

University of East London

# Report and Financial Statements

For the year ended 31 July 2014



London's Leading University for Civic Engagement



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“UEL embodies the values that I hold dear in my life; access to education for all, inspiring students to raise their ambitions and realise their full potential, equality of opportunity, and most importantly a willingness to actively engage with their communities”.

Our Chancellor, Lord Noon

# Governors, Executives and Advisors

at 31 July 2014

## Chancellor

Lord Noon of St John's Wood MBE Kt

## Board of Governors

Mr Mark Stephens CBE (Chair)  
Ms Jennette Arnold OBE  
Ms Patricia Billingham  
Mr Michael Brace CBE  
Ms Jane Calvert-Lee JP  
Ms Sunny Crouch OBE  
Ms Sarah Davis  
Dr Mark Hannam (Deputy Chair)  
Mr Imran Hossain  
Dr Ian Jenkins  
Professor John Joughin  
Mr David King  
Mr Lee McGinty  
Mr Anthony Mullee  
Mr David Noyce  
Mr Siddharth Rahi  
Professor Adrian Renton  
Ms Aniekan Umoren

## Period of office

appointed July 2014

appointed May 2014

appointed July 2014

appointed July 2014

## Vice-Chancellor's Group

Professor John Joughin  
Mr Feroze Amroliwala OBE  
Professor Nora Ann Colton  
Dr Stella Cottrell  
  
Mr John Headley  
Ms Louise Nadal

Vice-Chancellor & Chief Executive  
Deputy Vice-Chancellor & Chief Operating Officer  
Deputy Vice-Chancellor (Academic)  
Pro-Vice-Chancellor (Learning, Teaching  
& Student Engagement)  
Director of Finance  
Head of Governance & 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

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



# Message from the Chair of Governors



I am pleased to be able to say once more that the University of East London continues to flourish – both academically and financially – despite the challenges presented by a period of unprecedented volatility in the higher education sector.

This has been a year of considerable change in our university. A new School of Business and Law has been created – a combination that clearly responds to the needs of the market. We also now have a dedicated School of Social Sciences, an area that has long been one of UEL's strengths.

A particular highlight of the year was the opening of our new site at University Square Stratford by the Princess Royal. This spectacular new building has proved a great success with staff and students, and I am pleased that from August this year we have acquired a greater share in the building from our partner Birkbeck College.

I continue to be impressed by the achievements of our students and staff, some of which are high-lighted as case studies in this Annual Report.

I would also like to take this opportunity to pay a special tribute to our Chancellor, Lord Noon. In addition to undertaking his ceremonial duties at our graduation ceremonies, giving out thousands of awards to our students and honorary graduates and welcoming all our guests and stakeholders, Lord Noon also devotes his personal time to the university. He works with staff and students to raise awareness of the university, playing an ambassadorial role, and inspires students at numerous events throughout the year.

In addition Lord Noon continues to remain personally involved in the activities of The Noon Centre for Equality and Diversity in Business, a Centre that continues to enhance the reputation of the university and provides our students with great experience and expertise.

The Board has now completed the recruitment of a new senior team. Under the capable leadership of our Vice-Chancellor, Professor John Joughin, and with the support of the Board of Governors, the executive team is making considerable progress with a number of important change programmes which are described in more detail within the body of this Annual Report.

The important changes to the Academic Framework and the review of professional services will place UEL in good stead for the coming years. As London's leading university for civic engagement, UEL has a distinctive identity, which is vitally important in an increasingly competitive HE marketplace.

On behalf of the Board I would like to extend my thanks to the Vice-Chancellor and to all the staff of our university for their hard work in a busy and challenging year.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

**Mr Mark Stephens CBE**  
**Chair of Governors**

# Message from the Vice Chancellor



The last academic year (2013-14) has seen the university realise a number of significant achievements. One of the most satisfying aspects of our continued progress was the marked improvement that we have seen across a number of key indicators. For example, in the National Student Survey we obtained our highest ever 'overall satisfaction' score. We moved up an unprecedented 22 places in the NSS league table and took a leading position in London for a range of our academic programmes. Our Graduate Employment score also saw a significant improvement. We moved up a number of places in all three main university league tables, including an eight place uplift in the Guardian League table, where value added is given significant weighting. Meanwhile our financial performance continues to be strong with an operating surplus of £5.0m providing a secure platform for our future vitality and development as an institution.

This year has also seen the culmination of two major change programmes for the university each of which will have a crucial role to play in sustaining our future trajectory as a successful institution, as well as helping to guarantee future success for our students – who remain at the heart of everything that we do.

The new **Academic Framework** – which came into effect in September 2014 – offers nothing more or less than a complete refresh of our academic programme design. A total of 170 programmes have been reapproved. The new framework is designed to ensure an improved academic experience for all our students, with a focus on increased contact hours and an emphasis on establishing enhanced cohort identity, as well as a more fully integrated configuration for our academic programmes.



The net impact will see an enhanced student experience and improved progression and academic achievement for all our students.

The second large project was a restructure of a large part of our professional support services. This will lead to the creation of a centralised Academic Registry team plus two new **Student Hubs** (or help desks) – one at each campus. These 'one-stop shop' facilities will transform the service and support offered to our students in terms of customer care, as well as also enhancing further the quality and integrity of our student records.

I am pleased to report that we also successfully recruited to a number of key roles in our senior team. Professor Nora Colton was promoted to the position of Deputy Vice-Chancellor (Academic), Dr Stella Cottrell re-joined UEL as Pro Vice-Chancellor (Learning, Teaching and Student Engagement) and John Headley joined as our new Director of Finance.

The culmination of these significant changes has resulted in the development throughout the last year of our new Corporate strategic plan 2015-2020 which aims to secure our position as 'London's leading university for civic engagement'. This builds on an already very solid foundation, as a commitment to social justice and social mobility have always been embedded in UEL, and in many ways constitute part of our DNA as an institution. The new plan will be launched in January and will deliver on our commitment to a qualitative step change in achieving even more success for our students – especially in delivering continued improved outcomes in employment and successful degree outcomes – each of which remain linked to our key value proposition to offer improved opportunities and social mobility for our students and for them to become active citizens and future leaders in their own communities.



**Professor John J. Joughin**  
**Vice-Chancellor**  
**and Chief Executive**







# Operating and financial review



University of East London's coat of arms. The Latin motto translates idiomatically as 'knowledge and promises kept'.

## Our university in summary

The University of East London can trace its roots back to 1898 when the Borough of West Ham established a technical institute to serve the local community. The institute was to be a "people's university" in the words of John Passmore Edwards, speaking at the opening ceremony.

Now educating about 16,000 students - from 120 countries - at our two East London campuses, we employ 1,274 members of staff and our turnover is £156m. We are proud of our heritage and our achievements, many of which can be seen in this Annual Report.



Dizzee Rascal receiving his Honorary Doctorate in November 2013

## The context in which we operate

Higher education is changing. There is much speculation around student recruitment numbers and how these are affected by the changes in higher education funding brought about by the present government. In a more marketised sector, growth will be increasingly uneven and hard won. Consequently, more than ever before, successful student recruitment is the starting point for a successful and sustainable university. However, what will define the institutions that continue to grow and prosper will be a focus on **outcomes** – timely progression, first-rate student experience and successful employability at the end of the university journey.

We need to understand the context, trends and driving forces that are shaping the environment in which our university operates - recognising these changes as imperatives for how we will need to go forward as an institution to ensure the sustainability of our mission and values over the coming years.



The three key drivers of change and opportunity that are transforming our university are globalisation, technological change and major economic shifts. Universities face unprecedented change and challenges in a globalised economy. Needless to say, the last few years have been defining in terms of economic shifts creating new centres of economic growth. However, rapid technological change has not only transformed business intelligence, but also how, when and where we undertake our activities. Consequently, the role that education plays in preparing our future leaders for this uncertain and changing world has never been more important. Furthermore, we see a need for our local environment to keep pace with a globalized economy. In the university we already see these drivers challenging many of the paradigms about teaching and learning. The time-honoured traditions of lectures and seminars are fast being overtaken by gaming exercises, and by action, problem and experiential learning – all of which may be delivered in both blended and on-line experiences.

Students come in every nationality, age range and background. Yet there is an absolute convergence in terms of what students universally desire from higher

education – application of what they learn in university to the world they live and work in. Employability and the assurance that the students who graduate from our university are prepared for the world of work has never been more pressing in our minds as educators.

If higher education is to stay relevant, it must address the needs of the market and our local and global society. Future leaders must be able to embrace change and absorb information quickly while remaining highly sensitive to where, how and with whom they engage. Whilst the use of technology will be informed by the needs of education and business, it is clear that the much wider use of technology means that the classroom should now be reserved for a more interactive student experience.

The challenges presented by the shifts in the global economy coupled with this technological revolution have afforded us at UEL an opportunity over this past year for us to rethink what we are doing in our classrooms, our neighbourhoods, and society in some very important ways. We will embrace this ambiguous environment and we will help our students learn how to enjoy the challenges and rewards that face them.

## Our student achievements

UEL aims to remain a widening participation University. Currently, UEL recruits over 60% of its students from its local boroughs. These students are predominantly students from local state schools and colleges. Many of the students are mature students from black, Asian and minority ethnic (BAME) backgrounds. UEL has the fourth highest proportion of students from low socio-economic groups of any higher education institution in England – 51.9% compared to 32.8% across the rest of the country. It is the commitment to these local students that is the driving force behind UEL and its steadfast commitment to social equality and justice. UEL is committed to supporting all its students to achieve the same level of success regardless of gender, age, ethnicity, sexuality, religion or disability.

