



Financial Statements

2012-13



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2014

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Chair's Introduction



David Currie – Chair of Council

I am very pleased to present the Financial Statements for 2012-13 which show that the University has continued our proud record of making a surplus in every year. The University has made important progress in adapting to the new and highly competitive funding environment. Student intake this year is on target and our challenging but realistic financial forecasts show achievement of the target for cash generation of 5.5% of income by 2016-17.

The University continued to build upon its strengths and many achievements. With record scores in the National Student Survey, overall student satisfaction with the Essex experience rose to 93 per cent, compared with a national average of 85 per cent, confirming Essex's second place among more than 100 mainstream English universities. Fifty years of excellence in research and education in Political Science at the University won recognition from Her Majesty the Queen with the award of a prestigious Regius Professorship.

In our new six year Strategic Plan the University sets out our ambition that by 2019 we will be acknowledged nationally and internationally as a leading research-intensive university and be in the top 25 of UK institutions and in the top 20 per cent for each subject area offered. In this planning period, the University aspires to increase its student numbers by 50 per cent, a similar rate of growth to that achieved in the previous six years. Much of the work in the year has therefore focused upon preparing the University for delivering the new Strategic Plan.

A new academic leadership structure had been put in place, with the appointment of a Deputy Vice-Chancellor (Professor Jules

Pretty), Pro-Vice-Chancellor Education (Professor Jane Wright) and Pro-Vice-Chancellor Research (Professor David Sanders). In addition, our faculties have been reduced from four to three to create the Faculty of Science and Health, Faculty of Humanities, and Faculty of Social Sciences. I am delighted to welcome Professor Lorna Fox O'Mahony as Executive Dean for Humanities and congratulate Professors Todd Landman and Graham Underwood on their appointment as Executive Deans for Social Sciences and Science and Health respectively.

Supporting these changes, a new financial model has been introduced with a new academic planning system. Council endorsed a new full-cost financial model which reflects a 'one university' philosophy. The Executive Deans will be working to ensure that income matches expenditure for all of our departments by 2016-17. Our new academic planning system provides us with a more robust mechanism for supporting a high performance culture and we look forward to the impact this and other changes will have over the period of the Strategic Plan.

Professor Nigel South's extended tenure as Pro-Vice-Chancellor for Law and Management and Academic Partnerships came to an end in July 2013 and I would like to extend warm thanks for his leadership and very significant contribution to the University's progress. The Faculty of Law and Management saw rapid growth under Nigel's management while important partnerships have been forged, fostered and developed with Colchester Institute, South Essex College, the NHS and Kaplan. Thanks are also due to Professor David Pevalin who took up the post of acting Pro-Vice-Chancellor for Science and Engineering during 2012-13.

Chair's Introduction (cont)

The University has invested £9m in preparatory infrastructure for the Knowledge Gateway, our new research park with space for 2,000 jobs located to the east of Colchester, adjacent to the University. Our strategy for the Knowledge Gateway is based on two components: creating a global centre of excellence for data analytics and a national centre of excellence in supporting small and medium sized enterprises. In particular, these strengths lie in data analytics using quantitative methods otherwise known as Big Data Analytics. The University has a breadth and depth of expertise unique amongst UK universities, in the capture, curation, analysis and visualisation of large and complex data sets. We also have an expanding role in working in partnership with public, private and third sector organisations to improve their competitiveness, profitability and success, thereby contributing to the country's economic recovery.

One of the first developments on the Knowledge Gateway is the Parkside office village which will provide a total of 3,018 square metres of new two-storey high specification offices/R&D space. The South East Local Enterprise Partnership has provided £2.4m of Growing Places funding to enable the first phase of the Parkside office village to be built and its new chairman, Peter Jones CBE, attended an official turf-cutting event as works commenced in September 2013. A show unit will be open by March 2014 with completion of the final scheme by May 2014.

The doors of The Forum Southend-on-Sea, opened to the public on 30 September when Professor Brian Cox provided the capstone to a special day with a sold out public lecture. The iconic building is the product of a partnership between Southend-on-Sea Borough Council, the University of Essex and South Essex College which is the first partnership of this kind in the UK. The Forum combines a joint public and academic library, a new home for the Focal Point Art Gallery and innovative teaching and learning facilities including a 200-seat Lecture Theatre. It is fronted by a new public square overlooked by a big screen, an accessible showcase for arts and culture.

In September 2013, the University and its partner, Uliving, celebrated the official

opening of The Meadows, a new student accommodation scheme at the Colchester Campus providing 19 town houses for 228 students plus ensuite cluster flats for a further 420 students. There is also a social pavilion housing a common room, a launderette and a shop on the development which is drawing praise for the high quality of its construction and specification.

