

UNIVERSITY OF EAST LONDON

REPORT

AND

FINANCIAL STATEMENTS

**FOR THE
YEAR ENDED
31 JULY 2010**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

CONTENTS

	Page
Governors, Executives and Advisors	2
Report of the Governors	3
Statement of Primary Responsibilities	23
Corporate Governance Statement	24
Statement of Governors' Responsibilities	25
Statement by the Board of Governors on Internal Control and Risk Management	26
Independent Auditors' Report to the Governors of the University of East London	28
Consolidated Income and Expenditure Account	30
Consolidated Statement of Total Recognised Gains and Losses	31
Group and University Balance Sheets	32
Consolidated Cash Flow Statement	33
Notes to the Accounts	34

GOVERNORS, EXECUTIVES AND ADVISORS AT 31 JULY 2010

Board of Governors

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

Holders of senior posts

Professor P McGhee MA (Glas) DPhil (Oxon) CPsychol AFBPsS	Vice-Chancellor
Mr N Borkhataria BSc ACA	Pro-Vice-Chancellor & Director of Finance

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
Victoria Street
St Albans
AL1 3TF

Bankers

Barclays Bank Plc
P O Box 1006
Barking
IG11 8AT

Solicitors

Finers Stephens Innocent LLP
179 Great Portland Street
London
W1W 5LS

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

Cumberland Ellis LLP
Atrium Court
15 Jockey's Fields
London
WC1R 4QR

REPORT OF THE GOVERNORS**Purpose of the report**

This report is intended to provide the reader with an account of the board's stewardship of the charity which is the University of East London during the financial year 2009/10. It sets out the vision the board has provided and the steps which have been taken towards fulfilling that vision.

Constitution

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

Scope of the financial statements

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

Vision

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

Mission

Our mission is to:

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

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

Ms J Arnold
 Mr R Baxi
 Mr R Beaver
 Mr J Bitrus (retired July 2010)
 Mr M Brace
 Ms J Calvert-Lee
 Ms S Crouch (appointed July 2010)
 Mr T Grainger
 Dr M Hannam
 Mr A Holman (retired July 2010)
 Professor Sir D Hopkin (appointed January 2010, retired January 2010)
 Dr I Jenkins
 Mr K Jones (retired April 2010)
 Mr R Loomba
 Mr M Magonya (retired August 2010)
 Professor P McGhee (appointed February 2010)
 Mr B Patriniche
 Mr R Pointer
 Professor S Price (retired December 2009)
 Professor D Rose (retired July 2010)
 Mr M Saleem (retired October 2009)
 Ms A Slater
 Mr M Stephens (Chair) (appointed August 2009)
 Dr K Tang

Introduction

*Figure 1: Mark Stephens,
Chair of Governors*

This set of Financial Statements is presented by me in my first year as Chair of Governors. I am delighted to be Chair at what is a very exciting and ambitious time for UEL, but set in the context of radical reform proposals following the Browne review and government funding cuts. UEL staff have worked hard over the last few years to deliver a sustainable and very firm financial foundation for the future. We have seen strong growth in demand for our courses from home, EU and overseas students. Our turnover has increased significantly over the last three years. We adopted a new financial strategy in April 2007 which now produces annual operating surpluses and significant levels of cash from our activities. This is essential at a time when the higher education sector faces the prospect of large cuts in government funding. In the rest of this section I highlight the achievements over the last year and mention some of our exciting plans for the years ahead.

I am pleased to report that at the start of the year the Board appointed a new Vice-Chancellor, Professor Patrick McGhee, who started in February 2010. Professor McGhee is a graduate of Glasgow and Oxford and he recently completed an executive development programme at Harvard Business School. Professor McGhee was Deputy Vice-Chancellor at the University of Central Lancashire. Following his appointment, Professor McGhee said: "I am obviously very excited to be joining UEL at such an important time in its development. I am passionate about the potential of UEL to deliver outstanding opportunities to the learners, communities and businesses of the region. UEL's distinctive strengths in its location, diversity, distance learning and Olympic and Paralympic engagement give it a unique role in the regeneration of the area. I look forward to working with my new colleagues and our students as we seek to enhance UEL's reputation still further both nationally and internationally and in particular give our students a first class experience."



*Figure 1: Patrick McGhee,
Vice-Chancellor*

REPORT OF THE GOVERNORS (CONTINUED)

During the course of the year we also appointed two new members to the Vice-Chancellor's Group:

Professor John Joughin was appointed Deputy Vice-Chancellor, Academic and started on 1 September 2010.

Professor Joughin previously held the post of Pro-Vice-Chancellor (Research) and Professor of English Literature at the University of Central Lancashire. He has a significant track record of experience of engagement with the creative industries; both as a board member of Creative Lancashire (2007-10) and as a member of the EU Think Tank on Digital Content (2009).

On 3 August 2010, John Shaw started work at UEL in the role of Pro-Vice-Chancellor, International. John was previously the Head of the School for Languages and International Studies at the University of Central Lancashire.

He joined the University of Central Lancashire in 1989 as a lecturer in Spanish and French, becoming Head of School in 1999. He was instrumental in the University winning the Times Higher Education award for Outstanding Support to International Students, after establishing a network of franchise partners at leading universities in China, Hong Kong and Europe with over 2,000 students studying overseas on the University's degree courses. John will lead on global reach which is one of the nine strategic objectives in our new strategic plan, Transformation for Excellence 2010 - 2020.

We are also pleased to mention that Professor Lord Kamlesh Patel of Bradford has been appointed to the University of East London as Director of Strategic Partnerships and Senior Advisor to the Vice-Chancellor.

Lord Patel, Shadow Minister for Communities in the House of Lords, will focus on creating strategic links between the university and public and private sector organisations regionally, nationally and internationally. He will also lead on a number of regional and national research and knowledge transfer projects in health, social care and criminal justice policy and practice.

Until recently Lord Patel was Professor at De Montfort University and prior to that Head of the International School for Communities, Rights and Inclusion, University of Central Lancashire. He is internationally renowned for his work with communities and social cohesion across a range of issues including mental health, drug and alcohol use, crime and regeneration.

Finally, I would like to take this opportunity to thank Professor Sir Deian Hopkin who assisted us with the transition between the departure of our Acting Vice-Chancellor Professor Susan Price who became Vice-Chancellor of Leeds Metropolitan University in January 2010 and Professor Patrick McGhee starting in February 2010. Professor Hopkin's advice and guidance was appreciated.

Transformation for Excellence 2010 - 2020

Introduced by the Vice-Chancellor during 2009/10, and following wide consultation with staff, students, governors and other stakeholders, the Board was happy to endorse our new strategy for the next ten years. Transformation for Excellence 2010 - 2020 highlights what our longer term vision is for 2020 and identifies our key strategic objectives for 2015. In order to achieve our vision of where we want to be in 2020, the following nine high-level objectives build on existing strengths and lay out the key strategic priorities for the next five years:

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

REPORT OF THE GOVERNORS (CONTINUED)

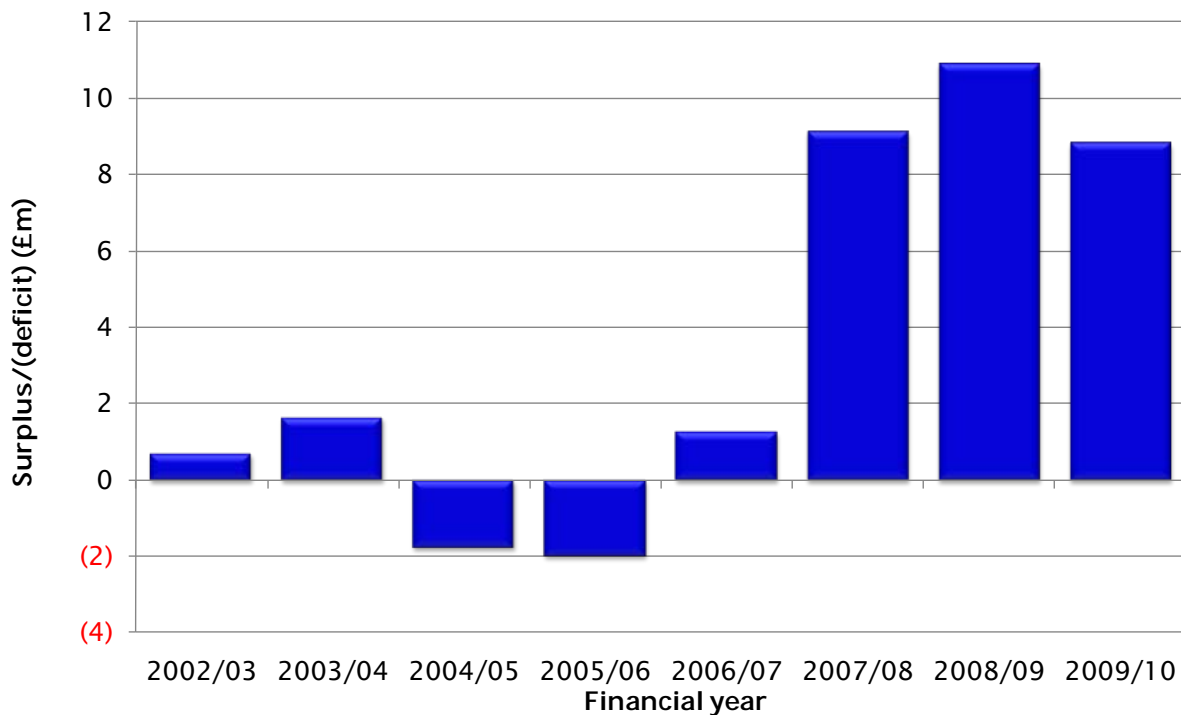
Transformation for Excellence 2010 - 2020 sets out what we must do and why. Our next steps are to review our processes for strategic management, set out detailed action plans for each of the nine strategic objectives, launch our annual Schools and Services planning round and review each of our current supporting strategies. Transformation for Excellence 2010 - 2020 and the detailed action plans will form the Corporate Plan. The Corporate Plan will be reviewed on an annual basis with key highlights and achievements reported to internal and external stakeholders. Whilst this is all set within a background of extensive government funding cuts and new student finance proposals under the Browne review of Higher Education, in this way, we will ensure that our staff and students continue to remain engaged with our Strategy as we progress towards 2020.

Financial Performance

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

Chart 1 highlights the trend in our revenue outturn over the last 8 years. Our surplus for the year to 31 July 2010 was £8.7 million (2008/09 £10.8 million) representing 5.4% of total income (2008/09 7.2% of total income).