UEL is proud to say that this past year, we took in the brightest in-coming class in the history of the institution in terms of our students' entry tariffs. Whilst the university has seen a declining trend in its local and international student numbers, we have embraced this period with a will to do things differently. We clearly position ourselves in the sector as a value driven university with a brand essence around civic engagement and social justice.



At the same time UEL has carried out a wide ranging restructure of its professional services to ensure better and more consistent support to our students. The institution has also addressed the needs of its students in terms of adding extra teaching and learning support as well as extracurricular engagement that help build the social capital of our students through experiential and practical based learning. Responding to a changing and more competitive sector, and in an effort to increase the student progression rate, the university has moved over the past year to change its academic framework and the regulations governing students. UEL has also begun to recruit students differently, clearly targeting those students who are able and willing to complete their degree studies on time. These events have led the university to continue to pursue different student recruitment tactics while at

the same time, developing a medium term recruitment strategy and enrolment management plan.

These changes will enhance the capabilities and potential for success of our in-coming students by applying a nuanced approach to admission criteria and the support to our students to ensure their success. This approach is driven through an analysis of current and past student outcomes, benchmarking to aspirational competitors and enrolment management.

With our students, UEL endeavours to have successful outcomes both in terms of completion of degrees and employability. An important part of these outcomes are the students themselves in terms of their motivation and abilities to progress successfully through a degree programme. Therefore, we are also pleased to see the number of students graduating with firsts and 2:1s increasing across the institution.



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## Marina Haque

Persuaded to apply for a public health degree by her children, Marina found the opportunity to apply her learning to work outside the classroom was invaluable. "When I heard phrases like health inequality and life expectancy being used in practice, it all started to make sense," she said.

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Graduating with a 2:1, Marina campaigned on key issues within the local community while at UEL. She organised the Health Check and Stop Smoking Services in GP clinics, as well as organising events in Enfield and Edmonton for International Women's Day, the British Heart Foundation, World Aids Day and the TB Campaign.

**CIVIC  
ENGAGEMENT  
IS CONTINUOUS**





## UEL and Civic Engagement

As London's leading university for civic engagement, UEL offers its students the opportunity for new experiences through local community based projects, volunteering, placements, study abroad and short project based international service learning experiences, exploring different cultures across the world, such as Dubai, USA, China, Malaysia, India and Ethiopia.

Our students make a real difference locally. UEL's Public Health students have been actively supporting the "Community Neighbourhoods", a policy innovation established by Newham Council.

In another example, the work of the Institute of Health and Human Development engages UEL students, staff and local communities in research into health and wellbeing, developing programmes to improve the health of some of London's most disadvantaged boroughs.

We also have a Pro Bono Law Clinic providing free legal advice to members of the community in east London. Additionally, financial literacy classes are offered to sixth formers as part of a community money mentoring programme. We also have undergraduate research interns that support our academics in breakthrough and defining research projects.

Sports and student clubs continue to be another way that our students engage. Six UEL athletes won medals in the Commonwealth Games in Glasgow. UEL's Sport Dock facilities continue to be a place for extensive outreach and engagement with the local community around various athletic programmes.



## Adam Gemili

This has been an extraordinary year for UEL athletes, who claimed an incredible six medals at the Commonwealth Games in Glasgow, with stand-out performances from UELSport scholars Adam Gemili in the 100 metres and Bianca Williams in the 200 metres.

Adam succeeded in topping his Commonwealth silver medal in spectacular style, by winning two golds in the European Athletics Championships in August, in the 200 metres and the 4x100 metres relay. The London 2012 semi-finalist also won gold at BUCS (British Universities & College Sports) and picked up the individual achievement of the year award at UEL's sports awards in May.







## Teaching and learning at UEL

Our approach to teaching and learning is to offer students a world class experience. We have improved our staff to student ratio by adding a significant number of new, highly qualified research active teaching staff to various programmes and schools across the university. These additional lecturers will ensure that we can guarantee our students appropriate interaction with the academic staff as lecturers, seminar leaders and personal tutors. We have also created a much more dynamic and hands-on Centre for Learning and Teaching (CELT) along with expanding our student support and employability services across the university.

Students are definitely taking note of these significant improvements: this is reflected in our impressive jump up the National Student Survey tables where UEL rose 22 places in the past year. A number of our programmes were rated as best in London – Sociology, Media Studies and Human Resource Management. Meanwhile, Architecture, Civil Engineering and Psychology were second in London.

We offer 150 undergraduate degrees in subjects ranging from law, business, social sciences, architecture, engineering, construction, arts, creative industries, education, health, sports and biological sciences. We work with employers and industries to develop our courses to ensure that UEL students graduate with not only academic qualifications, but professional qualifications and the skills and experience that employers want.

We have also added more technological support to our student experience through digital lecture capture and – from September 2014 – tablets for each of our students that are fully loaded with free texts books and access to a virtual environment that puts their learning experience literally in their hands at any time or place they want to access it.



## Messiah Odinma

"It's all about commitment. When I gave my work my all, I actually got really high grades."

Messiah Odinma started at UEL after three years outside formal education. Struggling to readjust, he also faced significant challenges in his personal life. But he sought help from his personal tutor and applied himself to his studies, pushing himself hard. It paid off and Messiah graduated with a first class degree.

His experience of facing his challenges head-on means he now helps others. As a Learning Achievement Assistant, he is dedicated to ensuring that students who need help get the necessary support.

## Research and enterprise

In terms of the broader context that academic research takes place in, we see that research and development (R&D) have grown significantly during the two past decades particularly in regards to OECD countries. However, we see in the UK there has been over the past decade a decline of government as a funding source of R&D. There is a rise of the private funding of higher education research activity, together with performance of basic research by the non-academic sector. We also see a significant growth in internationalisation of research in higher education.



**For the 2014 REF assessment we have submitted units:**

3	Allied Health Professionals, Dentistry, Nursing and Pharmacy
4	Psychology, Psychiatry and Neuroscience
11	Computer Science and informatics
15	General Engineering
16	Architecture, Built Environment and Planning
19	Business and Management Studies
20	Law
22	Social Work and Social Policy
23	Sociology
25	Education
34	Art and Design
35	Music, Drama, Dance, Performing Arts
36	Communication, Cultural and Media Studies, Library and Information Management



That said, the fact remains that research performed by the higher education sector in the UK is still largely government and research council funded. There is increasing financial pressure on HEIs and subsequently, on theoretical research agendas.

All universities now have to be much more entrepreneurial about how they will fund research going forward. Growing tuition fee income, entrepreneurial activities, commercialisation and knowledge exchange (such as continuing professional development and executive education) will all contribute to support UEL's research agenda.

At UEL, we are committed to ensuring a strong and healthy research environment that guarantees that our teaching is research informed. In the past year, we are very proud to have made our submission to REF2014 showcasing the high quality research we have produced and published over the last five years and the impact of work from the last 20 years.

Through our ongoing strategy of support and investment in research we have increased the number of units of assessment submitted from nine in RAE2008 to 13 in REF2014, and increased the number of staff submitted by almost 20%.



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## Legal right to rehabilitation for torture survivors

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Research conducted at UEL has influenced both domestic and international legal policy, leading to the codification of legal obligations to address a fuller range of torture survivors' needs. It has also influenced the design, development and delivery of services for torture survivors around the world, leading to a new interest in interdisciplinary research on the subject amongst legal and clinical practitioners. The research has encouraged interest amongst nation states, United Nations and European Union officials, service providers, and clinical and legal professionals globally in working towards a shared understanding of the subject, and has improved implementation of international human rights law.





Our research is only meaningful through the impact it has on society. Consequently, we have strengthened our open access platform so that the public can easily and freely find our research outputs. We also continue to engage with our community which provides a “living laboratory” for much of the life changing and cutting edge research that our researchers engage in. We also acknowledge that global networking and meaningful collaboration beyond the HE sector are important.



In the past year, we have restructured a number of areas in the university to create what we call our research, innovation and enterprise directorate which makes up our Enterprise and Innovation team, Research Development team and Graduate School. We believe that through this synergetic approach to research and enterprise, we can get the best out of ourselves and maximize the support we give to our students and community through our well known initiatives around women’s entrepreneurship, business start up support through our innovation hub, Knowledge Dock.

We are also engaged and committed to supporting projects that are applied and that support our commitment to women researchers particularly in the STEM area. In the past year, we have hired an academic leader to drive our desire to achieve eventually a silver award through the Athena Swan project.



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## Professor Angela Harden

BSc MSc PhD,  
Professor of Community  
and Family Health

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Professor Angela Harden is a social scientist with 20 years' experience of conducting mixed methods health research and she joined UEL in 2008.

Together with the Head of Maternity Services at Barts Health, the UK's largest NHS Trust, Angela is currently leading on a pioneering new research project to help transform antenatal care across east London and beyond. The five year multi-institutional research programme is part of £900k research grant from the National Institute for Health Research (NIHR) and targets socially disadvantaged and ethnically diverse communities who currently experience some of the worst maternal and infant outcomes.

## Student employability

Student employability is at the heart of our outcome driven approach to our student success. Every year we ask all those who have recently completed a course at UEL to take part in a survey to find out what happens to them after they leave UEL. This survey, Destinations of Leavers from Higher Education Survey, is one measure of our student outcomes on the journey after graduation. We are pleased to see an increase in the outcomes for our students with 85.6% reported in graduate employment after six months from graduation (2012/13 results).

As an education institution, we cannot guarantee our students jobs, but we will guarantee them the skills and education that will make them employable. We have substantially increased our support of our employability unit in the university so that we begin engaging our students from induction week until graduation with the needed direction, advice and skill building for successful careers. We offer mentoring, volunteering, enterprise support, career advice and research internships all with a view to make the journey our students take after us as successful as possible.