2014 will see the completion of three exciting developments at the Colchester Campus. The Student Centre will include a student services hub, an integrated learning centre for creative and group working, IT facilities and new reception area to serve the whole campus. Adjacent to the Student Centre will be the library extension that will provide additional study spaces and a postgraduate study area. Located alongside the Knowledge Gateway is the building that will house Essex Business School and the Centre for Regional Enterprise and Growth. This will feature zero carbon technology, an interior winter garden which will act as an environmental buffer zone, a ground source heat pump and photovoltaic panels.

The next phases of development for the University will focus on the refurbishment of its 1960s estate and delivery of its carbon management plan.

Work has been on-going to develop a more distinctive brand for the University, which strongly differentiates it from its competitors. Early outputs from this work range from banners on the University's squares and pathways that feature some of those characteristics, such as "Asking difficult questions for 50 years," and a video that challenges the stereotypical view of the county of Essex.

With the approval of a new Strategic Plan, the University has a clear sense of its mission and purpose. Work is now underway to develop our Education Strategy and Research Strategy and five supporting strategies for Finance, Estates, Staff, Communication and Information Systems. As we move into our 50th Anniversary year in 2014 we can be confident that our next half century will be as successful as the previous 50 years.

David Currie – Chair of Council

Financial Highlights

(2011-12 comparative figures shown in brackets)

- Total income up 4.4% to £159m (£152m)
- Surplus before share of joint venture results and FRS17 pension credit of £1.7m (£1.6m)
- EBITDA (*Earnings before Interest, Tax, Depreciation & Amortisation*) of £10.2m (£11.1m)
- Capital expenditure of £24.8m (£19.6m)
- Net assets of £142m (£136m)
- Net debt of £46m (£61m)

Summary Finances	2012-13		2011-12		Change	
	£000		£000		£000	%
Income						
Funding Council grants	27,623		33,952		(6,329)	(19%)
Tuition fees and academic contracts	75,637		62,734		12,903	21%
Research grants and contracts	21,626		25,445		(3,819)	(15%)
Other income	33,241		29,533		3,708	13%
Endowment and investment income	696		440		256	58%
Total income exc joint ventures	158,823		152,104		6,719	4%
Total expenditure excluding staff severance (2011-12 only)	157,105		150,501		6,604	4%
Surplus before Joint Ventures and FRS17 pension adj	1,718		1,603		115	
less staff severance costs and exceptional items	0		(497)			
add share of profit in joint ventures	465		912			
add FRS17 pension adj (<i>after adding back pension service and interest cost and replacing with pension contribution</i>)	1,235		1,590			
Surplus for the year	3,418		3,608		(190)	
EBITDA	10,243		11,088		(845)	
Capital expenditure	24,814		19,606		5,208	
Capital Grants received	198		6,178		(5,980)	
Net debt	46,105		60,721		(14,616)	
Net assets	142,183		136,060		6,123	
Student Numbers						
	2012-13		2011-12		Change	
	FTEs		FTEs			
Home/EU	7,784	74%	7,498	74%	286	4%
Overseas	2,710	26%	2,596	26%	114	4%
	10,494	100%	10,094	100%	400	4%
Undergraduate	8,097	77%	7,743	77%	354	5%
Postgraduate	2,397	23%	2,351	23%	46	2%
	10,494	100%	10,094	100%	400	4%

FTE = Full-Time Equivalent studying at University of Essex campuses, excluding University Campus Suffolk Ltd and partner institutions.

Operating and Financial Review

Constitution, Regulation and Business Environment

The University is an exempt charity established by Royal Charter in 1965 and its charitable affairs are regulated by the Higher Education Funding Council for England (HEFCE). Members of the Governing body, called Council, are trustees of the charity.

Established in Colchester, the University also operates branch campuses in Loughton and Southend.

These financial statements are those of the University of Essex Group, comprising the University, its various subsidiary undertakings and joint ventures. The most material of these is University Campus Suffolk Ltd, a joint venture with the University of East Anglia, that provides higher education in Ipswich and throughout Suffolk. Details of this and other subsidiary undertakings are included in note 32 of the financial statements.

The University operates in a complex mix of regulated and unregulated markets with a mix of primary purpose (i.e. charitable) and non-primary purpose activity. Non-primary purpose activity is organised through subsidiary undertakings.

Funding from HEFCE is governed by a Financial Memorandum which sets out the conditions of grant which the University must satisfy in order to receive public funding.