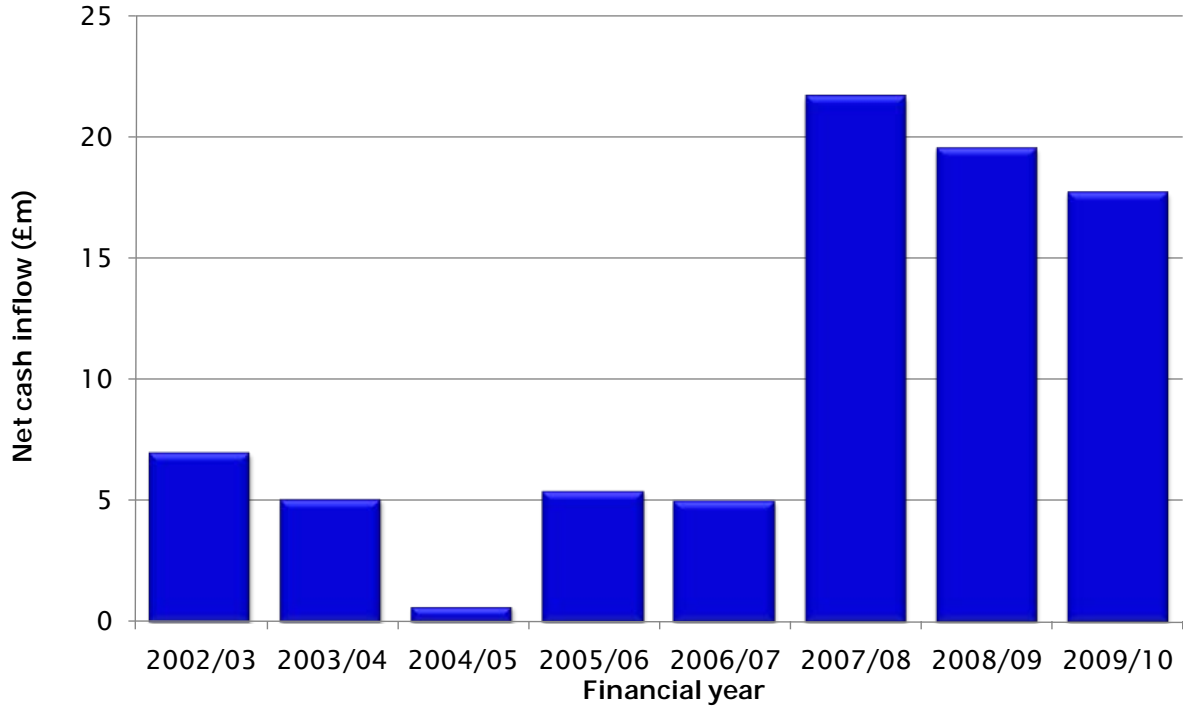
Chart 1: Surplus/(deficit) excluding gains or losses on sale of fixed assets



REPORT OF THE GOVERNORS (CONTINUED)

Chart 2 highlights the impact such a positive budget strategy has on the levels of cash generated from our operating activities. Having sold the last of our surplus buildings in 2005/06, we needed to amend our financial strategy to ensure that we were creating cash which could be reinvested in our infrastructure without the need for further loan funding. Over the last three years, our revenue activities have generated a total of £59.0 million.

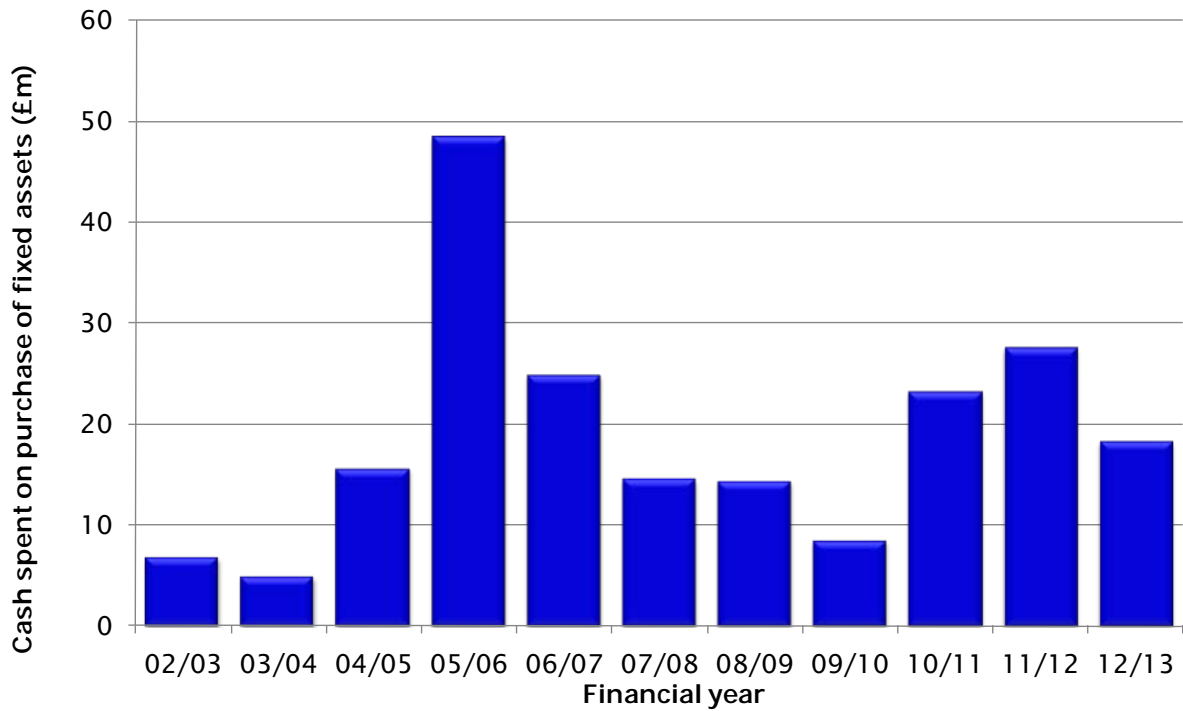
Chart 2: Net cash inflow from operating activities



REPORT OF THE GOVERNORS (CONTINUED)

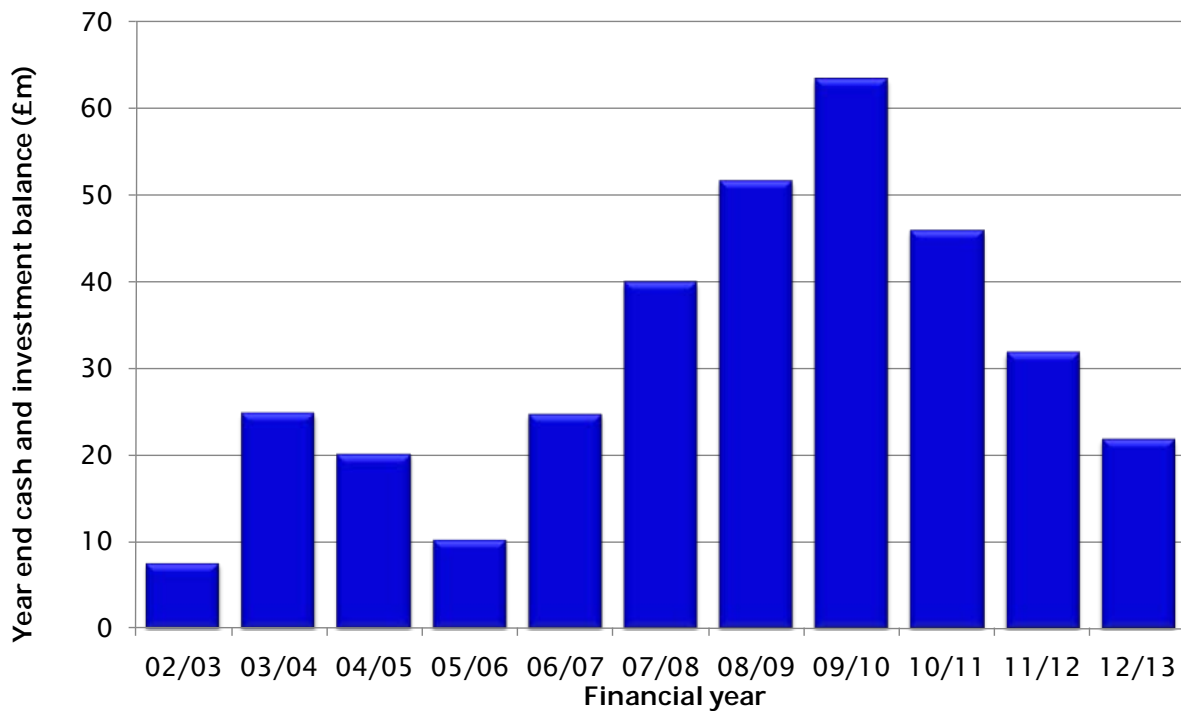
Chart 3 details the effect this strategy has had on our ability to invest in fixed assets, particularly in relation to new buildings. Up to 2007/08, investment in our estate was met by a combination of loan funding in relation to new student residences and sale proceeds for other assets. Through generation of cash from operating activities since 2007/08, we have been able to invest significant sums of money in improving and growing our estate without the need for further loan funding. This trend will continue with three major building projects being undertaken over the next three to four years: SportsDock, a joint building project with Birkbeck College and a new library for our Stratford campus. All three projects will be funded from our own cash reserves. (The spend profile for 2010/11 onwards is taken from our long term cash flow forecast).

Chart 3: Cash spent on purchase of fixed assets



REPORT OF THE GOVERNORS (CONTINUED)

With the ongoing downturn in the world economy, the expectation of imminent funding cuts and the introduction of a new funding model for Higher Education, it is becoming ever more important to ensure that sufficient cash is available to weather any short term funding challenges. Our board has determined that a minimum level of cash equivalent to 35 cash days should be maintained at all times. With a turnover excluding interest receivable of £158.6 million in 2009/10 (2008/09 £148.1 million) this equates to a minimum cash holding of £15.2 million (2008/09 £14.2 million). Even though we expect to invest in excess of £50 million in our estate over the next three years, Chart 4 confirms that we expect to remain comfortably above this minimum level, even if we assume a modest growth in income in the same period. (The cash balances at the end of 2010/11 and beyond are estimates from our long term cash flow forecast).

Chart 4: Year end cash and investment balances

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

	2006/07 (£m)	2007/08 (£m)	2008/09 (£m)	2009/10 (£m)	Change 2007-2010
Net book value fixed assets	141.9	151.0	159.1	159.2	+12.2%
Outstanding loans	(43.8)	(41.6)	(39.4)	(37.2)	+15.1%
Net assets	97.8	93.4	86.4	104.4	+6.7%
Net pension liability	(21.4)	(35.4)	(56.8)	(52.2)	-143.9%
Net funds/(debt)	(19.1)	(2.2)	11.9	25.5	+£44.6m

As we approach what is undoubtedly likely to be an uncertain period for the Higher Education sector it is pleasing to know that we have such a strong Balance Sheet. Since 2006/07 we have invested £17.3 million in fixed assets (after depreciation and disposals), repaid £6.6 million of our loans and, despite a significant increase in the pension liability of the Local Government Pension Scheme, still improved our net funds position by £44.6 million.