## Professional services

In 2013/2014 a major review of support services was undertaken (the Professional Support Services Review). The aims of the review were to:

- > Decrease the cost of administrative support activities
- > Improve control of the student record
- > Invest some of the identified savings in better student-facing services, to improve the student experience, student progression and retention and student outcomes.

In total, the review is forecast to deliver an operational saving of £3.0m p.a., with £2.5m of that reinvested in improved student facing services.

Key elements of the Professional Support Services Review include:

- > Creation of a single, organisation-wide Academic Registry with control of the student record and delivering administrative support across schools in a cost effective, shared service environment.

- > Creation of "one stop shops" for Student Support at each campus – the Student Support Hub. Each Hub will provide simpler and faster access to support services, extended opening hours to suit student needs and multi-channel coordinated access. There will be significant investment in the estate and in supporting IT to manage and track student queries.
- > Investment of further staff resource in additional careers advice and work experience capacity building, additional skills support for students and in tracking and supporting student progression and retention.

So far the revised staff structures have been consulted upon with staff and Trade Union representatives, internal selection has been completed to fill the proposed posts with internal staff, and external recruitment to remaining vacancies is now in progress. Good employee relations were maintained throughout with extensive consultation beginning at the start of 2014 with Trade Unions and with all staff from April 2014.

The new structures will come into place and the Student Support Hubs will open in January 2015.









## Our estate

UEL has invested significantly in the past few years in its estate and this past year was no exception. Following the completion of a £14.8 million state-of-the-art library built on our Stratford campus, this year we opened the £32 million University Square Stratford facility that is a joint venture with Birkbeck College, University of London. We also commenced work on both our Stratford and Dockland campus to begin the building of new student centres that will feature Student Hubs providing student services as well as social space for students to meet and relax between classes.

We have refurbished space at Stratford to accommodate the newly merged School of Business and Law. And across both campuses we have timetabled the teaching facilities to enable the new Academic Framework.



## Sustainability

Environmental sustainability enjoys a high profile across the university. Key highlights of 2013-14 include:

- > The investment of £80k in intelligent metering technology, to closely track energy use with a high degree of granularity across the estate, identifying areas of wastage and potential for savings
- > The "Student Switch Off" campaign was a competition between the various halls of residence on the Docklands campus, engaging students in practical measures and decisions to save energy
- > We have replaced the signage on 550 bins across our campuses to create a clear visual message of what items can and cannot be recycled. This will improve recycling rates.
- > UEL's innovative "beetle bump" won a silver award at the Green Apple Awards. This brown field mock habitat has been the catalyst for the reintroduction of the threatened streaked bombardier beetle into east London.



## Lee Valley Bird Hide

First year architecture students returned to the Lee Valley to design a permanent Bird Hide structure for a site overlooking the filter beds.

A design was agreed using timber donated by the Leaside Wood Recycling Project and coppiced willow harvested from the filter beds. The whole group worked together to survey the site, collect material, refine the design at scale 1:1, and construct the Bird Hide in the Lee Valley Waterworks Nature Reserve. This was the first commissioned architectural intervention for these budding architects.



## Information technology

The first part of the IT transition programme has progressed extremely well. In the last year we have successfully replaced the entire university network, implemented ubiquitous network coverage on all our sites (including halls of residence), built a modern desktop environment with new management tools, integrated the UEL Mac estate and rolled out over 3,000 new laptops and PCs. The university now has a modern, best in class infrastructure which will be fit for purpose for at least the next five years. The development of the Programme Management Office, Business Relationship Management function and IT Governance structure has continued, enabling the delivery of over 50 business driven projects to all areas of the university - which have made real improvements to the day to day lives of both staff and students at UEL. Meanwhile our project to issue Samsung tablets to all new first year undergraduate students has attracted national press coverage.



The 12 months ahead will see further investment in our infrastructure and we will shortly be starting the overdue refresh programme of the university's audio visual equipment. We also have plans to implement new systems for web content management, intranet, student help desk and research project costing along with a major finance system upgrade.

## Risk management

Institutional risks are regularly reviewed and assessed by the Risk Working Group, which is a sub-group of the University Management Team. The Group meets three times a year and at each meeting the Members consider what the most serious risks are likely to be for the following twelve to eighteen months. It maintains the corporate risk register and reports regularly to the Audit Committee and annually to the Board of Governors. We have mitigating actions in place and have created contingency funds to enable us to respond appropriately 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 three most significant risks highlighted in our corporate risk register as at July 2014 were as follows:

### Student recruitment

This was identified as a risk following the September 2013 recruitment exercise which represented a shortfall against the previous year. We have been working on improving the effectiveness of conversion activity and have commissioned an external review of recruitment and marketing processes – which will inform a new recruitment strategy. Results from the September 2014 intake have been encouraging, and recruitment remains an area of continued focus.

### Student experience

In a competitive marketplace, a poor student experience is a significant risk which can translate into loss of market share. We recently appointed Dr Stella Cottrell into a new senior post, Pro Vice-Chancellor (Learning, Teaching and Student Engagement), to coordinate our efforts in this area. The improvement in the National Student Survey in 2014 (where UEL rose 22 places in the national ranking) shows that significant progress is being made to mitigate this risk.

### Progression Rates

Undergraduate progression and degree completion rates have been disappointing in recent years. The new Academic Framework, developed over the year and coming into effect in September 2014, has been carefully designed to help to improve progression. Other more tactical initiatives include the attendance monitoring system and the appointment of dedicated student advisory and mentoring roles (Learning Achievement Mentors - LAM and Learning Achievement Advisors - LAA ). This risk is firmly on the agenda of the Board of Governors and Audit Committee and will be monitored closely over the coming year.







## Financial review

In common with other Higher Education Institutions, UEL's financial strategy revolves around the generation of ongoing surpluses to provide financial stability and to fund investment, increasingly important as capital grants are no longer readily available. Levels of surplus achieved in recent years can be seen in the table below. The Board requires a financial contingency reserve of 50 days' income to be held in secure, liquid investments, as a contingency fund against unexpected adverse events.

## Financial performance

	2013/14	2012/13	2011/12	2010/11	2009/10
	£m	£m	£m	£m	£m
Income	£155.9	£155.3	£153.9	£166.5	£159.6
Expenditure	£150.9	£147.9	£149.6	£160.1	£150.9
Surplus	£5.0	£7.4	£4.3	£6.4	£8.7
Operating surplus as % of income	3.2%	4.8%	2.8%	3.8%	5.5%
Cash generated from operating activities	£10.1	£16.9	£10.9	£12.6	£17.5
Capital expenditure	£6.7	£21.8	£20.0	£14.6	£8.5
Cash and deposits at bank	£52.5	£50.0	£55.8	£61.8	£63.3

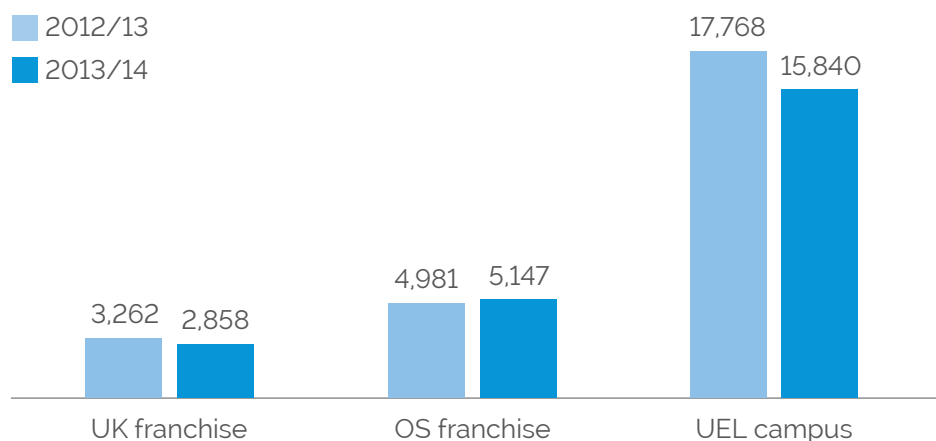
### The key highlights are:

- > Income showed a modest growth of 0.4% to £155.9m
- > Expenditure increased by 2.0% to £150.9m
- > Operating surplus fell by £2.4m from £7.4m to £5.0m, representing 3.2% of total income
- > Cash and deposits at bank increased by £2.5m to £52.5m
- > Capital expenditure for five years totaled £70.6m

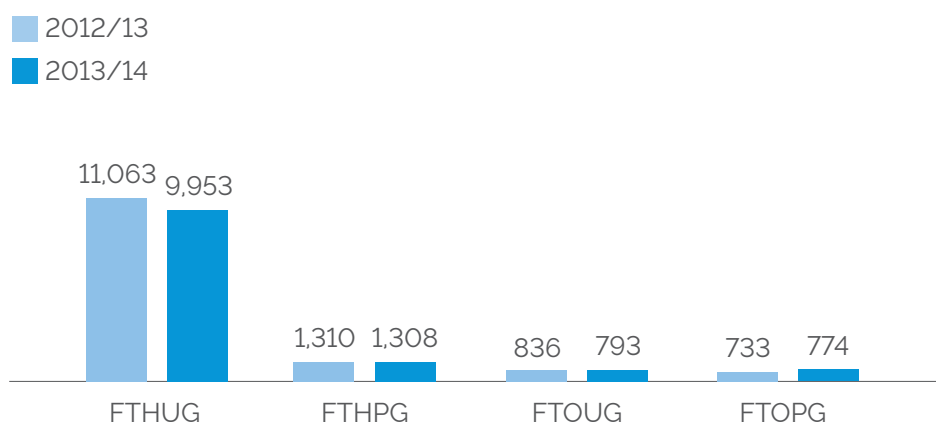
## Student numbers

In 2013/14 the university had a total of 23,845 (2012/13: 26,011) students distributed across its UK and overseas franchises, as well as the UEL campuses. Of the total student population, there were 15,840 on campus students in 2013/14 as compared to 17,768 in 2012/13.

