.6%	66,160	5.5%	52,367	7.0%	53,251
Bonds	3.5%	27,912	2.8%	26,183	4.6%	23,570
Property	4.6%	7,236	3.7%	8,126	5.1%	7,857
Cash	3.4%	2,068	2.8%	3,611	4.0%	2,619
		<u>103,376</u>		<u>90,287</u>		<u>87,297</u>

The above asset values as at 31 July 2013 are at bid value as required under FRS17.

The share of the fund's assets and present value of the accrued pension liabilities at 31 July 2013 relating to the University of East London are:

	2013 £'000	2012 £'000	2011 £'000
Estimated asset share	103,376	90,287	87,297
Present value of scheme liabilities	(157,626)	(146,888)	(124,873)
Present value of unfunded liabilities	(7,438)	(7,753)	(7,602)
Net pension liability	<u>(61,688)</u>	<u>(64,354)</u>	<u>(45,178)</u>

NOTES TO THE ACCOUNTS (CONTINUED)**26 PENSION SCHEMES (CONTINUED)**

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

Analysis of changes to the balance sheet:

	Fair value of employer assets		Defined benefit obligation		Net liability recognised in balance sheet	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Opening balance	90,287	87,297	(154,641)	(132,475)	(64,354)	(45,178)
Contributions by members	1,388	1,412	(1,388)	(1,412)	-	-
Contributions by the employer	4,842	4,878	-	-	4,842	4,878
Contributions in respect of unfunded benefits	739	720	-	-	739	720
Estimated benefits paid	(4,413)	(4,128)	4,413	4,128	-	-
Estimated unfunded benefits paid	(739)	(720)	739	720	-	-
Expected return on assets	4,103	5,389	-	-	4,103	5,389
Actuarial gains/(losses)	7,169	(4,561)	(3,459)	(14,517)	3,710	(19,078)
Current service cost	-	-	(4,254)	(3,901)	(4,254)	(3,901)
Interest cost	-	-	(6,353)	(7,037)	(6,353)	(7,037)
Past service costs	-	-	(119)	(17)	(119)	(17)
Losses on curtailments	-	-	(2)	(130)	(2)	(130)
Closing balance	103,376	90,287	(165,064)	(154,641)	(61,688)	(64,354)

	2013 £'000	2012 £'000
Fair value of employer assets	103,376	90,287
Present value of funded obligations	(157,626)	(146,888)
Net under-funding in funded plans	(54,250)	(56,601)
Present value of unfunded obligations	(7,438)	(7,753)
Net pension liability	(61,688)	(64,354)

NOTES TO THE ACCOUNTS (CONTINUED)

26 PENSION SCHEMES (CONTINUED)

Analysis of amount charged to the income and expenditure account:

	2013 £'000	2012 £'000
Current service cost	4,254	3,901
Past service cost	119	17
Operating charge	4,373	3,918
Expected return on employer assets	4,103	5,389
Interest on pension scheme liabilities	(6,353)	(7,037)
Losses on curtailments	(2)	(130)
Net return	(2,252)	(1,778)
Net income and expenditure account cost	6,625	5,696

History of experience gains and losses:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between the expected and actual return on assets	7,169	(4,561)	2,831	5,774	(10,146)
Value of assets	103,376	90,287	87,297	77,749	64,889
Percentage of assets	6.9%	(5.0%)	3.2%	7.4%	(15.6%)
Experience (losses)/gains on liabilities	(103)	(1,885)	3,084	242	-
Present value of liabilities	165,064	154,641	132,475	129,988	121,640
Percentage of the present value of liabilities	(0.1%)	(1.2%)	2.3%	0.2%	-
Actuarial gains/(losses) recognised in STRGL	3,710	(19,078)	7,752	6,117	(20,969)
Present value of liabilities	165,064	154,641	132,475	129,988	121,640
Percentage of the present value of liabilities	2.2%	(12.3%)	5.9%	4.7%	(17.2%)
Net pension liability	61,688	64,354	45,178	52,239	56,751

	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	7,169	(4,561)
Changes in assumptions underlying the present value of the scheme liabilities	(3,459)	(14,517)
Actuarial gain/(loss) recognised in the Statement of Recognised Gains and Losses	3,710	(19,078)