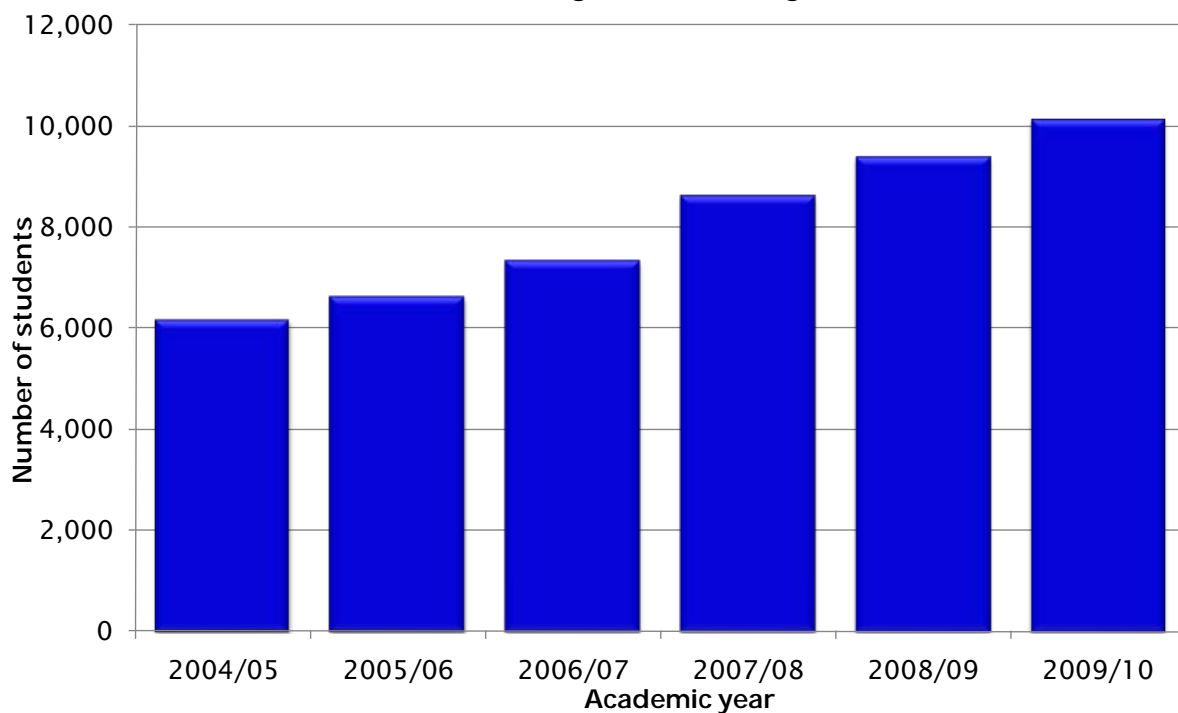
REPORT OF THE GOVERNORS (CONTINUED)

Although the pension deficit decreased this year after the substantial increase in liability suffered by the scheme at the start of the economic downturn in 2008/09, it is likely that our contribution rate will again need to increase once the next triennial valuation is prepared in 2010. Funding pension schemes in the long term is a subject challenging all businesses at present and is currently included as a risk in our corporate risk register. The Board is committed this year to conducting a thorough review and assessment of options for the future. Further information on our pension schemes can be found in note 24 to the financial statements.

Student Demand

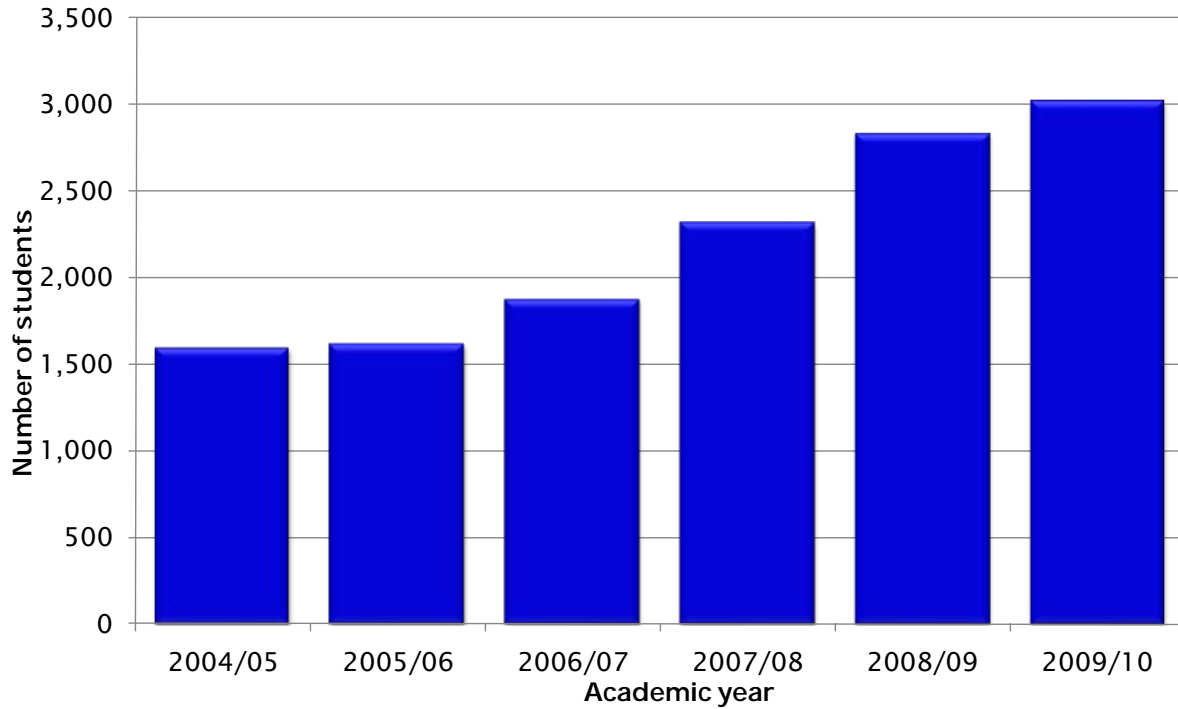
During the year we again increased the number of enrolled students on campus and those studying on our programmes worldwide. Growth in our two key markets between 2004/05 and 2009/10 can be seen in Charts 5 and 6. The number of full time undergraduate students from the United Kingdom and elsewhere within the European Union is likely to have reached its peak under current government funding rules and the implications of a change in funding strategy are still not known. Growth in international student numbers remains steady despite the economic downturn and the introduction of more stringent visa regulations. Transformation for Excellence 2010 – 2020 focuses on the needs of our students within an ever changing environment and a number of detailed plans will be developed over the coming years to move us towards meeting our strategic objectives.

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



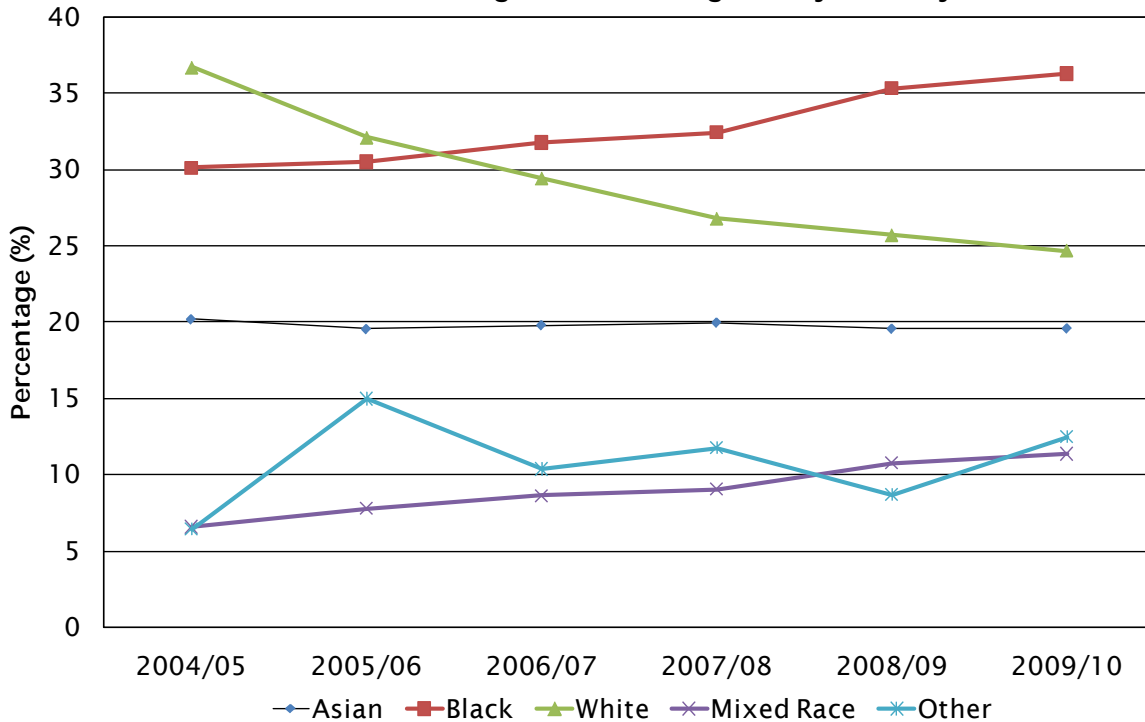
REPORT OF THE GOVERNORS (CONTINUED)

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



Much analysis is undertaken during the year to assist us with understanding the trends in our student data. Chart 7, as an example, highlights the diversity in ethnicity of our undergraduate population.

Chart 7: Percentage of full time undergraduate students from the European Union, including the United Kingdom, by ethnicity



REPORT OF THE GOVERNORS (CONTINUED)

The income we received from tuition fees and education contracts rose from £75.0 million in 2008/09 to £84.2 million in 2009/10; a rise of 12.3% in the year. The rise from 2008/09 to 2009/10 relating to UK and EU students was £6.7 million, an increase of 16.5%. The current government funding regime was introduced in 2006/07 so this rise represents the first set of comparable data with most students in 2008/09 and 2009/10 being charged under a similar fee structure. Our new Pro-Vice-Chancellor, International will continue to work on diversifying the countries from which students coming to study with us in the UK originate and also on collaborations overseas. The total income received from students outside the European Union during 2009/10 grew by 7.3% to £31.6 million.

Retention

The Higher Education Statistics Agency (HESA) publish statistics on each UK university's non-continuation rate. HESA's publications for retention show the outcomes of complex modelling and project the anticipated level of completions. Projections for the seven entry cohorts for which HESA has most recently published data are shown in table 1 below.