### Total number of students



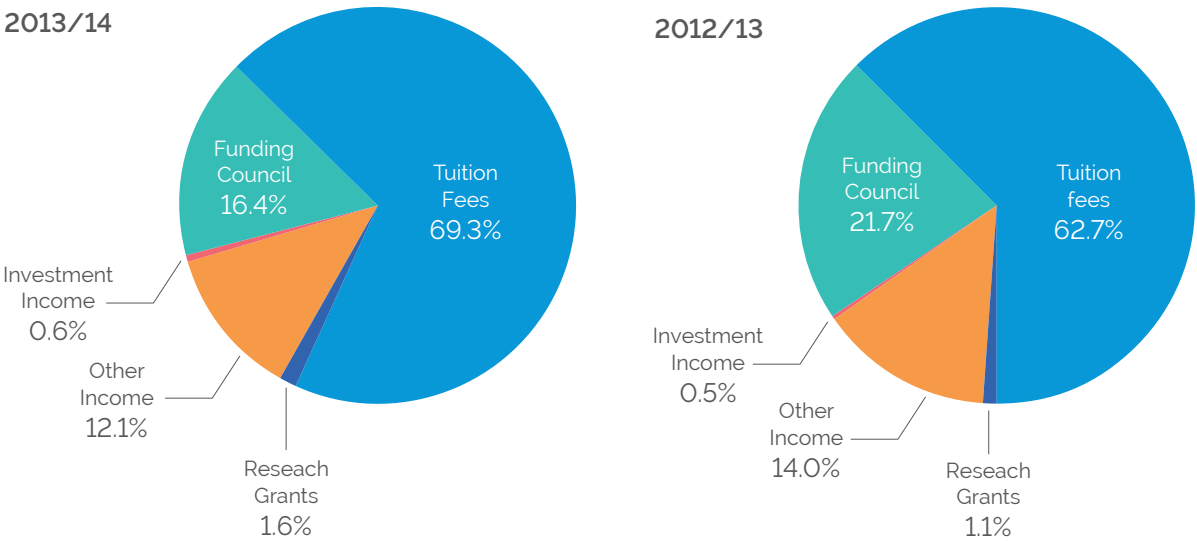
### Number of full time Home and Overseas Undergraduate and Postgraduate students studying on our campuses



Within the on campus figures, the number of full time home undergraduates (FTHUG) has decreased by 10% from 11,063 to 9,953, while the home postgraduates student numbers remained steady at 1,308 full time equivalent. Up until 2011/12, FTHUG student numbers increased reflecting the award of additional student numbers in earlier years. Since 2012/13, our FTHUG numbers have declined, partly due to the change in government regulations in relation to the relaxation of recruitment of students with ABB grades, and lower student number control limits imposed by HEFCE when the new fee was introduced.

On the overseas market, our student numbers have reduced since 2009/10. This is due mainly to new restrictions imposed by the UK Borders plus declining demand for our programmes from our usual catchment areas. A new international strategy which seeks to grow our international business has been developed and implemented.

## Income



The university income is made up of funding council grants, tuition fees and educational contracts, research grants and contracts, other income including residences, collaborative partnerships and investment income.

Whilst student numbers declined, income showed a small growth, increasing to £156m. This is due to the fact that we have more UK and EU students paying the new tuition fee.

The main highlights are as follows:

Funding Council grants have decreased by £0.8m to £25.6m. This is due to the change in the funding regime for UK and EU students introduced in 2012/13. This has the effect of a reduction in grant funding with a corresponding increase in tuition fee. As a result, tuition fees and educational contracts now represent 69.3% (2012-13: 62.7%) of the university's income stream.

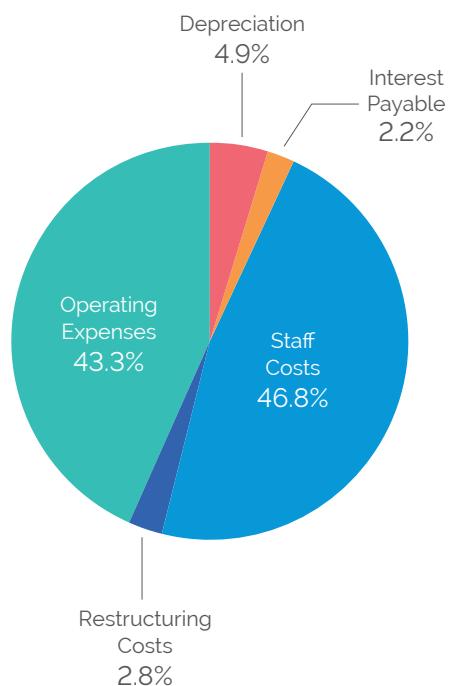
Research grants and contracts income have grown £0.8m to £2.5m due mainly to a higher level of successful grant capture in 2013/14.

Other income has contracted by 13.8% to £18.8m, due mainly to the termination of a number of collaborative partnerships, plus the inclusion of income generated from the London 2012 Olympics in 2012/13.

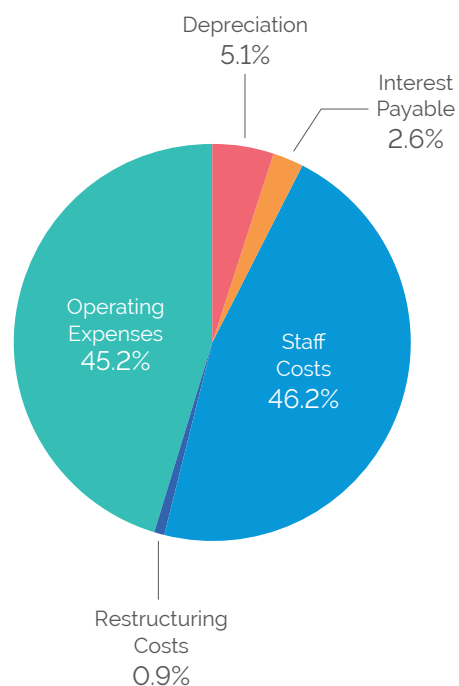


## Expenditure

2013/14



2012/13



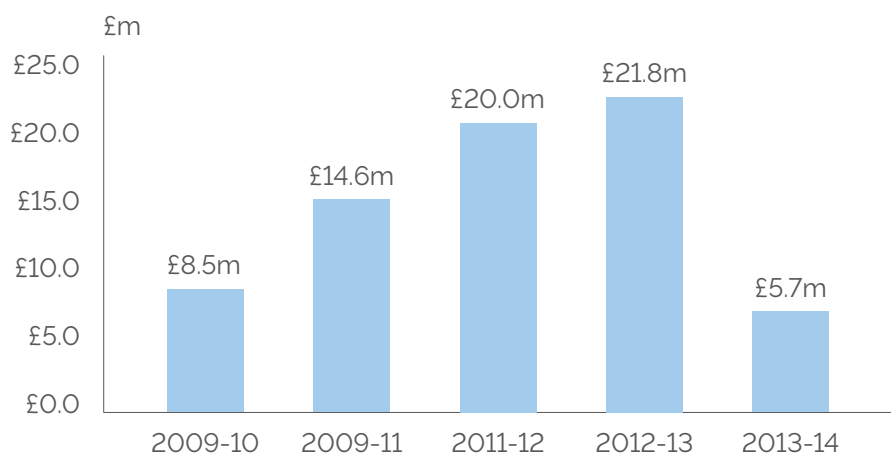
Staff costs for this financial year were £70.5 m as compared to prior year of £68.3 m, accounting for 47% (2012/13: 46%) of total expenditure.

Restructuring costs for 2013/14 were £4.2 m (2012/13: £1.5m) which included the costs incurred as a result of the professional services review described earlier in this report and reviews of other areas of the university's activities.

**Operating expenditure (non-staff) accounted for 45% (2012/13: 44%) of total expenditure. As compared to 2012/13, there was a decrease of £1.5m and the main reasons were:**

- > fewer payments to partner colleges as compared to 2012/13 due to lower recruitment,
- > 2012/13 expenditure included operating costs incurred for the 2012 Olympics, and
- > lower spend on repairs and maintenance and minor works.

## Capital expenditure



The university has continued to invest in improving and upgrading its infrastructure, its student facilities and the estate. 2013-14 saw the conclusion of the University Square Stratford (USS) building, and was a year of relatively lower spend. Over the last few years from 2010 to 2014, we invested £70.6m in capital projects in relation to the development of Sports Dock, Docklands reception, Stratford Library and USS building. The investments in our estates have been funded primarily through the generation of cash from operating activities.

## Balance sheet

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

	2010/11	2011/12	2012/13	2013/14	Change
	(£m)	(£m)	(£m)	(£m)	2010-2014
Net book value fixed assets	1671	179.4	193.7	190.1	13.8%
Outstanding loans	-35.3	-34.1	-32.2	-30.1	-14.9%
Net assets	120.4	108.1	117.7	107.0	-11.1%
Net pension liability	-45.2	-64.4	-61.7	-77.1	70.6%

At 31 July 2014, the net assets stood at £107.0m (2012/13: £117.7m), but the working capital improved by 39% from £15.7m to £21.9m. This was due to reduction in payments to creditors as majority of the capital expenditure for Stratford and Docklands projects were incurred in 2012/13. The university's current ratio increased to 1.6 in 2013/14 from 1.4 in 2012/13.

As compared to the net assets in 2012/13, there was a reduction of £10.7m. The main reason for the reduction relates to the on-balance sheet Local Government Pension Scheme liability, which increased by £15.4m. The net deficit on the LGPS has grown to £77.1m this year and it remains one of our largest financial risks. The latest triennial actuarial valuation of the scheme was received at the end of 2013, indicating a funding level of 70%. In order to reduce the deficit, the previous employer contribution rate of 23.6% of salaries will rise progressively over a three year period - which started in April 2014 - to a new level of 28.1%, which includes a 10.8% deficit recovery charge.