The Financial Statements are produced in accordance with the Statement of Recommended Practice for Further and Higher Education (SORP) which is based on UK Generally Accepted Accounting Principles. The Financial Statements are compliant with the HEFCE Accounts Direction 2012-13.

This review has been prepared in accordance with the Reporting Statement: Operating and Financial Review published by the Accounting Standards Board.

The University's Mission and Financial Strategy

The University's mission is to provide excellence in research and excellence in education. It aims to be rated amongst the top 25 universities in the United Kingdom as indicated by The Times Good University Guide.

Supporting this is a financial strategy that seeks to ensure financial sustainability through the generation of sufficient cash to maintain high quality facilities and update and develop the infrastructure for research and education.

Key Performance Indicators

Strategic Priorities	Target	Performance
Research	Top ten ranking for research quality.	Ranked 9th in the RAE2008 by grade point average (source: <i>The Times</i>)
	Research grant and contract income to increase by 5% per year.	(15%) decrease in 2012-13 0% increase in 2011-12 21% increase in 2010-11 16% increase in 2009-10 (source: <i>financial statements</i>)
	90% of eligible staff submitted to RAE/REF (Research Assessment Exercise/Research Excellence Framework)	92% in RAE 2008
Student experience	Overall satisfaction rate (q22) of 90% Mean satisfaction rate 80% by 2013. Significantly improved NSS ranking.	NSS 2012-13 (2011-12 score and rank) Overall satisfaction = 89% (88%) ranked 17th (21st) against all UK HEIs Mean satisfaction = 78% (79%) ranked 92nd (35th) (source: NSS)
	Employability - 90% of graduates in employment or further study	84.1% of 2011 leavers (84.6% 2010 leavers) in work or study (UG home and EU leavers' from full-time and part-time courses, University of Essex and partners)
Global impact	Market share and growth – to maintain at least 35% of students from outside the UK	In 2012-13, 41% of students were from beyond the UK (39%)
	Maintain at least 20% of students from more than 120 countries	In 2012-13 21% of students were from 128 countries
	Maximum of 8% of students from any one ex UK country	In 2012-13 the percentage of students coming from China was 12.69%, and from Hong Kong was 2.65%, with a combined total percentage of 15.34%. No other countries are beyond 7%
	Top 200 University in THE world ranking	269 ranking in 2012-13 215 in 2011 (source: <i>THE World Rankings</i>)
Finance	Surplus 3.5% of turnover* (Surplus before severance costs, joint ventures and FRS17 credit) *The 3.5% target has been suspended during the period of transition between funding systems	3.0% in 2012-13 2.4% in 2011-12 1.4% in 2010-11 (source: <i>financial statements</i>)
	Cash balance sufficient to fund 25 days average expenditure	95 days in 2012-13 77 days in 2011-12 80 days in 2010-11
	Affordability of debt operating cash flow to net debt servicing costs ratio to exceed 1.0	0.5 in 2012-13 0.6 in 2011-12 2.4 in 2010-11
	Staff costs/Income ratio to be in line with 1994 Group	55.1% in 2012-13 53.5% in 2011-12 54.5% in 2010-11 (1994 Group)
	5% growth of income	4.4% in 2012-13 4.1% in 2011-12 5.2% in 2010-11

Results for the Year

The surplus after depreciation of tangible fixed assets at valuation of £2.953m includes a pensions accounting credit of £1.235m. Discounting these results is an underlying surplus from University operations of £1.7m (£1.6m in 2011-12):

	2012-13 £000	2011-12 £000
Surplus on continuing operations (excluding joint ventures)	2,953	2,696
add back staff severance costs	0	497
less credit arising from pensions accounting (FRS17)	(1,235)	(1,590)
Underlying Surplus for the year from University operations	1,718	1,603
% of total turnover	1.0%	1.1%

Turnover for the year grew by 4% to stand at £159m.

Subsidiary Undertakings and Joint Ventures

University Campus Suffolk Ltd (UCS) is a joint venture with the University of East Anglia (UEA) delivering a range of higher education activity. UCS is a company limited by guarantee and an exempt charity with the University exercising joint control with UEA. Total income for the year was £37.987m, 2% lower than the prior year and its surplus of £931k (£1.8m in 2011-12) represented 2.5% of turnover. The University has provided loan guarantees of £8m, with the University of East Anglia underwriting a similar amount to fund capital projects undertaken by UCS. Half of the reported UCS performance for 2012-13 is reflected in these group financial statements.