Table 1. HESA projections for undergraduate non-completion

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

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

The trend in this measure continues to make significant progress. Since 2001/02, measures we have introduced have enabled us to initially meet and now exceed our benchmark figure, even though the benchmark itself has fallen. A reduction in the non-completion rate of 44.6% since 2001/02 is a significant success but we remain committed to reducing the rate still further.

Employment

HESA publish statistics on each UK university's graduate employment rates.

The results for the last seven years are shown in table 2 below.

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

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

Source: HESA website - performance indicators (E1)

The adoption of a skills curriculum, an employability strategy, a specialized Employability Unit and their introduction of skills workshops and placements for our final year students aimed at effectively obtaining employment, continue to be successful. We are pleased to report that despite the impact of the recession, we have exceeded the benchmark figure for students being in employment or further study six months after graduation.

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

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

Bunmi Olaye, BA Fashion Design, completed July 2010

Bunmi set up a company with her partner, Francis Udom, during the sandwich year of her degree at UEL and following the successful completion of her programme this summer she showcased her collection during London Fashion Week. The show was attended by celebrities including former Sugababe Keisha Buchanan, actress Ali Bastion and socialite Callum Best and received rapturous applause.

Bunmi said of the show: "It's been an incredible year for us as a brand and in many ways our London Fashion Week show is the culmination of all the hard work that has gone before. We are thrilled to be exhibiting our full collection at such a prestigious global event and we're just so happy that everyone loved the show".

She now has a number of iconic figures interested in her designs including Nelson Mandela and Michelle Obama. Bunmi was personally invited to meet with Nelson Mandela at his home after picking up the Best Emerging International Talent award at Africa Fashion Week and she was subsequently asked to dress one of his granddaughters for a national fundraising event in his name.



Figure 2: (l to r) Bunmi Olaye, Nelson Mandela, Francis Udom

REPORT OF THE GOVERNORS (CONTINUED)

Ali Jawad, BSc Sports and Exercise Science



Figure 3: Ali Jawad

Sports Science student Ali Jawad has led something of a double life whilst at UEL – diligent academic by day, powerhouse weightlifter by night. Ali set British and European junior records recently and is currently ranked number two in the world in the under-23 category in the sport of Powerlifting. He represented Great Britain in the 2008 Beijing Olympics, and also flew the flag for England in this year's Commonwealth Games in Delhi in the Paralympic Powerlifting event. Powerlifting is a strength sport similar to weightlifting and consists of three events: the bench press, squat and the deadlift.

Furthermore, it was Ali who persuaded his girlfriend, archer Danielle Brown, to compete at the games. Brown not only won gold in the Paralympic event but later made history by being the first Paralympian to represent England in an able-bodied event at a Commonwealth Games.

The talented Tottenham-based strongman aims to combine competition with coaching after completing his degree at UEL.

Dwayne Fields, BSc Psychology with Third World Development

On 15 May, Dwayne Fields, a student in Psychology and Third World Development, became the first black British man to reach the North Pole. For Dwayne it was more than just a journey to the most northerly place on the planet, it has also been a very personal journey which began in Hackney in East London.

Growing up in an area with one of the highest rates of gun and knife crime in the country, Dwayne was himself a victim of violent crime. Even so, he decided he wanted to make a difference, to inspire others to break out of the negative stereotype so often associated with young black males and to become a positive role model for his peers.

In August this year, he also completed the Chara Challenge, a 30 mile endurance race across the wilds of Dartmoor carrying food, water, survival equipment and 32 pounds of additional weight. Of the 250 competitors to start the course, Dwayne finished in twelfth place. He now hopes to be one of the torchbearers for the London 2012 Olympics.

Dwayne said of his achievements: "I hope that everything I am doing and have done will inspire other people to achieve their goals in life and to never be restricted by negative stereotypes".



Figure 4: Dwayne Fields

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

The Board agreed a new five year Estates Strategy in March 2009 and has agreed in principle to invest over £50 million in new landmark buildings over the next few years. £2.4 million has also been spent during the course of this year on refurbishment projects at both our Docklands and Stratford campuses (2008/09 £0.5 million) to enhance the student experience. These new projects build on the success of earlier projects such as the construction of the Cass School of Education which was formally opened by Cherie Blair QC in October 2009. Our continuing investment in our estate will put us in a good position to meet the needs of students, staff and external stakeholders over the coming years.

Our three key projects are:

1. SportsDock

In the summer of 2010, Denne Construction Ltd, part of the Leadbitter Group, were appointed as main contractor to build a new sports complex at our Docklands campus. Consisting of two sports halls, large fitness gym, outdoor multi-use games area, covered seating for 400 people and a café, the facility is due for completion by the end of 2011. The United States Olympic Committee (USOC) will be one of the first to use the facility during the Olympic and Paralympic Games in 2012 and a formal agreement was signed in October 2010. The SportsDock and other facilities on our campuses will become Team USA's main base for athlete training, performance services, staff and training partner accommodation, catering, media and logistical operations for the London 2012 Games.

A Plan for Sport is currently being developed by our Director of Sport which is based on four key areas: sports development, sports support and consultancy, academic programmes and research and knowledge exchange. The plan will aim to build on existing strengths to move us towards our strategic objective of becoming London's leading university for sport by 2015.



Figure 5: (l to r) Representative of the United States Olympic Committee with Nirmal Borkhataria, Pro-Vice-Chancellor & Director of Finance



Figure 6: artist impression of SportsDock

REPORT OF THE GOVERNORS (CONTINUED)

Figure 7: (l to r) Patrick McGhee, Vice-Chancellor and a selection of UEL's top international athletes

A commemorative "turning of the first turf" event took place in September 2010 where the Vice-Chancellor was joined by a selection of UEL's top international athletes. UEL is also working closely with the Olympic Park Legacy Company to ensure that the local community, as well as staff and students, benefit from the project in the long term, encouraging community groups, schools, sports clubs and people who live locally to come and enjoy these superb facilities for many years to come

Joint project in Stratford between UEL and Birkbeck College, University of London

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



Figure 8: artist impression of entrance to joint project

2. New library building



Figure 9: location of new library building on our Stratford campus

To enhance the experience of our students studying at our Stratford campus we have appointed Hopkins Architects to lead on the design of a new library. With an indicative budget of £13 million, the state of the art facility will replace our existing library at Stratford.

REPORT OF THE GOVERNORS (CONTINUED)**The environment**

UEL is committed to managing its impact on the environment. In the last couple of years we have employed an Energy & Environment Manager and an Environmental Projects Officer to work alongside existing staff whose responsibilities include waste management and recycling.

Our new Environmental Policy (2010) contains objectives for: environmental management; energy and water; waste management; transport; sustainable procurement; construction and refurbishment; biodiversity; and community involvement. This is accompanied by an Environmental Sustainability Action Plan detailing how the policy will be implemented and setting specific targets for each objective. The targets will be updated regularly. We have established a high level Environmental Sustainability Board (including representatives from academic schools, support services and the Students' Union) to oversee, monitor and support implementation of the Environmental Policy. Progress is publicised via the UEL website and staff/student communications. Each year, an Environmental Sustainability Annual Report will be produced. The first was published for 2009/10.

UEL has a target of achieving BREEAM 'Excellent' for all new build construction projects and at least 'Very good' for major refurbishments. An increased range of materials are now recycled including all types of paper, plastic bottles, cans, carrier bags, plastic cups, cardboard, glass, batteries, florescent tubes, toner cartridges, clothes and all electrical goods.

In June 2010, a water audit was undertaken for the entire estate and a number of water saving measures have been recommended which will be implemented during 2010/11. In Spring 2010, a comprehensive baseline study mapped current biodiversity interest across the UEL estate and the aim is to produce a University Biodiversity Action Plan, focusing on how improvements can be made within an urban context. UEL has received a Gold award as part of the Mayor's Green 500 scheme and has also been awarded funding by JISC in 2010 to carry out a project under its Green ICT programme.

UEL completed the Carbon Trust's Higher Education Carbon Management Programme in February 2008 and a number of strategic and infrastructure measures to reduce carbon emissions have been implemented as a result. These include the creation of a dedicated carbon management budget and the recruitment of an Energy & Environment Manager. Energy saving projects already implemented include a new efficient boiler for one of our older buildings and independent heating for the 24-hour library at our Stratford campus, improved lighting controls, expansion of the Building Management System (BMS) and solar photovoltaic cells and a wind turbine to generate electricity at our Docklands campus. An absolute reduction in scope 1 and 2 emissions of 707 tonnes of CO₂ (8.1%) was achieved between 2005/06 and 2008/09.

Utilising match funding from the Carbon Trust as part of their Carbon Management Energy Efficiency (CMEE) scheme we commissioned an updated audit of our estate in the Spring of 2009. This audit helped to inform a new carbon management plan which outlined a target of 22% absolute reduction in CO₂ by 2020 (1,925 tonnes) against a 2005/6 baseline with milestones for 2012/13 and 2017/18. The plan was approved by our Board of Governors during 2009/10 and includes a comprehensive implementation plan containing actions in the areas of data management, efficiency measures, operations, procurement, buildings and refurbishment, training and communications, strategic management and regulatory compliance.

Given that our estate is expanding, continuing to make absolute emission reductions beyond what has already been achieved requires significant commitment and investment. Projects identified include increasing renewable energy capacity and focusing further on scope 3 emissions. Actions already implemented include: purchase of energy management software to improve monitoring and targeting; approval of operational energy standards; carbon management training for staff; and a number of Green ICT initiatives. Current capital projects aim for low energy consumption and efficient space use, and renewable technologies are included in all new build projects. Promotion of energy saving measures takes place in a variety of arenas from focusing on students during First Week to raising awareness amongst staff at departmental team meetings.

Carbon management has been embedded within the institution during the last year, featuring in a range of corporate commitments from the Student Charter to the Environmental Sustainability Policy. Clear responsibilities for carbon management have been assigned and progress will be reported at least annually.

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

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

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

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

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

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

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

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

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

Our vision and mission were updated during 2009/10 to ensure that they remained current and linked to our strategy (see page 3). Through the provision of high quality education, research and other activities we continue to meet the objectives set by the Charities Commission. Some of our work has already been mentioned in this report such as our commitment to creating a better environment and our work on employability of students, but the remainder of this section indicates some more examples of how we provide benefits.

REPORT OF THE GOVERNORS (CONTINUED)

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

The Rix Centre is a charitable research & development organisation dedicated to the exploration of new media for the benefit of the learning disability community. Multimedia can help people with learning disabilities to organise their thoughts, remember, learn and communicate more effectively. This can significantly improve their ability to live independent lives, contribute to the community and fulfil their personal aims and ambitions.

Established as a charitable organisation in 2004, it grew out of research work at UEL and is based at UEL's London Docklands Campus. The Rix Centre brings together specialist researchers and new media developers with people with learning disabilities and their supporters. The Centre works with the learning disability community to ensure that the benefits of these technologies are realised. It combines research and development with teaching and learning and provides a variety of products and services developed with a network of partners, customers and sponsors.