The Board continues to review pensions options for the future. Further information on the university's pension schemes can be found in note 26 to the financial statements.

## Cash flow

The university's total cash balances grew by £2.5m from £50.0m in 2012/13 to £52.5m in 2013/14. This represents 133 days of expenditure cover as compared to 120 days in the previous year, which exceeded the minimum requirement of 50 days as set by the Board.

As at 31 July 2014, the university had a net cash inflow of £10m (2013: £16m), a reduction of £6m due mainly to the decrease in surplus generated. The university has maintained a substantial level of cash balances over the last five years to ensure that there is sufficient funds to meet the day to day operational needs, as well as the ongoing and future capital projects, and academic framework that is currently being implemented.

## Borrowings

The university drew down two bank loans in 2006 and 2007 for the development of Stratford and Docklands projects. In 2013, an interest free loan was secured from HEFCE for the development of USS building in Stratford. The total loans borrowed were £44.7m on a repayment basis. Total outstanding loans as at the balance sheet date were £30.1m (2012/13: £32.1m). Note 14 to the accounts provides the details of the loans.



## Investment performance

	2013/14	2012/13
Gain on sale of investment	793	518
Bank Interest receivable	156	208
Income from investment	949	726
Unrealized (losses) / gains	(27)	241

The Finance and Capital Projects Committee approved a new Treasury Management Policy in April 2014. The revised Policy sets guidelines on which financial institutions the University can place deposits with and sets concentration limits to spread counterparty risk. Funds are divided into four subpools, with maximum liquidity and lowest risk for the 50 day "core cash" pool (representing the 50 days of cash contingency required by the Board). Additional funds beyond this are segregated into three subpools based on the time period when funds may be required under a downside cashflow projection – each with appropriate investment asset classes to reflect the relevant investment horizon. The Policy is designed to optimise investment returns whilst matching investment with liquidity needs and minimizing risk.

Barclays are the university's cash managers and have been charged with implementing the investment policy. The process of setting up the revised cash deposits and investment portfolio commenced before year end, and this including selling the University's holding in the Barclays Wealth Global Markets fund.

Positive returns on world markets enabled the university to record a gain of £0.8m when it sold its holding in Barclays Wealth Global Markets fund, contributing to overall investment income of £0.9m.

## Looking forward

The Higher Education sector is seeing increased volatility as a result of changes in funding, the lifting of student number caps, and the transition to a marketised model.

In common with other Post 1992 Universities, UEL has not been immune from these sector changes, and we have seen student recruitment decline over a number of years. In terms of financial performance over this period the positive impact of the £9,000 fee together with strong budget management have enabled the consistent delivery of financial surpluses.

We envisage that our surpluses will be under pressure over the next two years. At the same time, as can be seen throughout this Annual Report, UEL has strong strategies in place to improve academic progression and consequently the retention of students, together with short and medium term strategies to grow recruitment. These strategies are already bearing fruit with encouraging student recruitment in September 2014. We anticipate that overall student numbers will grow in future years. Together with a firm control of expenses and the pursuit of cost savings opportunities, we are confident that growth in student numbers will drive a recovery of surpluses after a short term dip.

## Public benefit statement

The University of East London is an exempt charity by virtue of the Charities Acts 2011. The Charities Commission has issued guidance on public benefit requiring that there must be clear identifiable benefit or benefits relating to the aims of the university. But where the benefits must be to the public or a section of the public; the beneficiaries must be appropriate to the aims, and 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, and people in poverty must not be excluded from the opportunity to benefit.

**Our university has defined four key objectives which articulate our charitable purpose:**

- > To recruit and retain students who have the passion and potential to succeed
- > To deliver student success through high-quality, distinctive and inspirational teaching
- > To provide our graduates with life-enhancing career opportunities
- > To grow sustainable research and enterprise which contributes to the advancement of the world around us

## Bursaries and scholarships

We offer a wide range of bursaries and scholarships to all to pursue their course of studies, irrespective of their backgrounds, location or financial circumstances. 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 2013-14 we spent £11.7 million (2012-13: £10.8 million), or 8% (2012-13: 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 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.

For the second year running, the university provided free core text book for each module being studied to the undergraduates. This scheme was introduced at the start of the academic year 2012/13 where free books were given to all first year undergraduates, and in 2013/14, all first and second undergraduates received free books. Over 65,000 books were given to our students since the start of 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.

Continuing with our free books initiative, for the coming academic year 2014/15, the university will be giving out free electronic tablets and e-books to all first year students, whereas the second and third year students will be receiving free printed books to aid in their studies.



# Corporate governance

The corporate governance 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 Higher Education Funding Council for England (HEFCE) Accounts direction for the year.

The institution endeavors to conduct its business in accordance with the seven "Nolan 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 governing body, responsible for ensuring the effective oversight and management of the institution and for planning its future development. It has ultimate responsibility for all the affairs of the institution, including setting its general strategic direction as follows:

- a) the determination of the educational character, strategic vision and mission of the university 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 Board has a majority of independent members, and its membership includes: the Vice-Chancellor, one teaching member of staff nominated by the Academic Board and two co-opted students. The Vice-Chancellor and the member of staff nominated by Academic Board are paid employees of the University of East London but no member of the Board receives any reimbursement for the work they do as a Governor.

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 largely concerned with general issues relating to the teaching and research work of the institution.

Hand-in-hand with the revision of the academic framework, discussed elsewhere in this report, we have also completed a root-and-branch review of the governance structure of the Academic Board. Reporting to the Board are a number of key committees, all of which have particular roles to play in ensuring the quality of the student experience. These committees are: the Learning and Teaching Committee, the Regulations Committee, the Student Experience Committee, the Quality and Standards Committee, the Research Ethics Committee, the Academic Development Committee and the Research and Knowledge Exchange Committee. These committees receive regular reports from Schools and relevant Services and are in turn required to report regularly to the Academic Board.

The Board of Governors meets at least five times each academic year, and much of its detailed work is initially handled by committees, specifically the Finance and Capital Projects Committee, the Employment Committee, the Governance and Search Committee, the Remuneration Committee, the International Development and Commercial Activities Committee and the Audit Committee.

A significant proportion of the membership of these committees consists of independent members of the Board other than student and staff members, who, with the exception of staff governor representation on the Governance and Search Committee, are not eligible to serve on these committees. The Board of Governors has recently approved a proposal by the Finance and Capital Projects Committee to have a member of staff attend meetings as an observer.

**The Vice-Chancellor and Chief Executive** 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 HEFCE, 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.

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. The Vice-Chancellor is supported by the Vice-Chancellor's Group, which consists of the Senior Post holders appointed by the Board of Governors.

The University Management Team consists of the Vice-Chancellor's Group together with Deans, Directors and other senior staff with management responsibilities. The University Management Team was the main executive decision making body during 2013/14. The structure for executive management and operational performance management has been reviewed during the year and in 2014/15 there will be an additional group which brings together the VCG and Deans.

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.

The governors have appointed Ms Elizabeth Thussu as the new Head of Governance and Legal Services of the institution and the Clerk to the Board, and in that capacity, she will provide independent advice on matters of governance to all Board members. Pending Ms Thussu's taking up her post in November 2014 the Board has appointed Mr David Woodhouse as Acting Head of Governance and Legal Services and Acting Clerk to the Board of Governors.

## Statement of primary responsibilities

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

**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

**Other primary responsibilities of the Board of Governors which are mentioned explicitly in the Instrument and Articles of Government are:**

- > Establishment of (sub) committees and approval of terms of reference;
- > Approval of membership of the Academic Board
- > Election of the Chair and Deputy Chair
- > Appointment of new Board members under the constitution outlined in the Instrument of Government
- > Approval of rules on staff conduct
- > Ensuring academic freedom as defined in the Articles of Government
- > Approval of rules for the suspension and dismissal of staff including appeals
- > Approval of rules for staff grievances
- > Approval of the Students' Union constitution
- > Receipt of Students' Union's accounts
- > Approval of rules on student conduct



- > Ensuring that students may raise matters of concern (complaints procedure)
- > Approval of tuition and other fees
- > Keeping accounts, records and appointing auditors
- > Making rules and bye-laws for the good governance of UEL and compliance with the law.
- > Determination of size of the Board of Governors
- > Approval of allowances for Governors (travel and subsistence, not remuneration for their work)
- > Use of the Seal, delegated to two Governors or a Governor and the Clerk

**Not mentioned in the Articles explicitly but deriving from UK and EU legislation and funding body regulations the Board is also responsible for the overall legal and regulatory framework of our University:**

- > Trusteeship of charitable funds
- > Guardianship of degree awarding powers which cannot be delegated, for example, to a partner institution, but which are exercised by Academic Board under its powers
- > Ensuring compliance with the HEFCE's Financial Memorandum, with the Vice-Chancellor acting as Accountable Officer. This includes making arrangements for internal and external audit and approving financial regulations
- > Ensuring compliance with all relevant bodies of UK legislation

## Financial responsibilities of Board of Governors

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 preparing the financial statements, 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 HEFCE 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 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.
- > clear definitions of the responsibilities of, and the authority delegated to, heads of schools and services;
- > a medium and short-term planning process, considering multiple scenarios for student number forecast to evaluate risks and opportunities around retention and recruitment;

- > 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;
- > clear policies for staff covering inter alia travel and other expenses and the use of purchase cards;
- > 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. 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 2014 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 receive reports concerning the system of internal control from the Chair of the Audit Committee, and we require regular management reports to draw attention to the attendant risks and how they are being managed. We expect the Vice-Chancellor to alert us to any emergent risks we are facing;
  - c) the Audit Committee receives regular reports from the internal auditors which provide an independent opinion on the adequacy and effectiveness of the internal control system, together with recommendations for improvement;
  - d) a robust risk management methodology based on risk ranking and cost-benefit analysis has been established;
  - e) 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;
  - f) local 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;
  - g) 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;
  - h) 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.
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 BDO, delivered 143 days of internal audit work, plus 4 days of Risk Management training for UEL managers. 12 internal audits were completed, and the reports duly submitted to Audit Committee. The subjects of the reports were in line with the annual Internal Plan approved by Audit Committee, and included core financial systems, staff expense claim processes, data quality, external labour, and mechanisms to ensure student progression. All the 2013/14 internal audit programme was completed by September 2014.