Income-generating student services and commercial activities are located in the Campus Services Directorate which comprises two subsidiary companies (University of Essex Campus Services Limited and Wivenhoe House Hotel Limited), Student Accommodation and Sports Facilities.

University of Essex Campus Services Limited manages campus conferences, hospitality, the day nursery, the print centre and launderettes. The company made an operating profit of £435k (£65k loss in 2012).

Wivenhoe House Hotel Ltd operates a 40 bedroom hotel with conference and dining facilities. The University, working with the charitable educational trust, the Edge Foundation operate the hotel as a hotel school. The hotel was refurbished in 2011-2012, which was part funded out of a grant of £4.97m from the Edge Foundation. The company recorded a loss before tax of £775k (£321k loss in 2012).

Following completion of a £10m refurbishment programme, Wivenhoe House Hotel officially reopened in September 2012 as a 4-star quality hotel which is also the home of the Edge Hotel School, a high-end education facility for the hospitality industry, funded by the Edge Foundation and the University and operated by Kaplan Open Learning. The University has leased the building to a newly created and wholly owned subsidiary company, Wivenhoe House Hotel Ltd, which operates the hotel. The hotel has benefited from generous funding by the Edge Foundation (£5m) and sponsorship by prestigious hotel chains that are interested in recruiting the school's graduates. This is one example of the innovative ways in which the University is looking to provide programmes.

University of Essex Enterprises Ltd (previously Wivenhoe Technology Ltd) is responsible for technology transfer, registering patents and spin-out companies on behalf of the University. The company recorded an operating profit for the year of £4k (£22k profit in 2011-12).

Universal Accommodation Group Ltd is a special purpose vehicle acquired by the University in 2003, holding the freehold of University Quays, a 770 bed space student accommodation facility. The company charges the University a lease rental for the property and in return the University levies loan charges to the company. The accommodation itself was operated by the University in 2012-13. In July 2013 Universal Accommodation Group Ltd transferred the operation of the Quays to Uliving for 50 years. As a result of this transaction, Universal Accommodation Group Ltd recorded a surplus of £4.4m (£411k profit in 2011-12).

The other part of the Uliving deal was to deliver new student accommodation facilities on the Colchester Campus which are to be known as The Meadows. Uliving built an additional 648 rooms for the University, of which 228 will be in townhouses with the remaining 420 being en-suite.

The University's Knowledge Gateway project, involving the development of land on the Colchester Campus for a variety of uses, is being developed by two wholly owned subsidiary companies: University of Essex Knowledge Gateway (Holdings) Ltd, which owns the freehold land on a site, and University of Essex Knowledge Gateway Ltd, which will develop commercial tenancies. Knowledge Gateway Ltd has incurred bank fees for a £1.7m performance bond issued by Lloyds TSB in February 2011 in favour of Essex County Council (ECC) as highway authority. Ninety per cent of the bond has been released now ECC have confirmed its satisfaction with the infrastructure work and the remainder will be released when work has not been found to be defective. The Knowledge Gateway is in receipt of a £2.4m loan from the South East Local Enterprise Partnership (SE LEP) to develop an 'office village' on the site. University of Essex Knowledge Gateway Holdings Limited recorded a loss for the year of £2k (£112k loss in 2011-12) and University of Essex Knowledge Gateway Limited recorded a loss of £23k (£154k loss in 2011-12).

Capital Investment

The capital investment plan is a five-year plan to address major estates issues and improvements to the IT and management information systems infrastructure. Capital investment in the year amounted to £24.8m (£19.6m in 2011-12).

Major projects underway during the year included:

- The Forum Southend-on-Sea: a partnership with Southend Borough Council and South Essex College to construct the Forum building which will house a new civic library for the Council and enhanced teaching and learning facilities for the University and the College. The Forum is in close proximity to the University's existing Gateway Building, thus providing a valuable extension to the Southend Campus. Construction began in February 2012 and was completed in August 2013. The total project cost is £26.9m, with the University contributing £10.4m.
- Student Centre and Library Extension: new £26m facilities that will house a number of student facing services currently distributed across the Colchester Campus and create a significant extension to the Albert Sloman Library. The project is due to be completed in early 2015;
- Essex Business School Building: a £21m new building at Colchester to house the Essex Business School. The building is located adjacent to the Knowledge Gateway site and will benefit from both the completion of the infrastructure and co-location with businesses that will be accommodated on the Knowledge Gateway;
- Multi Deck Car Park: a £4m three-storey car park, creating additional parking spaces and removing the need for temporary car park space across the Colchester Campus.