The Centre is named in honour of the university's Chancellor, Lord Rix, who has campaigned tirelessly for people with learning disabilities for over 60 years and is President of Mencap.

The Institute for Performing Arts Development (IPAD) has been established as a national centre for excellence with groundbreaking undergraduate and postgraduate programmes in music, theatre, dance and community arts. It incorporates some of our most popular degree programmes and will soon be moving into a new purpose built building which will enhance the cultural quarter of the town centre in Stratford.

Two of the academic staff within IPAD, Graham Jeffery and Alice Sampson, are leading a major three-year research project funded by the Arts and Humanities Research Council (AHRC) entitled 'Creative Industries and Social Inclusion: young people's pathways through informal and community learning in the performing arts'. The project will examine the impact of current cultural policy discourses on practice, pedagogy and people in a range of youth arts settings across the UK

Angela Harden, Professor of Community and Family Health at UEL has been awarded a prestigious £96,000 grant by the Department of Health's National Institute of Health Research (NIHR). Professor Harden is leading a team of health, education and social science experts looking at inequalities around accessing antenatal care in UEL's local borough of Newham.

Professor Harden, who is based at UEL's Institute of Health and Human Development in the School of Health and Bioscience and is also Professor of Community and Family Health at Newham University Hospital NHS Trust, will carry out a one year pilot and development study to probe how to improve antenatal services for women and their families in Newham.

UEL is a global learning community with over 23,000 students from 120 countries world-wide and from many different cultural and economic backgrounds. We offer a wide range of support services to both encourage students to enter higher education and to support them whilst they are with us. Our **Education and Community Partnerships team (ECP)** run a wide range of activities each year to encourage pupils from local schools within East London who might not have considered furthering their studies to consider higher education. They offer taster events, a primary programme, preparation for higher education sessions, access work, parent/carer events, curriculum related projects and progression to higher education activities.

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

In May 2010, the Thurrock Learning Shop took part in Silver Surfers' Day. This was the biggest, national campaign to promote the use of digital technologies to older people. The day was organised by Digital Unite with the aim of supporting people and organisations all over the UK to open their doors and give local older people a taste of what the digital world has to offer. There were 1,600 events held nationwide. Our event, held in conjunction with Thurrock Council for Voluntary Service and Thurrock Library, was shortlisted into the top 10 due to its originality, its focus on partnerships and the way it showed that people's lives are able to be changed for the better by the use of digital technologies.

REPORT OF THE GOVERNORS (CONTINUED)

Bursaries and Scholarships: In order to ensure that our programmes are available to all, irrespective of their backgrounds, location or financial circumstances, we offer a range of bursaries and scholarships. During 2009/10 we spent £10.3 million (2008/09: £9.6 million) on bursaries or scholarships including: specific support for students leaving care, a number of conflict zones scholarships to provide programmes and accommodation for students living in areas which the Foreign and Commonwealth Office (FCO) advises 'against travel to' and support for students with a strong commitment to sport, their local community or cultural activities. Our largest support package is available to full time undergraduate students from the European Union, including the United Kingdom. We also have a dedicated team of staff within our Student Services who provide advice and support on disabilities and dyslexia, mental health issues, well-being and finance.

Within all our activities, we have a strong objective to support the needs of our community. Some of this interaction has been mentioned already in relation to research projects and information and advice but there are many more examples, including:

Pro Bono Law Clinic: Our School of Law students came up with an innovative way to help the local community by offering free legal advice on a number of important issues. Based at our Duncan House campus in Stratford, the Pro Bono Law Clinic provides legal advice on a number of topics to residents from some socially excluded communities, who may not otherwise be able to afford it. The Clinic is staffed by trained Law student volunteers supervised by qualified and experienced lawyers, committed to providing free quality legal advice to those most in need. The Clinic is able to help clients in areas of law such as landlord and tenant disputes, employment issues, consumer transactions, contractual disputes and social security

Active Energy is a new inter-generational project involving an artist and engineers from UEL, a gallery, a local school and a group of senior citizens. Taking an exciting and fresh approach to issues facing the local community, students from Bow Boys Secondary School and members of the Geezers Club, a social society for older gentlemen, have got together with UEL and SPACE Studios to take advantage of both the university's expertise and facilities to address the increasingly high-profile issue of alternative energy.

In collaboration with artist and Director of cSPACE Loraine Leeson and using UEL's MAGICbox prototyping laboratory and design engineer Toby Borland and Professor of Control Engineering, Stephen Dodds, the inspirational partnership of young and old has designed and built a wind turbine to power a temporary light installation which was fitted to the roof of Age Concern at Appian Court in Bow in March 2010.

Loraine Leeson said: "What is really exciting about this initiative is that it is able to tackle important environmental issues from a range of perspectives, with the potential to effect change on many different levels. It also demonstrates how the world-class talent and facilities at UEL are not the exclusive preserve of our students but can be used to bring positive change to our local community."

Irrespective of the substantial cuts to our funding announced recently by the government in their spending review and the wide ranging changes to funding higher education suggested in the Browne review, UEL remains committed to providing benefits far beyond "just teaching".

External Inspections

In March 2010 we underwent our six yearly Quality Assurance Agency (QAA) institutional audit. This is a major audit involving both on-campus programmes and programmes with collaborative partners – it is known by the QAA as a hybrid audit. As well as visiting UEL on campus the QAA visited two of our partners, the Centre for Alternative Technology in Wales and the Tavistock and Portman Foundation National Health Service Trust in London, and carried out an extensive paper based audit of one of our Malaysian partners. The outcome of the audit team's view was that 'confidence can reasonably be placed in the soundness of the University's current and likely future management of the academic standards of its provision' and 'confidence can reasonably be placed in the soundness of the University's current and likely future management of the quality of the learning opportunities available to students'. This is to be seen in the context that recently several universities have only managed to obtain 'limited confidence' judgements. The audit team identified as good practice 'the University's planned, integrated and strategic approach to quality enhancement, which both underpins and brings cohesion to a broad range of enhancement activities' citing a range of examples in the main report.

Each year we are required to submit the Higher Education Students Early Statistics Survey (HESES) to HEFCE. This is an annual survey of higher education institutions about students on recognised higher education courses. The data provides HEFCE with an early indication of the number of students studying in the academic year, enables them to monitor the achievement of our funding agreement targets for the year and informs them on the allocation of teaching funds for the following year.

REPORT OF THE GOVERNORS (CONTINUED)

During June 2010, HEFCE audited the student data submitted during HESES09. Their initial report issued in August 2010 highlighted a number of recommendations but stated that "we have gained assurance over the systems and protocols used in deriving the return subject to the University implementing all recommendations in the report to help improve the accuracy of future returns. We have also gained assurance over the accuracy of the return regarding the funding position, again subject to the University implementing all recommendations". The report went on to confirm that their modelling of the data had indicated that "there are no funding implications that we need to follow up". A subsequent letter was received at the end of September 2010 confirming "we have received the University's action plan in response to the recommendations we made in the audit report. We have now reviewed these responses and can confirm that we are content with the action plan so please take this letter as confirmation that the audit is now formally closed". This was a very satisfactory outcome for the university.

Research

In the 2008 Research Assessment Exercise (RAE2008), Media, Art & Design, Sociology and Health all had 10% or more of their research output classified as "world leading". Although this makes us one of the strongest HEI's in London for research, Transformation for Excellence 2010 - 2020 looks to enhance our research capacity and quality still further. A Research Excellence Framework (REF) plan will be developed to take this forward. A number of specific objectives have been set including establishing five internationally outstanding interdisciplinary research groups by 2015.

During the year, we continued to engage in new research projects across all subject areas. As an example, Professor John Preston from our Cass School of Education, was asked to lead a team of academics in a two year study which will, amongst other areas, explore whether the emergency services can utilise the popularity of social networking sites to stage mass evacuations in the event of a national crisis, such as a natural disaster or terrorist attack, more effectively. Three English cities - London, Birmingham and Carlisle - are being used as case-studies for the project.

Professor Preston said: "We want to find out how those responsible for co-ordinating warning and response mechanisms in the event of man-made or natural disasters can harness the incredible power of sites such as Twitter and Facebook as well as mobile communications. We are working on the premise that, as technological advances continue, the traditional mediums of television and radio may become usurped in their potency in terms of delivering important messages to society at large. Our experience of recent incidents shows that in emergencies people are communicating, receiving, and imparting information through a variety of other methods, such as mobile phones and computers. For example, social networking sites were used to spread messages about the Haiti Earthquake and the Gulf Oil disaster. Social networking sites often spread messages about disasters such as floods more quickly than official warnings. It is only prudent we examine how this development can be used for the benefit of those on the ground."

Professor Preston, who is the project Principal Investigator, heads a team of researchers and co-investigators from the Universities of Warwick, Manchester, Oxford, Lancaster and Sheffield. The work is being funded by a £900,000 grant from the Engineering and Physical Science Research Council (EPSRC), the main UK government agency for funding research and training in engineering and the physical sciences.

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

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

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

- the long awaited independent review of Higher Education funding and student finance by Lord Browne of Madingley was published in October 2010. The report recommends a lifting of the current cap in full time undergraduate tuition fees (currently £3,290 per annum) and a shift away from direct government funding of Higher Education to indirect funding via student loans. It is not yet clear whether all the recommendations will be accepted by Parliament but it is likely that funding, both in real terms, and in the way it is allocated to institutions, will be radically changed. At this stage, some student number and financial scenario planning is being considered and this will become more detailed as and when the government formalise their plans for the future of Higher Education in the UK. Active diversification of income streams is already underway and a realignment of our academic portfolio may be necessary;
- to ensure high levels of student satisfaction – our new Vice-Chancellor's Group includes the role of Pro-Vice-Chancellor, Learning, Teaching & Student Experience who will be tasked with introducing processes to improve student satisfaction across the board. Our continuing development of our estate will contribute to meeting the needs of our students;
- to ensure that we provide a secure environment – regular security reviews are undertaken and security incidents are analysed. We are also developing a new reception building for our Docklands campus which will help control access to our site;
- to ensure our continued financial wellbeing in a period of economic uncertainty for our pension funds – the Teachers' Pension Scheme and the Local Government Pension Scheme are both monitored and we prepare cash and revenue budgets on a prudent basis;
- to ensure that our activities overseas are robust and meet the objectives we set for them – globalisation is a key strategic objective for the next ten years and it will be important to ensure that as we develop new initiatives we ensure that the risks of such initiatives are appropriately considered and controls put in place to mitigate such risks.

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

Conclusion

UEL has made excellent progress in a challenging period and its future trajectory is positive. It now has robust financial foundations which are essential to pursue its ambitious plans for the future. To achieve this it must be flexible, creative and proactive in seeking and securing new markets and opportunities. The eventual success is dependent on how actively it engages with staff and students and whether members of staff continue to embrace change and work together to achieve success.