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. Moderate assurance was also provided in respect of the university's arrangements for value for money. 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 the University of East London for the year ended 31 July 2014 which comprise Consolidated Income and Expenditure Account, the Group and University Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses 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 governing body 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 Statement of Primary Responsibilities, 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 2014 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 2014 have been applied for the purposes for which they were received; and
- > in all material respects, income during the year ended 31 July 2014 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

November 2014

# Consolidated income and expenditure account

for the year ended 31 July 2014

	Notes	2014		2013	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Funding Council grants	2		25,655		33,666
Tuition fees and education contracts	3		108,083		97,368
Research grants and contracts	4		2,515		1,751
Other income	5		18,782		21,814
Investment income			949		726
<b>Total income</b>			<b>155,984</b>		<b>155,325</b>
<b>Expenditure</b>					
Staff costs					
- recurring staff costs	6	70,546		68,279	
- exceptional restructuring costs	6	4,240		1,459	
Other operating expenses	7	65,316		66,813	
Depreciation	10	7,568		7,456	
Interest payable	8	3,325		3,901	
<b>Total expenditure</b>			<b>150,995</b>		<b>147,908</b>
<b>Surplus for the year transferred to reserves</b>	9		<b>4,989</b>		<b>7,417</b>

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 2014

	2014		2013	
	£'000	£'000	£'000	£'000
Surplus for the year transferred to reserves		4,989		7,417
Exchange rate gains		-		21
Unrealised (losses)/gains on current asset investments		(27)		241
Actuarial (losses)/gains for local government pension scheme:				
– actuarial losses on defined benefit obligations	(11,209)		(3,459)	
– actuarial (losses)/gains on fair value of employer's assets	(3,362)		7,169	
Total actuarial (losses)/gains for local government pension scheme		(14,571)		3,710
<b>Total recognised (losses)/gains relating to the year</b>		<b>(9,609)</b>		<b>11,389</b>

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

## Reconciliation

Opening reserves and endowments		68,965		57,576
Total recognised (losses)/gains for the year		(9,609)		11,389
<b>Closing reserves and endowments</b>		<b>59,356</b>		<b>68,965</b>



# Group and university balance sheets

as at 31 July 2014

	Notes	2014		2013	
		Group £'000	University £'000	Group £'000	University £'000
<b>Fixed assets</b>					
Tangible assets	10	190,077	190,056	193,667	193,663
Investments	11	34	34	34	34
		<b>190,111</b>	<b>190,090</b>	<b>193,701</b>	<b>193,697</b>
<b>Current assets</b>					
Stocks		14	-	18	-
Debtors - receivable within one year	12	6,973	7,131	10,489	11,022
- receivable after more than one year	12	95	95	-	-
Investments - deposits at bank		15,222	15,222	16,527	16,527
Cash at bank and in hand		37,397	37,252	33,537	33,418
		59,701	59,700	60,571	60,967
Creditors - amounts falling due within one year	13	(37,813)	(37,475)	(44,841)	(44,901)
<b>Net current assets</b>		<b>21,888</b>	<b>22,225</b>	<b>15,730</b>	<b>16,066</b>
<b>Total assets less current liabilities</b>		<b>211,999</b>	<b>212,315</b>	<b>209,431</b>	<b>209,763</b>
Creditors - amounts falling due after more than one year	14	(27,960)	(27,960)	(30,060)	(30,060)
Net assets excluding pension liability		184,039	184,355	179,371	179,703
Net pension liability	26	(77,082)	(77,082)	61,688	(61,688)
<b>Net assets</b>		<b>106,957</b>	<b>107,273</b>	<b>117,683</b>	<b>118,015</b>
<b>Represented by</b>					
Deferred capital grants	15	47,601	47,601	48,718	48,718
Pension reserve	16	(77,082)	(77,082)	(61,688)	(61,688)
General reserve (excluding pension reserve)	16	130,779	131,095	124,855	125,187
General reserve		53,697	54,013	63,167	63,499
Revaluation reserve	16	5,659	5,659	5,798	5,798
<b>Total</b>		<b>106,957</b>	<b>107,273</b>	<b>117,683</b>	<b>118,015</b>

The financial statements were approved by the Board of Governors on 25 November 2014 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 2014

	Notes	2014		2013	
		Group £'000	University £'000	Group £'000	University £'000
<b>Net cash inflow from operating activities</b>	17		<b>10,044</b>		<b>16,879</b>
<b>Returns on investments and Servicing of finance</b>					
Interest received		988		898	
Interest paid		(1,570)		(1,659)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			<b>(582)</b>		<b>(761)</b>
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets and investments		(5,756)		(21,842)	
Sale of tangible fixed assets		181		-	
Capital grants received		767		1,582	
<b>Net cash outflow from capital expenditure and financial investment</b>			<b>(4,808)</b>		<b>(20,260)</b>
<b>Net cash in/outflow before management of liquid resources and financing</b>			<b>4,654</b>		<b>(4,142)</b>
<b>Management of liquid resources</b>					
Net cash withdrawn from bank deposit		1,305		3,308	
<b>Net cash inflow from management of liquid resources</b>			<b>1,305</b>		<b>3,308</b>
<b>Financing</b>					
Loan principal payment		(2,099)		(1,899)	
<b>Net cash outflow from financing</b>			<b>(2,099)</b>		<b>(1,899)</b>
<b>Increase/(decrease) in cash in the year</b>			<b>3,860</b>		<b>(2,733)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>					
Increase/(Decrease) in cash in the year			3,860		(2,733)
Cash outflow from decrease in debt			2,099		1,899
Cash inflow from decrease in liquid resources			(1,305)		(3,308)
<b>Movement in the year</b>			<b>4,654</b>		<b>(4,142)</b>
Unrealised gains on current asset investment			-		262
Net funds at 1 August			15,905		19,785
<b>Net funds at 31 July</b>	18		<b>20,559</b>		<b>15,905</b>

# 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 2014. 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.

#### (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:

Asset Group		Years
Buildings	Freehold	50
	Long Leasehold	25
	Short Leasehold	3
Major Refurbishment Projects		5
Equipment	General	8
	Solar Panels	25
	Lifts	15-20 depending on type of life
	Boilers and Chillers	15
	Generators	25
Computers		5
Furniture		10
Vehicles		5



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.

**(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.

#### **(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

	2014	2013
	£'000	£'000
<b>Higher Education Funding Council for England</b>		
Recurrent grant:		
- teaching	20,500	25,846
- research	1,943	2,073
Specific grants	577	794
National Scholarship Programme	1,161	561
Release of deferred capital grants:		
- buildings	1,059	2,664
- equipment	26	65
<b>National College for Teaching &amp; Leadership</b>		
Teaching grant	389	1,616
Contribution to administration costs	0	6
Specific Grants	0	41
	<b>25,655</b>	<b>33,666</b>

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).

## 3. Tuition fees and education contracts

	2014	2013
	£'000	£'000
UK Higher Education students	81,097	70,354
European Union (excluding UK students)	9,207	7,904
Non European Union students	14,150	14,872
Total fees paid by or on behalf of individual students	104,454	93,130
Education contracts	3,629	4,238
	<b>108,083</b>	<b>97,368</b>



#### 4. Research grants and contracts

	2014	2013
	£'000	£'000
Research councils	502	280
UK based charities	349	411
European Commission	544	271
Other grants and contracts	1,120	789
	<b>2,515</b>	<b>1,751</b>

Other grants and contracts include income of £204,225 (2012/13: £71,400) from the GLA Well London Project Funding (via the Big Lottery Fund).

#### 5. Other income

	2014	2013
	£'000	£'000
Residences, catering and conferences	7,452	9,059
Collaborative agreements	2,681	3,508
Release of non-HEFCE capital grants	799	702
Non-research income	2,388	2,631
Other income	5,462	5,914
	<b>18,782</b>	<b>21,814</b>

Non-research income includes income of £28,337 (2012/13: £32,300) from the Wates Family Enterprise Trust.

#### 6. Staff costs and numbers

	2014	2013
	Number	Number
The average weekly number of persons employed by the University of East London during the year, expressed as full time equivalents, was:		
Senior management staff	4	5
Teaching and research staff	564	549
Professional, administrative, technical and other support staff	706	681
	<b>1,274</b>	<b>1,235</b>

	2014	2013
	£'000	£'000
<b>Staff costs for the above persons</b>		
Wages and salaries	56,046	55,308
Social security costs	5,039	4,955
Other pension costs:		
- Teachers' Pension Scheme	3,587	3,514
- Local Government Pension Scheme		
• current service costs	4,853	4,254
• net contribution in respect of unfunded benefits	(36)	(51)
• past service costs	-	119
• gains on curtailments and settlements	228	2
- UEL Pension Scheme	829	178
Restructuring costs	4,240	1,459
	<b>74,786</b>	<b>69,738</b>
<b>Analysis of staff costs by activity</b>		
Academic departments	43,986	42,815
Research grants and contracts	1,313	814
Academic services	3,439	3,938
Administration and central services	14,574	15,053
Information Technology	4,724	2,975
Premises	2,069	1,985
Residences, catering and conferences	363	452
Other expenses	78	765
Less difference between employer contributions to Local Government Pension Scheme included above and the FRS17 charge	-	(518)
Restructuring costs	4,240	1,459
	<b>74,786</b>	<b>69,738</b>

Included in the staff costs above are salaries totalling £1,753,452 (2012/13: £2,004,138) paid to 902 (2012/13: 1,129) 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 34 full time equivalent academic staff in 2013/14 (2012/13: 40 academic staff).