Investments, Liquidity and Debt

The investment asset allocation targets are:

	Global Equities	Absolute Return Funds	Cash
Permanent Endowments	95%	-	5%
Expendable Endowments	75%	20%	5%

At 31 July 2013, £5.3m of general funds were invested in equity and absolute return investments.

The University has an investment in the Veritas Global Focus Fund, a global equity fund. The investment objective is to outperform the MSCI World (net dividends re-invested). The Fund returned 16.15% (net total return – net of TER: 0.89%) over the year compared to 16.21% by the MSCI

World (net dividends re-invested) to 30 June 2013. Cash was managed conservatively with deposits in the University's clearing bank (LloydsTSB) and in a range of AAA-rated money market funds. Cash balances increased from £30.0m to £38.2m over the year. A target of holding minimum cash balances equating to 25 liquidity days (i.e. the number of days of average expenditure cash balances could support) has been set and at 31 July actual liquidity days amounted to 95 days.

Net cash flow from operating activities was £22.5m (£3.2m in 2011-12), the increase due largely to the disposal of the Quays to Uliving.

Total debt outstanding was £83.2m (£91.4m in 2011-12) as at 31 July. The University has drawn £78.2m of its £122m facility with Lloyds Bank. This facility includes a 5-year repayment holiday which then terms out over 30 years, commencing in November 2013. A smaller loan facility with Barclays Bank of £11.6m was repaid and converted into a revolving facility.

The University's interest-rate management policy is to fix the majority of its interest costs. This is achieved through a mixture of fixed-rate loans and interest-rate swaps. Interest-rate swaps commenced which will have the effect of fixing interest costs over future loan drawings with the ultimate objective of fixing 80% of interest costs.

The University was fully compliant with its banking covenants and is confident of remaining so in the foreseeable future being not less than 12 months from signing these accounts:

Covenant Definition	Bank Requirement	Actual 2012-13
Ratio of total funds to total debt	<1.0	0.5
Debt servicing costs as a % of turnover	<7%	2.9%
I&E Reserve (excluding pension liability)	>£50m	£68.3m
Ratio of total debt to total funds (excluding pension liability)	<1.0	0.5

Pension Schemes

The University operates three pension schemes. The Universities Superannuation Scheme (USS) is open to all new staff while the Essex County Council Local Government Pension Scheme (LGPS) and the University of Essex Pension Scheme (UEPS) are both closed to new members. USS is a pooled scheme so is accounted for on a defined contribution basis.

On an FRS17 valuation basis, the combined deficits in LGPS and UEPS have decreased by £5m from £24.5m to £19.5m as at 31 July 2013. Funding levels, on an FRS17 basis, are: USS 92% (31 March 2013), LGPS 80% (31 July 2013) and UEPS 79% (31 July 2013).

The University is carrying out a full review of the UEPS scheme and its viability in its existing form while protecting the future benefits for its members.

The University has agreed funding plans to cover increases in future service cost and past service deficits of its two closed defined benefit pensions schemes.

Sustainability

Sustainability is a core principle of all of the research, teaching and business activities at the University of Essex. Through these activities, we seek a future for Essex as an educational model for healthy and sustainable living. The University aspires to be one of the greenest in the country, and to act as an exemplar both to other institutions of higher education and to regional bodies.

A Green Task Force co-ordinates and implements the University's sustainability policy with membership drawn from staff and students.

A newly formed Sustainability Strategy Group has been established to oversee the University's carbon management plan, approved by Council on 18 July 2011. The plan affirms the University's commitment to making a full contribution to tackling the issue of climate change, supporting the efforts of the UK as a whole and the higher education sector in particular. The Plan sets out the following University objectives and targets:

	Objective	Target Date	Status
1.	<p>Carbon Reduction</p> <p>1.1 Reduce absolute Scope 1, 2 and 3 greenhouse gas emissions by 43% in CO₂e terms by 2020 on a 2005 baseline.</p> <p>A target of 43% to ensure the University is in line with HEFCE sector targets.</p> <p>1.2 Meet an interim target to reduce Scope 1 and Scope 2 emissions by 20% by 2015 on a 2005 baseline.</p>	2020	In progress
2.	<p>Carbon Reporting and Accounting</p> <p>2.1 Instigate annual monitoring and reporting of greenhouse gas emissions in conformity with the Greenhouse Gas Protocol</p> <p>2.2 Put systems in place to enable the University to collect data on Scope 3 emissions and include these in reporting, including:</p> <ul style="list-style-type: none"> ■ Waste recycling/recovery and disposal; ■ Water consumption; ■ Transport of staff and students to the University and between sites; ■ Conference and business travel and travel associated with placements and field trips; ■ Procurement. 	July 2011	Achieved
3.	<p>Operational</p> <p>3.1 The University Estate will be converted to low carbon buildings by:</p> <ul style="list-style-type: none"> ■ Ensuring all new buildings are designed to achieve BREEAM Excellent by 2011 ■ Ensuring that all refurbishment projects include an assessment of measures to improve energy and carbon efficiency ■ Where practicable and with due regard to the palette of existing materials on campus, all building materials will be sourced from the BRE Green Guide to specifications categories A-C from 2010 <p>3.2 Energy efficiency and whole life cost considerations will form a key part of procurement from 2010. These considerations will particularly apply to ICT and other electrical equipment procurement criteria.</p> <p>3.3 The University has instituted a revolving Green Fund for minor energy efficiency projects. This will be supported and enhanced in the future.</p> <p>3.4 The University will assess onsite renewable and ambient energy options and report on their viability to achieve the carbon reduction milestones.</p> <p>3.5 The use and occupancy of space will be assessed and optimised to ensure the most energy and carbon efficient use of campus space.</p>	2011	Achieved
		2011	Achieved
		2011	Achieved
		July 2010	Achieved
		July 2011	Achieved
		July 2010	Achieved
		2013	Achieved

Future Outlook

In 2013, the second year of the new higher fee regime, the University and the sector as a whole experienced a recovery in the number of acceptances from Home and EU undergraduates. On 24 September 2013, The Universities Clearing and Admissions Service (UCAS) reported that such acceptances were 9% higher than at the equivalent point in the cycle in 2012 but 4% fewer than in 2011-12 and 1% more than 2010-11. Recruitment to the University was consistent with this and, pleasingly, recruitment of international undergraduates has also risen to be higher than target. Recruitment of postgraduate students was higher in 2013 and above target for Home and EU students but a little less than the ambitious numbers planned for international recruitment. Another pleasing outcome was strong recruitment to the Southend Campus which benefitted from the opening of The Forum in September.

In addition to growing numbers on its campuses, the University is looking to launch new programmes via University of Essex Online and Singapore as its partnership with Kaplan Education flourishes.

Funding for Research Grants and Contracts has been highly constrained for a number of years and, for the first time, income from Research Council's and other UK government sources fell in 2012-13. In large part, this was due to a £1.9m reduction in survey costs incurred by the Institute of Social and Economic Research's Understanding Society and the UK Household Longitudinal Study. However, income for 2013-14 and 2014-15 are forecast to rise. Following its exceptional performance in the 2008 Research Assessment Exercise, the University will be making a stronger submission to the 2013 Research Excellence Framework. 2013-14 will see the publication of the University's new Research Strategy that specifies steps necessary for an even stronger performance in the next research assessment that is anticipated for 2020.

The University will be giving particular attention to ensuring that its research has maximum impact. Combining expertise from many academic departments, the University has a significant concentration of expertise in data analytics which is the basis for exciting bids for research funding and links with businesses who may wish to locate on the Knowledge Gateway. The University is also seeking to capitalise on its growing expertise in small and medium enterprises through the establishment of the Centre for Regional Enterprise and Growth to be located with the Essex Business School adjacent to the Knowledge Gateway. In addition to initiatives around the Knowledge Gateway, the University has highlighted five research themes as it celebrates its 50th anniversary. The research themes have been chosen as they are areas in which we have specific expertise and world leading research:

1. Ageing and Assisted Living
2. Protecting human rights across the globe
3. Individual autonomy and the ethics of legal constraint
4. Responding to environmental change
5. Sociology of Criminology

Underpinning these initiatives will be new expectations, incentives and procedures for encouraging research, consultancy and provision of CPD.

Income from Hospitality, Student Accommodation and Conferences is better than budget across the campuses and these areas are forecast to continue performing well in subsequent years. All student residences at Colchester are full, including the Meadows and Quays that are operated by the University's partner Uliving. Occupancy is significantly higher at Southend with more students being attracted to the Campus with the opening of The Forum Southend-on-Sea.

In its first year, Wivenhoe House Hotel received 4 stars and two rosettes from the AA, while providing work-based learning for future leaders in the industry who are taking innovative accelerated degree programmes with the Edge Hotel School. This success is being reflected in strong recruitment to the Hotel School and improved trading at the Hotel. Sales also exceeded budget for the first two months of 2013-14 and performance is on track to make a positive contribution to cash flows in the current year and be profitable in the next.

The University has been mindful to manage its borrowing costs. During the early part of 2013, a long-term loan for £11.6m was converted into a revolving credit facility and repaid. £93m of the Lloyds loan facility will be drawn, lower than the £100m originally anticipated.