Mr M Stephens
Chair of Governors

STATEMENT OF PRIMARY RESPONSIBILITIES

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

The institution maintains a Register of Interests of members of the Board which may be consulted by arrangement with the Secretary and Registrar.

In accordance with the Articles of Government of the institution, Jill Grinstead the Interim Secretary and Registrar of the institution has been appointed as Clerk to the Board, and in that capacity, provides independent advice on matters of governance to all Board members.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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

The Board of Governors has taken reasonable steps to:

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

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

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

STATEMENT OF GOVERNORS' RESPONSIBILITIES (CONTINUED)

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF THE UNIVERSITY OF EAST LONDON

We have audited the financial statements of University of East London for the year ended 31 July 2010 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the Group and University balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net funds and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors of the University, as a body, in accordance with the charter and statutes of the University and the Financial Memorandum dated June 2008. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditors' 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 and the Board of Governors' members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of The Board of Governors and auditors

As described in the statement of the Board of Governor's responsibilities, the Board of Governors is responsible for the preparation of the financial statements in accordance with the University's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. We also report whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools.

We also report if, in our opinion, the information given in the report of the governors is not consistent with the financial statements, if the Group has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the report of the governors and consider whether it is consistent with the audited financial statements. This other information comprises only the report of the governors and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF THE UNIVERSITY OF EAST LONDON
(CONTINUED)**

Opinion

In our opinion:

- (a) financial statements give a true and fair view of the state of affairs of the University and the Group as at 31 July 2010 and of the surplus of the Group for the year then ended;
- (b) financial statements 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;
- (c) in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received, and
- (d) in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools.

Deloitte LLP
Chartered Accountants and Statutory Auditors
St Albans

November 2010

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
INCOME					
Funding Council grants	2		54,709		53,385
Tuition fees and education contracts	3		84,230		74,970
Research grants and contracts	4		1,551		1,768
Other income	5		18,096		17,933
Investment income			1,090		1,436
Total income			159,676		149,492
EXPENDITURE					
Staff costs	6	71,913		66,728	
Other operating expenses	7	67,429		61,936	
Depreciation	10	6,862		5,983	
Interest payable	8	4,765		4,066	
Total expenditure			150,969		138,713
SURPLUS AFTER DEPRECIATION OF FIXED ASSETS AT VALUATION BOTH BEFORE AND AFTER TAX FOR THE FINANCIAL YEAR	9		8,707		10,779

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

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2010**

	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets before and after tax		8,707		10,779
Actuarial gain/(loss) for local government pension scheme:				
- actuarial loss on defined benefit obligations	(7,843)		(10,823)	
- actuarial gain/(loss) on fair value of employers' assets	5,774		(10,146)	
- actuarial gain for past service costs*	8,186		-	
Total actuarial gain/(loss) for local government pension scheme		<u>6,117</u>		<u>(20,969)</u>
TOTAL RECOGNISED GAIN/(LOSS) RELATING TO THE YEAR		<u>14,824</u>		<u>(10,190)</u>

Further details of FRS 17, Retirement Benefits, can be found in note 24.

	2010 £'000	2009 £'000
Reconciliation		
Opening reserves and endowments	43,633	53,823
Total recognised gain/(loss) for the year	14,824	(10,190)
Closing reserves and endowments	<u>58,457</u>	<u>43,633</u>

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

GROUP AND UNIVERSITY BALANCE SHEETS AS AT 31 JULY 2010

	Notes	Group 2010 £'000	University 2010 £'000	Group 2009 £'000	University 2009 £'000
FIXED ASSETS					
Tangible assets	10	159,220	159,220	159,129	159,129
Investments	11	34	34	34	34
		<u>159,254</u>	<u>159,254</u>	<u>159,163</u>	<u>159,163</u>
CURRENT ASSETS					
Stocks		25	16	27	18
Debtors - receivable within one year	12	9,869	10,025	7,049	7,336
- receivable after more than one year	12	470	506	348	402
Investments - deposits at bank		40,251	39,561	32,243	31,580
Cash at bank and in hand		23,060	22,961	19,318	18,959
		<u>73,675</u>	<u>73,069</u>	<u>58,985</u>	<u>58,295</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(40,981)</u>	<u>(40,860)</u>	<u>(37,793)</u>	<u>(37,521)</u>
NET CURRENT ASSETS		<u>32,694</u>	<u>32,209</u>	<u>21,192</u>	<u>20,774</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>191,948</u>	<u>191,463</u>	<u>180,355</u>	<u>179,937</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	<u>(35,291)</u>	<u>(35,291)</u>	<u>(37,191)</u>	<u>(37,191)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>156,657</u>	<u>156,172</u>	<u>143,164</u>	<u>142,746</u>
NET PENSION LIABILITY	24	<u>(52,239)</u>	<u>(52,239)</u>	<u>(56,751)</u>	<u>(56,751)</u>
NET ASSETS		<u>104,418</u>	<u>103,933</u>	<u>86,413</u>	<u>85,995</u>
DEFERRED CAPITAL GRANTS	15	45,961	45,961	42,780	42,780
RESERVES					
Pension reserve	16	(52,239)	(52,239)	(56,751)	(56,751)
General reserve (excluding pension reserve)	16	104,482	103,997	94,031	93,613
General reserve		<u>52,243</u>	<u>51,758</u>	<u>37,280</u>	<u>36,862</u>
Revaluation reserve	16	6,214	6,214	6,353	6,353
TOTAL		<u>104,418</u>	<u>103,933</u>	<u>86,413</u>	<u>85,995</u>

The financial statements were approved by the Board of Governors on 25 November 2010 and signed on its behalf by:

Mr M Stephens
Chair of Governors

Professor P McGhee
Governor and Vice-Chancellor

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2010

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		17,507		19,559
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		1,137		1,382	
Interest paid		(1,721)		(2,255)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(584)		(873)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets and investments		(8,492)		(14,351)	
Sale of tangible fixed assets		-		4,721	
Finance income from sale of fixed asset		-		180	
Deferred capital grants received		5,133		4,934	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(3,359)		(4,516)
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			13,564		14,170
MANAGEMENT OF LIQUID RESOURCES					
Net cash (placed on)/withdrawn from bank deposit		(8,008)		617	
NET CASH (OUTFLOW)/INFLOW FROM MANAGEMENT OF LIQUID RESOURCES			(8,008)		617
FINANCING					
Loan principal payment		(2,199)		(2,199)	
NET CASH OUTFLOW FROM FINANCING			(2,199)		(2,199)
INCREASE IN CASH IN THE YEAR			3,357		12,588
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)					
			2010 £'000		2009 £'000
Increase in cash in the year			3,357		12,588
Cash outflow from decrease in debt			2,199		2,199
Cash outflow/(inflow) from increase/(decrease) in liquid resources			8,008		(617)
Movement in the year			13,564		14,170
Net funds/(debt) at 1 August			11,929		(2,241)
Net funds at 31 July	18		25,493		11,929

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

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

(b) Grants and other income

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

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

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

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

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

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

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

(c) Basis of consolidation

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

(d) Stocks

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

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

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

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

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

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

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

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

(f) Pension scheme arrangements

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

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

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

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

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

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

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

(h) Leases

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

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

(i) Investments

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

(j) Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 of the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. All subsidiary companies (with the exception of UEL Development Trust, which is a Trust Deed) are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation.

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

(k) Provisions

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

(l) Contingent liabilities

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

(m) Maintenance of premises

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

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

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

	2010 £'000	2009 £'000
Higher Education Funding Council for England		
Recurrent grant:		
- Teaching	41,782	42,768
- Research	2,791	1,590
Specific grants	2,976	3,535
Matched funding of donations	183	167
Release of deferred capital grants:		
- Buildings	1,099	776
- Equipment	313	370
Training and Development Agency for Schools		
Teaching grant	5,506	4,130
Contribution to administration costs	59	49
	<u>54,709</u>	<u>53,385</u>

The Higher Education Funding Council for England income excludes Access Funds which are paid to eligible students on the Council's behalf. This income has been transferred to the Balance Sheet to be offset against the associated expenditure (see note 22).

The Training and Development Agency for Schools income excludes training bursaries paid on the Agency's behalf to trainee teachers. This income has been transferred to the Balance Sheet to be offset against the associated expenditure (see note 23).

NOTES TO THE ACCOUNTS (CONTINUED)

3 TUITION FEES AND EDUCATION CONTRACTS

	2010 £'000	2009 £'000
UK Higher Education students	44,459	38,036
European Union (excluding UK students)	2,622	2,365
Non European Union students	31,584	29,441
Total fees paid by or on behalf of individual students	<u>78,665</u>	<u>69,842</u>
Education contracts	5,565	5,128
	<u>84,230</u>	<u>74,970</u>

4 RESEARCH GRANTS AND CONTRACTS

	2010 £'000	2009 £'000
Research councils	464	284
UK based charities	308	608
European Commission	61	38
Other grants and contracts	718	838
	<u>1,551</u>	<u>1,768</u>

Other grants and contracts include income of £247,000 (2008/09: £378,000) from the GLA Well London Project Funding (via the BIG Lottery Fund).

5 OTHER INCOME

	2010 £'000	2009 £'000
Residences, catering and conferences	7,070	6,159
Collaborative agreements	3,109	2,759
Release of non-HEFCE capital grants	540	506
Non-research income	2,728	3,775
Finance income from sale of fixed asset	-	180
Other income	4,649	4,554
	<u>18,096</u>	<u>17,933</u>

NOTES TO THE ACCOUNTS (CONTINUED)

6 STAFF COSTS AND NUMBERS

The average weekly number of persons employed by the University of East London during the year, expressed as full time equivalents, was:	2010	2009
	Number	Number
Senior management staff	5	5
Teaching and research staff	621	587
Professional, administrative, technical and other support staff	767	747
	<hr/>	<hr/>
	1,393	1,339
	<hr/>	<hr/>
Staff costs for the above persons:	2010	2009
	£'000	£'000
Wages and salaries	55,275	51,898
Social security costs	5,030	4,705
Other pension costs:		
- Teachers' Pension Scheme	7,900	7,052
- Local Government Pension Scheme	3,708	3,073
	<hr/>	<hr/>
	71,913	66,728
	<hr/>	<hr/>
Analysis of staff costs by activity	2010	2009
	£'000	£'000
Academic departments	45,546	41,799
Research grants and contracts	613	724
Academic services	4,225	3,847
Administration and central services	15,629	14,571
Premises	2,436	2,159
Residences, catering and conferences	1,273	1,224
Other expenses	2,685	3,319
Less difference between employer contributions to Local Government Pension Scheme and the FRS17 charge included above	(494)	(915)
	<hr/>	<hr/>
	71,913	66,728
	<hr/>	<hr/>

Included in the staff costs above are salaries totalling £2,802,000 (2008/09: £2,730,000) paid to 582 (2008/09: 573) 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.