## Emoluments of the Vice-Chancellor

	2014	2013
	£'000	£'000
Salary and benefits	230	233
Pension contributions	28	33
	<b>258</b>	<b>266</b>

Professor John Joughin was appointed as Vice-Chancellor on 23 July 2013. The prior year figures include the remuneration of the previous Vice-Chancellor, plus those of Professor Joughin as acting Vice-Chancellor from February 2013. The emoluments of the Vice-Chancellor are shown excluding employer's national insurance contributions.

The £230,000 shown as Vice-Chancellor's remuneration for 2013/14 is made up of a salary of £201,000 plus health insurance and a backdated acting-up allowance in respect of the previous year when Professor Joughin served as acting Vice-Chancellor

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% (2012/13: 14.1%).

## Higher paid staff

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:

	2014	2013
	Number	Number
£100,001 - £110,000	1	2
£110,001 - £120,000	2	0
£120,001 - £130,000	1	2
£130,001 - £140,000	1	2
£140,001 - £150,000	0	1
£150,001 - £160,000	2	1
£160,001 - £170,000	0	1

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

The University carried out a Professional Services Review in the year to 31 July 2014. As a result, redundancy was offered to staff and a combined total of £348,000 was paid to two former higher paid employees (2012/13: £589,000).

## 7. Other operating expenses

	2014	2013
	£'000	£'000
Academic departments	19,180	20,246
Research grants and contracts	777	452
Bursaries and scholarships	11,717	10,709
Academic services	2,200	2,215
Administration and central services	9,581	10,244
Residences, catering and conferences	3,825	4,371
Other expenses	3,879	5,596
Information Technology:		
- recurring costs	2,648	2,231
- major infrastructure upgrade	1,183	174
Premises:		
- recurring costs	8,082	7,490
- refurbishment costs	2,244	3,085
<b>Other operating expenses</b>	<b>65,316</b>	<b>66,813</b>

Other expenses include:

External auditor's remuneration:		
- fees payable to the university's auditor for the audit of the university's annual accounts	54	53
Fees payable to the university's auditor for other services:		
- the audit of the university's subsidiary, pursuant to legislation	3	3
- other audit services	9	9
Internal auditor's remuneration	101	114
Losses on disposal of tangible fixed assets	56	21
Students' Union grant	685	604
Rentals paid during the year under operating leases:		
- hire of plant and machinery	547	572
- buildings	529	491



## 8. Interest payable

	2014	2013
	£'000	£'000
On bank loans, overdrafts and other loans:		
- repayable wholly or partly in more than 5 years	1,554	1,651
Local Government Pension Scheme		
- net pension scheme finance costs	1,771	2,250
	<b>3,325</b>	<b>3,901</b>

## 9. Surplus for the year

	2014	2013
	£'000	£'000
The consolidated surplus for the financial year is made up as follows:		
University surplus for the year	4,977	8,010
Surplus/(Deficit) generated by the subsidiary undertakings	12	(593)
<b>Consolidated surplus for the financial year</b>	<b>4,989</b>	<b>7,417</b>

## 10. Tangible fixed assets

	Land and buildings		Equipment and Furniture £'000	Assets in the course of construction £'000	Total £'000
	Freehold £'000	Long leasehold £'000			
<b>Cost</b>					
At 1 August 2013	197,960	5,378	19,820	18,649	241,807
Additions	669	-	3,394	374	4,437
Disposals	(6,088)	-	(686)	-	(6,774)
Adjustments	17,798	-	964	(18,762)	-
<b>At 31 July 2014</b>	<b>210,339</b>	<b>5,378</b>	<b>23,492</b>	<b>261</b>	<b>239,470</b>
<b>Depreciation</b>					
At 1 August 2013	36,750	384	11,006	-	48,140
Charge for year	5,154	65	2,349	-	7,568
Disposals	(5,724)	-	(591)	-	(6,315)
<b>At 31 July 2014</b>	<b>36,180</b>	<b>449</b>	<b>12,764</b>	<b>-</b>	<b>49,393</b>
<b>Net book value</b>					
<b>At 31 July 2014</b>	<b>174,159</b>	<b>4,929</b>	<b>10,728</b>	<b>261</b>	<b>190,077</b>
<b>Net book value</b>					
<b>At 31 July 2013</b>	<b>161,210</b>	<b>4,994</b>	<b>8,814</b>	<b>18,649</b>	<b>193,667</b>
Inherited assets	5,482	-	-	-	5,482
Assets funded by capital grants	46,780	3,552	170	-	50,502
Assets funded from other sources	121,897	1,377	10,558	261	134,093
<b>Net book value</b>					
<b>At 31 July 2014</b>	<b>174,159</b>	<b>4,929</b>	<b>10,728</b>	<b>261</b>	<b>190,077</b>

Included in Freehold Land and Buildings is land valued at £894,333 (2012/13: £894,333). Included in Long Leasehold Land and Buildings is land with an original cost of £3,757,000 (2012/13: £3,757,000).

Also included within Freehold Land and Buildings is capitalised interest of £1,022,541 (2012/13: £1,048,683). Capitalised interest is depreciated at the same rate as the buildings constructed with the loan funding.

	2014	2013
	£'000	£'000
The net book value of equipment and furniture comprises:		
Equipment	5,300	4,746
Furniture	966	1,071
Computers	4,403	2,942
Vehicles	59	55
	<b>10,728</b>	<b>8,814</b>

All assets are owned by the University of East London with the exception of assets with a net book value of £21,000 owned by subsidiaries (2012/13: £4,000).

## 11. Investment

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.

In October 2014, the ICAEW issued a revised guidance in relation to donations by a company to its parent charity. The impact on the University will be an adjustment to be made in the 2014-15 accounts in accordance to the revised guidance.

With effect from 01 August 2014, the university has increased its shareholdings in the **University Stratford Square (USS)** property from 66.7% to 84.4%. A payment of £3.2m was made to Birkbeck College, University of London in respect of this acquisition.

The university owns £34,000 of shares issued by **Universities UK** (2012/13: £34,000).

## 12. Debtors

	2014		2013	
	Group £'000	University £'000	Group £'000	University £'000
<b>Amounts receivable within one year</b>				
Trade debtors	4,453	4,348	7,400	7,338
Amounts owed by subsidiary undertaking	-	274	-	707
Other debtors	331	331	845	738
Prepayments and accrued income	2,189	2,178	2,244	2,239
	<b>6,973</b>	<b>7,131</b>	<b>10,489</b>	<b>11,022</b>
<b>Amounts receivable after more than one year</b>				
Other debtors:				
- Between two and five years	-	-	-	-
General prepayments and accrued income:				
- Between one and two years	95	95	-	-
	<b>95</b>	<b>95</b>	<b>-</b>	<b>-</b>

## 13. Creditors: amounts falling due within one year

	2014		2013	
	Group £'000	University £'000	Group £'000	University £'000
Other loans repayable within one year	2,099	2,099	2,099	2,099
Trade creditors	16,129	16,068	14,674	14,620
Other creditors	806	635	4,042	4,203
Taxation and social security	2,196	2,171	2,147	2,142
Accruals and deferred income	16,583	16,502	21,879	21,837
	<b>37,813</b>	<b>37,475</b>	<b>44,841</b>	<b>44,901</b>



#### 14. Creditors: amounts falling due after more than one year

	2014		2013	
	Group £'000	University £'000	Group £'000	University £'000
<b>Other loans - Bank</b>				
- 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	20,095	20,095	21,995	21,995
<b>Other loans - HEFCE</b>				
- Between one and two years	267	267	200	200
- Between two and five years	-	-	267	267
	<b>27,960</b>	<b>27,960</b>	<b>30,060</b>	<b>30,060</b>

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

	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 2013	94	182	24,898	23,544	48,718
Grant received	-	-	767	-	767
Released to Income and Expenditure Account	(26)	(80)	(1,059)	(719)	(1,884)
<b>At 31 July 2014</b>	<b>68</b>	<b>102</b>	<b>24,606</b>	<b>22,825</b>	<b>47,601</b>

## 16. Reserves

### Group

	Revaluation reserve £'000	Pension reserve £'000	General reserve £'000
At 1 August 2013	5,798	(61,688)	124,855
Surplus for the year before transfers from reserves	-	-	4,989
Release of revaluation reserve in respect of depreciation and disposal charged against fixed assets	(139)	-	139
Actuarial loss for local government pension scheme	-	-	(14,571)
Unrealised gain on current asset investments	-	-	(27)
Transfers between general reserve and pension reserve (see note 26):			
- current service costs	-	(4,853)	4,853
- past service costs	-	0	0
- curtailment and settlement	-	(228)	228
- employer contributions	-	5,312	(5,312)
- contributions in respect of unfunded benefits	-	717	(717)
- net return on assets	-	(1,771)	1,771
- actuarial loss for local government pension scheme	-	(14,571)	14,571
<b>At 31 July 2014</b>	<b>5,659</b>	<b>(77,082)</b>	<b>130,779</b>

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 2013	295	437	732
Donations received	10	250	260
Released to Income and Expenditure Account	(15)	(208)	(223)
<b>At 31 July 2014</b>	<b>290</b>	<b>479</b>	<b>769</b>

All reserves are held within the University of East London with the exception of deficits totalling £146,000 (2012/13: deficits totalling £332,000) held within the subsidiaries.