Therefore, the University is in a stronger position than in 2012 and is well placed to meet the budget set by Council in July. Every effort is being made to ensure that the University provides a transformational education, conducts world class research and can be ever more competitive. Whilst recent investment has seen a step change in the facilities available at its campuses, the University is preparing itself for the next phase of investment. In particular, it is looking to implement its Carbon Management Plan that will improve work and study conditions while significantly reducing energy consumption. These developments will be funded from higher surpluses that are shown in the University's financial forecasts that have been constructed with challenging but realistic assumptions.

Risk

The University's Risk Management Group reviews the risk registers three times a year and reports to the Audit and Risk Management Committee on strategic, financial and operational risks and force majeure. A new risk management policy was approved by Audit and Risk Management Committee and Council in July 2013. Focusing on the Top 12 Strategic Risks, the new policy synchronises with the new strategic plan and associated key performance indicators. It is designed to ensure that the University is undertaking a comprehensive suite of actions to optimise student recruitment and provide a transformative educational experience in an environment where the majority of income comes from student fees. The strategic risk register also demonstrates high cognisance of reputational risks that might arise from a poor league table position or loss of research standing.

Public Benefit

The University's Charitable Aims

Our Royal Charter sets out the objectives which form its charitable purpose "to advance education, scholarship, knowledge and understanding by teaching and research for the benefit of individuals and society at large".

Members of Council are trustees of the University and our decision making pays due regard to the Charity Commission's guidelines on charitable purpose and public benefit, in particular, The Advancement of Education for the Public Benefit (Charity Commission, December 2008) and Public Benefit and Fee Charging (Charity Commission, December 2008).

Our Strategic Plan 2013-19 states our purpose is to contribute to society through excellence in research and excellence in education.

The undergraduates and postgraduates who study at Essex are the main public beneficiaries of our work. Other beneficiaries include companies, organisations and charities that employ our graduates, work with our academics on knowledge exchange projects or access our training programmes. The general public can also access our facilities, courses, talks and events. Wider society also benefits from the insights provided by our world-leading research in the social sciences, science and health, and the humanities. Our research aims to contribute to improving people's lives in the UK and abroad.

Education

The University provides public benefit through its commitment to providing a transformational educational experience, encompassing both the academic and extra-curricular, to fulfil the potential of our undergraduate and postgraduate students.

Our undergraduate and postgraduate students benefit from studying at a university focused on excellence in education which aims to ensure all its academic provision is underpinned by a commitment to research-led education in all its forms. We believe the research undertaken at Essex should add value to the student experience.

We aim to provide an outstanding student experience by encouraging the personal development of our students through volunteering, sport, music, the arts and engagement with our Students' Union. We also encourage this by offering opportunities to undertake placements and study abroad.

Our approach develops Essex graduates who stand out from the crowd. We believe our graduates benefit society, and the companies and organisations they work for, through their critical thinking, creativity, intellectual independence, excellent communication skills and leadership ability.

The total number of students we teach continues to grow with 8,830 undergraduate students and 3,524 postgraduate students at Essex in 2012-13.

The high quality of the educational experience we provide is shown by the feedback we have received. In the 2013 National Student Survey, 93 per cent of students expressed overall satisfaction with their undergraduate course, placing us in the top two for mainstream English universities. In the Postgraduate Taught Experience Survey for 2013, 93 per cent said their overall experience had met or exceeded their expectations. The most recent Postgraduate Research Experience Survey showed 84 per cent of research students felt their overall experience had met or exceeded their expectations.

Our staff are committed to excellence in education. We have a professional development scheme focused on developing the skills of our staff with many gaining formal recognition through the Higher Education Academy (HEA) as Associate Fellows, Fellows, Senior Fellows and Principal Fellows.

The high standard of postgraduate training and our position as a centre of international excellence has also led to Essex being selected as a Doctoral Training Centre by the Economic and Social Research Council.

We develop educational provision to meet the recognised needs of our partners and professionals. For example, our Centre for Education and Social Care has worked in partnership with local authorities to create and deliver award-winning postgraduate programmes to meet the professional development needs of their staff. The Essex Autonomy Project based in our School of Philosophy and Art History has developed advanced on-site training for professionals on current research, legal developments and the ethical issues surrounding the idea of autonomy in various contexts including health and social care.

We also meet the different study needs of students by working with Kaplan Open Learning to deliver online undergraduate and postgraduate courses through University of Essex Online.