NOTES TO THE ACCOUNTS (CONTINUED)

6 STAFF COSTS AND NUMBERS (CONTINUED)

Emoluments of the Vice-Chancellor

	2010 £'000	2009 £'000
Vice-Chancellor		
Salary	105	-
Pension contributions	15	-
	<u>120</u>	<u>-</u>
Previous Vice-Chancellor		
Salary	-	105
Pension contributions	-	15
	<u>-</u>	<u>120</u>
Acting and Interim Vice-Chancellors		
Salary	94	182
Pension contributions	11	26
	<u>105</u>	<u>208</u>

For the year to 31 July 2010, the table above includes data for our Acting Vice-Chancellor for the period 1 August 2009 to 31 December 2009, our Interim Vice-Chancellor for the period 1 January 2010 to 31 January 2010 and our Vice-Chancellor from 1 February 2010 to 31 July 2010. The prior year comparatives include data for our previous Vice Chancellor for the period 1 August 2008 to 26 February 2009 and our Acting Vice-Chancellor from 1 August 2008 to 31 July 2009. The emoluments, including taxable benefits, of the Vice-Chancellor are shown on the same basis as for higher paid staff and exclude employer's national insurance contributions.

The university's pension contributions to the Teachers' Pension Scheme in respect of the Vice-Chancellor are paid at the same rates as for other academic staff. This represents employer's pension contributions of 14.1% (2008/09: 14.1%).

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

	2010 Number	2009 Number
£100,001 - £110,000	2	4
£110,001 - £120,000	3	1
£120,001 - £130,000	4	2
£150,001 - £160,000	1	2

There have been no payments of compensation for loss of office paid to former higher paid employees (2008/09: £250,000).

NOTES TO THE ACCOUNTS (CONTINUED)

7 OTHER OPERATING EXPENSES

	2010 £'000	2009 £'000
Academic departments	30,288	27,396
Research grants and contracts	436	498
Bursaries and scholarships	10,280	9,572
Academic services	2,404	2,309
Administration and central services	8,499	7,807
Residences, catering and conferences	1,980	1,834
Other expenses	2,752	4,067
Restructuring costs	68	531
Premises:		
- recurring costs	8,366	7,445
- refurbishment costs	2,356	477
Other operating expenses	<u>67,429</u>	<u>61,936</u>

Other expenses include:

External auditors' remuneration:

- fees payable to the university's auditor for the audit of the university's annual accounts	45	48
--	----	----

Fees payable to the university's auditor for other services:

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

Internal auditors' remuneration	143	131
Losses on disposal of tangible fixed assets	105	115
Students' Union grant	594	620
Rentals paid during the year under operating leases:		
- hire of plant and machinery	402	421
- hire of other assets	490	490

NOTES TO THE ACCOUNTS (CONTINUED)

8 INTEREST PAYABLE

	2010 £'000	2009 £'000
On bank loans, overdrafts and other loans: - repayable wholly or partly in more than 5 years	1,928	2,025
Local government pension scheme costs: - net pension scheme finance costs	2,837	2,041
	<u>4,765</u>	<u>4,066</u>

9 SURPLUS FOR THE YEAR

	2010 £'000	2009 £'000
The surplus for the year is made up as follows:		
University surplus for the year	8,640	10,827
Surplus/(deficit) generated by the subsidiary undertakings	67	(48)
	<u>8,707</u>	<u>10,779</u>

NOTES TO THE ACCOUNTS (CONTINUED)

10 TANGIBLE FIXED ASSETS

Group and University

	Land and buildings		Equipment & furniture £'000	Assets in the course of construction £'000	Total £'000
	Freehold £'000	Long leasehold £'000			
Cost					
At 1 August 2009	167,385	4,878	15,654	636	188,553
Additions	2,961	-	2,691	2,204	7,856
Disposals	-	-	(927)	-	(927)
Adjustments	(4,176)	-	-	-	(4,176)
Transfers to/(from)	-	-	95	(95)	-
At 31 July 2010	<u>166,170</u>	<u>4,878</u>	<u>17,513</u>	<u>2,745</u>	<u>191,306</u>
Depreciation					
At 1 August 2009	20,249	124	9,051	-	29,424
Charge for year	5,030	65	1,767	-	6,862
Disposals	-	-	(822)	-	(822)
Adjustments	(3,378)	-	-	-	(3,378)
At 31 July 2010	<u>21,901</u>	<u>189</u>	<u>9,996</u>	<u>-</u>	<u>32,086</u>
Net book value at 31 July 2010	<u>144,269</u>	<u>4,689</u>	<u>7,517</u>	<u>2,745</u>	<u>159,220</u>
Net book value at 31 July 2009	<u>147,136</u>	<u>4,754</u>	<u>6,603</u>	<u>636</u>	<u>159,129</u>
Inherited assets	6,039	-	-	-	6,039
Assets funded by capital grants	44,679	3,696	486	-	48,861
Assets funded from other sources	93,551	993	7,031	2,745	104,320
Net book value At 31 July 2010	<u>144,269</u>	<u>4,689</u>	<u>7,517</u>	<u>2,745</u>	<u>159,220</u>

NOTES TO THE ACCOUNTS (CONTINUED)

10 TANGIBLE FIXED ASSETS (CONTINUED)

Two adjustments were made to the fixed asset register this year:

- having capitalised the full cost of our student residences in a prior year, we received a VAT rebate of £798,000 during 2009/10. The cost of freehold land and buildings has been reduced to recognise this receipt
- we reduced the value of our Longbridge Road Campus in 2001/02 and subsequently disposed of the asset in 2005/06. The presentation of the accounting entries has subsequently been found to be inconsistent with the general ledger. To correct this, £3,378,000 has been transferred from cost to accumulated depreciation in Note 10. There is no effect on the previously reported net book value.

Included in freehold land and buildings is land valued at £933,668 (2008/09: £933,668). This valuation was undertaken by Bridgeman Clarke Chartered Surveyors in September 1998. Included in long leasehold land and buildings is land with an original cost of £3,257,000 (2008/09: £3,257,000). The University of East London does not depreciate land. Also included within freehold land and buildings is capitalised interest of £1,712,593 (2008/09: £1,712,593).

The following summarises the main accounting entries for the sale of fixed assets:

	2010 £'000	2009 £'000
Proceeds from sale of other fixed assets	-	1
Less fixed asset cost	(927)	(782)
Add back accumulated depreciation	822	667
Net loss on disposal of fixed assets	<u>(105)</u>	<u>(114)</u>
Cash received Longbridge Road Campus	-	4,720
Cash received from other fixed assets	-	1
Cash inflow from sale of fixed assets	<u>-</u>	<u>4,721</u>

The net book value of equipment and furniture comprises:

	2010 £'000	2009 £'000
Equipment	3,710	3,630
Furniture	1,314	1,520
Computers	2,484	1,441
Vehicles	9	12
	<u>7,517</u>	<u>6,603</u>

All assets are owned by the University of East London.

NOTES TO THE ACCOUNTS (CONTINUED)

11 INVESTMENTS

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

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

The university also owns £34,000 of shares issued by Universities UK (2008/09: £34,000).

12 DEBTORS

	Group 2010 £'000	University 2010 £'000	Group 2009 £'000	University 2009 £'000
Amounts receivable within one year				
Trade debtors	6,290	6,168	4,814	4,743
Amounts owed by subsidiary undertaking	-	308	-	402
Other debtors	365	365	-	-
Prepayments and accrued income:				
- HEFCE matched funding of donations	86	86	19	19
- General	3,128	3,098	2,216	2,172
	<u>9,869</u>	<u>10,025</u>	<u>7,049</u>	<u>7,336</u>
Amounts receivable after more than one year				
Amounts owed by subsidiary undertaking:				
- Between one and two years	-	18	-	18
- Between two and five years	-	18	-	36
Other debtors:				
- Between one and two years	200	200	200	200
HEFCE matched funding of donations:				
- Between one and two years	201	201	148	148
General prepayments and accrued income:				
- Between one and two years	23	23	-	-
- Between two and five years	46	46	-	-
	<u>470</u>	<u>506</u>	<u>348</u>	<u>402</u>

NOTES TO THE ACCOUNTS (CONTINUED)

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2010 £'000	University 2010 £'000	Group 2009 £'000	University 2009 £'000
Bank overdraft	627	627	242	242
Other loans repayable within one year	1,900	1,900	2,199	2,199
Trade creditors	10,696	10,651	13,474	13,433
Other creditors	209	209	305	305
Taxation and social security	2,328	2,313	1,910	1,910
Accruals and deferred income	25,221	25,160	19,663	19,432
	<u>40,981</u>	<u>40,860</u>	<u>37,793</u>	<u>37,521</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2010 £'000	University 2010 £'000	Group 2009 £'000	University 2009 £'000
Other loans				
- Between one and two years	1,899	1,899	1,900	1,900
- Between two and five years	5,699	5,699	5,700	5,700
- In five years or more	27,693	27,693	29,591	29,591
	<u>35,291</u>	<u>35,291</u>	<u>37,191</u>	<u>37,191</u>

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

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

NOTES TO THE ACCOUNTS (CONTINUED)

15 DEFERRED CAPITAL GRANTS

Group and University

	HEFCE capital equipment grant £'000	Other capital equipment grant £'000	HEFCE capital building grant £'000	Other capital building grant £'000	Total £'000
At 1 August 2009	661	65	20,422	21,632	42,780
Grant received	-	90	3,870	1,173	5,133
Released to income and expenditure account	(313)	(17)	(1,099)	(523)	(1,952)
At 31 July 2010	348	138	23,193	22,282	45,961

16 RESERVES

Group

	Revaluation reserve £'000	Pension reserve £'000	General reserve £'000
At 1 August 2009	6,353	(56,751)	94,031
Surplus for the year before transfers from reserves	-	-	8,707
Release of revaluation reserve in respect of depreciation and disposal charged against fixed assets	(139)	-	139
Actuarial gain for local government pension scheme	-	-	6,117
Transfers between general reserve and pension reserve (see note 24):			
- current service costs	-	(3,708)	3,708
- past service costs	-	8,186	(8,186)
- employer contributions	-	4,202	(4,202)
- contributions in respect of unfunded benefits	-	738	(738)
- net return on assets	-	(2,837)	2,837
- actuarial loss for local government pension scheme	-	(2,069)	2,069
At 31 July 2010	6,214	(52,239)	104,482

All reserves are held within the University of East London with the exception of surpluses totalling £485,000 (2008/09: surpluses totalling £418,000) held within the subsidiaries.