## 17. Reconciliation of surplus for the year to net cash inflow from operating activities

	2014	2013
	£'000	£'000
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets	4,989	7,417
Depreciation	7,568	7,456
Deferred capital grants released to income	(1,884)	(3,432)
Gains on disposal of tangible fixed assets	420	21
Interest payable:		
- on bank loans, overdrafts and other loans	1,554	1,650
- local government net pension scheme finance costs	1,771	2,250
Decrease in stocks	4	11
Decrease/(Increase) in debtors	3,211	(1,497)
(Decrease)/Increase in creditors	(5,692)	4,935
Interest receivable	(949)	(726)
Local government pension scheme costs:		
- net contribution in respect of unfunded benefits	(717)	(739)
- current service costs	4,853	4,254
- past service costs	-	119
- curtailments and settlements	228	2
- employer contributions	(5,312)	(4,842)
<b>Net cash inflow from operating activities</b>	<b>10,044</b>	<b>16,879</b>

## 18. Analysis of net funds

	At 31 July 2013	Cash flow	Non-cash movements	At 31 July 2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	33,537	3,860	-	37,397
Debt due within one year	(2,099)	2,099	(2,099)	(2,099)
Debt due after one year	(30,060)	-	2,099	(27,961)
Current asset investments	14,527	(1,305)	-	13,222
<b>Net funds</b>	<b>15,905</b>	<b>4,654</b>	<b>-</b>	<b>20,559</b>

## 19. Capital commitments

### Group and University

	2014	2013
	£'000	£'000
Contracted for but not provided for in the financial statements	722	1,405
Authorised by the Board of Governors but not yet contracted for	2,276	4,048

## 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.

	2014 Land and Buildings £'000	2014 Other £'000	2013 Land and Buildings £'000	2013 Other £'000
Leases which expire:				
- Less than one year	-	11	78	-
- Between one and two years	-	246	-	11
- Between two and five years	-	300	-	246
- In five years or more	-	-	-	195
	-	557	78	452

## 21. Provisions

### Group and University

	Joint venture closure £'000
At 1 August 2013	477
Charge for the year	82
Utilisation of provision and write-off	(559)
At 31 July 2014	-

A provision of £477k was made in 12/13 in respect of closure of joint venture. An accounting entry of £82k was made in 13/14 to recognise a final liability. There are no further charges to be incurred in relation to the joint venture.



## 22. Contingent liabilities

There are no contingent liabilities as at 31 July 2014.

## 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 post holder	Opening debtor or (creditor)(£)	Income or (expenditure) for the year (£)	Closing debtor or (creditor) (£)
Tavistock & Portman NHS Trust	Board member			
Collaborative teaching agreement		-	409,752	-
Collaborative teaching agreement		(161,225)	(443,493)	-
UEL Students' Union	Elected President			
Other services - income		1,669	49,794	3,178
Annual support grant		-	(710,065)	-

None of our governors were paid for their services as a governor. No expenses were paid to non-staff governors during the year (2012/13: £nil).

## 24. Capital commitments

	2014	2013
	£'000	£'000
At 1 August	-	(207)
Received	820	965
Interest earned	4	4
Disbursed	(799)	(762)
At 31 July	25	-

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.

## 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 (2012/13: other creditors). The funds received and disbursed for the two schemes are noted here for information only.

### Trainee Teacher Bursaries

	2014	2013
	£'000	£'000
At 1 August	387	117
Received	2,332	2,895
Disbursed	(2,422)	(2,625)
At 31 July	297	387

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.

## 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 own Retirement and Savings Plan, a defined contribution scheme. As at the end of July 2014, we had 315 members. A UEL Governance Group meets annually to oversee the progress of the Plan. The UEL defined contribution scheme is designed to address concerns of staff who are unable to afford the level of contributions paid under the LGPS/TPS scheme.

### 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 2014	Increase against previous rate
	£14,999	6.4%	0.0%
£15,000	£25,999	7.2%	0.2%
£26,000	£31,999	8.3%	0.4%
£32,000	£39,999	9.5%	0.7%
£40,000	£44,999	9.9%	0.7%
£45,000	£74,999	11.0%	0.9%
£75,000	99,999	11.6%	1.0%
£100,000		12.4%	1.2%

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

#### **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 2013. 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 2014. 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 25.1% of pensionable salaries for non-teaching staff (2012/13: 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 £5,314,000.

The principal financial assumptions used by the actuary were:

	2014	2013	2012
Pension increase rate	2.7% pa	2.8% pa	2.2% pa
Salary increase rate*	4.0% pa	5.1% pa	4.5% pa
Expected return on assets	5.7% pa	5.6% pa	4.5% pa
Discount rate	4.0% pa	4.6% pa	4.1% pa

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

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

	2014	2013
Current pensioners – male	21.8 years	21.2 years
Current pensioners – female	24.0 years	23.1 years
Future pensioners – male	24.1 years	22.7 years
Future pensioners – female	26.5 years	25.0 years

Life expectancy for all of the below yearends is based on the Fund's Vita Curves. The allowance for future life expectancy is shown in the following table.

Year ended	Prospective pensioners	Pensioners
31-Jul-13	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-Jul-12	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-Jul-11	year of birth, medium cohort	year of birth, medium cohort and 1% p.a. Minimum improvements from 2007
31-Jul-10	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-Jul-09	calendar year 2033	calendar year 2033
31-Jul-08	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:

	2014		2013		2012	
	Long term Return	Fund Value £'000	Long term Return	Fund Value £'000	Long term Return	Fund Value £'000
<b>Assets</b>						
Equities	6.5%	74,325	6.6%	66,160	5.5%	52,367
Bonds	3.4%	22,621	3.5%	27,912	2.8%	26,183
Property	4.7%	8,617	4.6%	7,236	3.7%	8,126
Cash	3.6%	2,154	3.4%	2,068	2.8%	3,611
		<b>107,717</b>		<b>103,376</b>		<b>90,287</b>

The above asset values as at 31 July 2014 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:

	2014 £'000	2013 £'000	2012 £'000
Estimated asset share	107,717	103,376	90,287
Present value of scheme liabilities	(177,608)	(157,626)	(146,888)
Present value of unfunded liabilities	(7,191)	(7,438)	(7,753)
<b>Net pension liabilities</b>	<b>(77,082)</b>	<b>(61,688)</b>	<b>(64,354)</b>

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	
	2014	2013	2014	2013	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance	103,376	90,287	(165,064)	(154,641)	(61,688)	(64,354)
Contributions by members	1,489	1,388	(1,489)	(1,388)	-	-
Contributions by the employer	5,312	4,842	-	-	5,312	4,842
Contributions in respect of unfunded benefits	717	739	-	-	717	739
Estimated benefits paid	(4,935)	(4,413)	4,935	4,413	-	-
Estimated unfunded benefits paid	(717)	(739)	717	739	-	-
Expected return on assets	5,837	4,103	-	-	5,837	4,103
Actuarial gains/(losses)	(3,362)	7,169	(11,209)	(3,459)	(14,571)	3,710
Current service cost	-	-	(4,853)	(4,254)	(4,853)	(4,254)
Interest cost	-	-	(7,608)	(6,353)	(7,608)	(6,353)
Past service costs	-	-	-	(119)	-	(119)
Losses on curtailments	-	-	(228)	(2)	(228)	(2)
<b>Closing balance</b>	<b>107,717</b>	<b>103,376</b>	<b>(184,799)</b>	<b>(165,064)</b>	<b>(77,082)</b>	<b>(61,688)</b>

	2014	2013
	£'000	£'000
Fair value of employer assets	107,717	103,376
Present value of funded obligations	(177,608)	(157,626)
<b>Net under-funding in funded plans</b>	<b>(69,891)</b>	<b>(54,250)</b>
Present value of unfunded obligations	(7,191)	(7,438)
<b>Net pension liability</b>	<b>(77,082)</b>	<b>(61,688)</b>

Analysis of amount charged to the income and expenditure account:

	2014	2013
	£'000	£'000
Current service cost	4,853	4,254
Past service cost	-	119
<b>Operating charge</b>	<b>4,853</b>	<b>4,373</b>
Expected return on employer assets	5,837	4,103
Interest on pension scheme liabilities	(7,608)	(6,353)
Losses on curtailments	(228)	(2)
<b>Net return</b>	<b>(1,999)</b>	<b>(2,252)</b>
<b>Net income and expenditure account cost</b>	<b>6,852</b>	<b>6,625</b>

History of experience gains and losses:

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on assets	(3,362)	7,169	(4,561)	2,831	5,774
Value of assets	107,717	103,376	90,287	87,297	77,749
Percentage of assets	(3.1%)	6.9%	(5.0%)	3.2%	7.4%
Experience (losses)/gains on liabilities	1,988	(103)	(1,885)	3,084	242
Present value of liabilities	184,799	165,064	154,641	132,475	129,988
Percentage of the present value of liabilities	1.1%	(0.1%)	(1.2%)	2.3%	0.2%
Actuarial gains/(losses) recognised in STRGL	(14,571)	3,710	(19,078)	7,752	6,117
Present value of liabilities	184,799	165,064	154,641	132,475	129,988
Percentage of the present value of liabilities	(7.9%)	2.2%	(12.3%)	5.9%	4.7%
Net pension liability	77,082	61,688	64,354	45,178	52,239

	2014	2013
	£'000	£'000
Actual return less expected return on pension scheme assets	(3,362)	7,169
Changes in assumptions underlying the present value of the scheme liabilities	(11,209)	(3,459)
<b>Actuarial gains/(losses) recognised in the Statement of Recognised Gains and Losses</b>	<b>(14,571)</b>	<b>3,710</b>



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