NOTES TO THE ACCOUNTS (CONTINUED)

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

	2010 £'000	2009 £'000
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets	8,707	10,779
Depreciation	6,862	5,983
Deferred capital grants released to income	(1,952)	(1,652)
Loss on disposal of tangible fixed assets	105	114
Adjustment to I&E in relation to fixed assets	798	123
Finance income from sale of fixed asset	-	(180)
Interest payable:		
- on bank loans, overdrafts and other loans	1,928	2,025
- local government net pension scheme finance costs	2,837	2,041
Decrease /(increase) in stocks	2	(5)
(Increase)/decrease in debtors	(2,991)	128
Increase in creditors	3,533	3,269
Interest receivable	(1,090)	(1,436)
Local government pension scheme costs:		
- net contribution in respect of unfunded benefits	(738)	(715)
- current service costs	3,708	3,073
- employer contributions	(4,202)	(3,988)
Net cash inflow from operating activities	<u>17,507</u>	<u>19,559</u>

18 ANALYSIS OF NET FUNDS

	At 31 July 2009 £'000	Cash flow £'000	Non-cash movements £'000	At 31 July 2010 £'000
Cash at bank and in hand	19,318	3,742	-	23,060
Bank overdraft	(242)	(385)	-	(627)
Net cash at bank and in hand	<u>19,076</u>	<u>3,357</u>	<u>-</u>	<u>22,433</u>
Debt due within one year	(2,199)	2,199	(1,900)	(1,900)
Debt due after one year	(37,191)	-	1,900	(35,291)
Current asset investments	32,243	8,008	-	40,251
	<u>11,929</u>	<u>13,564</u>	<u>-</u>	<u>25,493</u>

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

	2010 £'000	2009 £'000
Contracted for but not provided for in the financial statements	19,561	1,285
Authorised by the Board of Governors but not yet contracted for	35,512	1,279

20 OPERATING LEASE COMMITMENTS**Group and University**

At 31 July 2010, the University of East London was committed to making the following payments during the next year in respect of operating leases.

	2010 Land and buildings £'000	2010 Other £'000	2009 Land and buildings £'000	2009 Other £'000
Leases which expire:				
- Less than one year	-	45	-	1
- Between one and two years	-	18	-	186
- Between two and five years	-	175	-	1
- In five years or more	490	-	490	-
	<u>490</u>	<u>238</u>	<u>490</u>	<u>188</u>

NOTES TO THE ACCOUNTS (CONTINUED)**21 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.

Our Chair of Governors, Mark Stephens, is a senior partner at Finers Stephens Innocent LLP (FSI). FSI have advised the university on property matters for a number of years and received fees for their services totalling £73,000 during 2009/10 (2008/09: £14,000). Mark does not provide legal advice to the university and is not involved in decisions regarding fees.

The following summarises the arms length transactions with related parties during the year:

Company/institution	Role of governor/senior postholder	Paid to (£)	Received from (£)
Veolia Environmental Services (UK) Ltd	Director of subsidiary company	34,000	-
London First	Board member	14,000	-
Museum of London	Trustee	13,000	-
Chafford Hundred Business & Enterprise College Trust	Chair	20,000	5,000
Barking College	Governor	-	40,000
Thames Gateway London Partnership	Board member	-	30,000

None of our governors were paid for their services as a governor and, with the exception of staff governors, none claimed expenses.

There were no other significant transactions with related parties during the year.

22 ACCESS FUNDS

	2010 £'000	2009 £'000
At 1 August	(8)	14
Received	1,114	1,117
Interest earned	5	5
Disbursed	(1,170)	(1,144)
At 31 July	<u>(59)</u>	<u>(8)</u>

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

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

NOTES TO THE ACCOUNTS (CONTINUED)**23 TRAINING AND DEVELOPMENT AGENCY FOR SCHOOLS FUNDS**

The University of East London receives funds from the Training and Development Agency for Schools which it disburses under three 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 other debtors (2008/09: creditors less than one year). The funds received and disbursed for the other two schemes are noted here for information only.

Trainee Teacher Bursaries

	2010 £'000	2009 £'000
At 1 August	162	145
Received	2,800	2,299
Disbursed	(3,129)	(2,282)
At 31 July	<u>(167)</u>	<u>162</u>

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

Minority Ethnic Recruitment Bursaries

	2010 £'000	2009 £'000
At 1 August	-	-
Received	20	11
Disbursed	(20)	(11)
At 31 July	<u>-</u>	<u>-</u>

This bursary is provided to encourage graduates from minority ethnicities to undertake teaching as a career and is disbursed to eligible post graduate trainee teachers.

NOTES TO THE ACCOUNTS (CONTINUED)

23 TRAINING AND DEVELOPMENT AGENCY FOR SCHOOLS FUNDS (CONTINUED)

Student Associate Scheme

	2010 £'000	2009 £'000
At 1 August	-	112
Received	603	587
Disbursed	(574)	(699)
At 31 July	<u>29</u>	<u>-</u>

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

24 PENSION SCHEMES

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

Teachers' Pension Scheme (England and Wales)

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

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

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

The employee contribution rate to the scheme is 6.4% (2008/09: 6.4%) and the employer contribution rate is 14.1% (2008/09: 14.1%). An appropriate provision has been included in the accounts in respect of unfunded pensioners' benefits.

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

NOTES TO THE ACCOUNTS (CONTINUED)**24 PENSION SCHEMES (CONTINUED)****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 Regulations 1997, as amended. 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 method, 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 2007. 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 2010. 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.

From April 2009, the contribution to the scheme by the University of East London increased to 19.2% (2008/09: 17.0% to March 2009 and 19.2% thereafter) of pensionable salaries for non-teaching staff. The University of East London is not involved in the financial management of the fund. The scheme actuary estimates that the employer's contributions for the year to 31 July 2011 will be approximately £4,223,000.

The principal financial assumptions used by the actuary were:

	2010	2009	2008
Price increases	2.9% per annum	3.7% per annum	3.8% per annum
Salary increases	4.9% per annum	5.2% per annum	5.3% per annum
Pension increases	2.9% per annum	3.7% per annum	3.8% per annum
Discount rate	5.4% per annum	6.0% per annum	6.7% per annum

Life expectancy is based on the PMA92/PFA92 year of birth tables, with improvements from 2007 in line with the medium cohort and a 1% per annum underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2010	2009
Current pensioners – male	20.8 years	20.7 years
Current pensioners – female	24.1 years	23.6 years
Future pensioners – male	22.8 years	20.7 years
Future pensioners – female	26.2 years	23.6 years

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

Year ended	Prospective pensioners	Pensioners
31 July 2010	year of birth, medium cohort and 1% p.a. minimum improvements from 2007	year of birth, medium cohort and 1% p.a. minimum improvements from 2007
31 July 2009	calendar year 2033	calendar year 2033
31 July 2008	calendar year 2033	calendar year 2033
31 July 2007	calendar year 2017	calendar year 2004
31 July 2006	calendar year 2004	calendar year 2004

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

NOTES TO THE ACCOUNTS (CONTINUED)

24 PENSION SCHEMES (CONTINUED)

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

	2010 Long term return	2010 Fund value £'000	2009 Long term return	2009 Fund value £'000	2008 Long term return	2008 Fund value £'000
Assets						
Equities	7.3%	45,095	7.3%	48,667	7.8%	44,574
Bonds	4.8%	20,992	5.3%	10,382	5.7%	15,120
Property	5.3%	5,442	5.3%	4,542	5.7%	6,672
Cash	4.4%	6,220	4.3%	1,298	4.8%	1,171
		<u>77,749</u>		<u>64,889</u>		<u>67,537</u>

The above asset values as at 31 July 2010 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 2010 relating to the University of East London are:

	2010 £'000	2009 £'000	2008 £'000
Estimated asset share	77,749	64,889	67,537
Present value of scheme liabilities	(122,062)	(113,214)	(93,418)
Present value of unfunded liabilities	(7,926)	(8,426)	(9,490)
Net pension liability	<u>(52,239)</u>	<u>(56,751)</u>	<u>(35,371)</u>

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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Opening balance	64,889	67,537	(121,640)	(102,908)	(56,751)	(35,371)
Contributions by members	1,526	1,537	(1,526)	(1,537)	-	-
Contributions by the employer	4,202	3,988	-	-	4,202	3,988
Contributions in respect of unfunded benefits	738	715	-	-	738	715
Estimated benefits paid	(3,140)	(2,913)	3,140	2,913	-	-
Estimated unfunded benefits paid	(738)	(715)	738	715	-	-
Expected return on assets	4,498	4,886	-	-	4,498	4,886
Actuarial gains/(losses)	5,774	(10,146)	(7,843)	(10,823)	(2,069)	(20,969)
Current service cost	-	-	(3,708)	(3,073)	(3,708)	(3,073)
Interest cost	-	-	(7,335)	(6,927)	(7,335)	(6,927)
Past service gains	-	-	8,186	-	8,186	-
Closing balance	<u>77,749</u>	<u>64,889</u>	<u>(129,988)</u>	<u>(121,640)</u>	<u>(52,239)</u>	<u>(56,751)</u>

NOTES TO THE ACCOUNTS (CONTINUED)

24 PENSION SCHEMES (CONTINUED)

	2010 £'000	2009 £'000
Fair value of employer assets	77,749	64,889
Present value of funded obligations	(122,062)	(113,214)
Net under-funding in funded plans	(44,313)	(48,325)
Present value of unfunded obligations	(7,926)	(8,426)
Net pension liability	(52,239)	(56,751)

Analysis of amount charged to the income and expenditure account:

	2010 £'000	2009 £'000
Current service cost	3,708	3,073
Past service cost	-	-
Operating charge	3,708	3,073
Expected return on employer assets	4,498	4,886
Interest on pension scheme liabilities	(7,335)	(6,927)
Net return	(2,837)	(2,041)
Net income and expenditure account cost	6,545	5,114

History of experience gains and losses:

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Difference between the expected and actual return on assets	5,774	(10,146)	(14,090)	2,268	3,270
Value of assets	77,749	64,889	67,537	75,526	68,114
Percentage of assets	7.4%	(15.6%)	(20.9%)	3.0%	4.8%
Experience (losses)/gains on liabilities	-	-	(918)	(1,047)	2,119
Present value of liabilities	129,988	121,640	102,908	96,888	96,950
Percentage of the present value of liabilities	-	-	(0.9%)	(1.1%)	2.2%
Actuarial gains/(losses) recognised in STRGL	6,117	(20,969)	(13,274)	8,521	2,025
Present value of liabilities	129,988	121,640	102,908	96,888	96,950
Percentage of the present value of liabilities	4.7%	(17.2%)	(12.9%)	8.8%	2.1%

NOTES TO THE ACCOUNTS (CONTINUED)**24 PENSION SCHEMES (CONTINUED)**

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	5,774	(10,146)
Experience losses arising on the scheme liabilities	-	-
Changes in assumptions underlying the present value of the scheme liabilities	(7,843)	(10,823)
Actuarial gain for past service costs*	8,186	-
Actuarial gain/(loss) recognised in the statement of recognised gains and losses	6,117	(20,969)

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