Research

We are one of the leading research-intensive universities in the country and in the last Research Assessment Exercise (RAE, December 2008), we were ranked ninth nationally for the quality of our work.

We have continued to build on this reputation in 2012-13 by taking forward projects which have an impact at a local, national and global level.

Our research feeds directly into the learning experience for our undergraduates and postgraduates. We are committed to knowledge exchange and sharing our

research expertise and building partnerships with government bodies, non-governmental organisations and business at a regional, national and international level.

In 2012-13, we attracted research funding totalling £43.6m, which underlines our success in delivering outstanding research which meets the needs of society.

Our academics share their work through publication in a wide range of internationally recognised journals and they also make a huge range of their work available through the University of Essex Research Repository, an online resource currently offering access to more than 5,000 research outputs.

Understanding Society, the biggest study of its kind in the UK, continues to be based at our Institute for Social and Economic Research (ISER). Data from the survey of 40,000 households is available for researchers and the information gathered will greatly enhance public knowledge of what influences our careers; health and well-being, financial circumstances and personal relationships. The study will also capture biomedical data on 20,000 participants and place this alongside rich social histories, helping researchers weigh the extent to which people's environment influences their health.

The UK Data Archive plays a central national role in the secure management of social and economic data to facilitate high quality research. It is playing a leading role in the establishment of the UK Data Service, the new flagship data infrastructure service. The UK Data Service will help ensure the UK social science community continues to produce world-class research.

Our research benefits individuals and society by directly engaging with current issues, looking to improve the quality of people's lives and informing debates around policy development and implementation.

Recent and continuing research projects include:

- Professor Mark Harvey, from the Department of Sociology, has been awarded an Economic and Social Research Council (ESRC) Professorial Fellowship to investigate the 'food-energy-climate change trilemma'. His research will look at the conflict between our need for food, limited energy resources and climate change.
- Researchers in the Department of Psychology have developed a free mobile app that turns an iPhone or iPod into a hearing aid that is revolutionising the way people cope with hearing loss. So far more than 18,000 people have downloaded the BioAid app.
- Essex scientists have been working with NASA on a project where they controlled a virtual spacecraft by thought alone. Using BCI (brain-computer interface) technology, they found that combining the brain power of two people could be more accurate in steering a spacecraft than one person.
- A key part is being played by Essex scientists in a major \$25m research project awarded to the University of Illinois and funded by the Bill and Melinda Gates Foundation. The five-year project is exploring new ways to improve plant photosynthesis.

Awards and appointments recognising the high quality of the research and scholarship carried out at Essex received in 2012-13 included:

- A Regius Professorship was awarded to the University in recognition of 50 years of excellence in research and education in political science.
- Professor Dawn Ades received a CBE for services to higher education and art history.
- Dr Clare Finburgh received the Choice Outstanding Academic Title award for her book on playwright and theorist Jean Genet which she co-authored with David Bradby.
- Professor Marco Francesconi and Professor Lydia Morris were elected Academicians of the Academy of Social Sciences.
- Professor Hani Hagras was named an Institute of Electrical and Electronics Engineers (IEEE) Fellow.
- Professor Vicky Randall and Professor David Sanders received Special Recognition Awards from the Political Studies Association.
- Professor Sir Nigel Rodley was elected Chair of the Human Rights Committee at the United Nations and President of the International Commission of Jurists (ICJ).
- Professor Marina Warner CBE won for her book *Stranger Magic: Charmed States and the Arabian Nights*, the 2013 Sheikh Zayed Book Award, the 2013 Truman Capote Award for Literary Criticism and the 2012 National Book Critics Circle Award for Criticism.

We are committed to the highest ethical and professional standards and have clear procedures in place for the governance of research to ensure the integrity of the work we undertake and protect our research reputation.

Increasing Access

We work to ensure all students with the potential to succeed, no matter what their background, have the opportunity to come to Essex and enjoy the benefits of studying at a university with an international reputation for research and a commitment to educational excellence.

We admit students solely according to ability without reference to ethnic origin, class, religion, sexuality or any other characteristic. Our Access Agreement with the Office of Fair Access (OFFA) aims to ensure no student is deterred from applying due to financial hardship.

For 2012 entry, we reviewed our financial support packages in partnership with our Students' Union to ensure students identified as having the greatest financial need could come to the University of Essex and benefit from the excellent student experience we provide.

For 2013-14, we have again reviewed our whole scholarship and bursary programme with the help of the Students' Union and key partners to provide further targeted support to meet our strategic aims.

We believe widening participation also involves offering the right support to make sure our students succeed and get the most out of their time at Essex.

We are continuing to expand the support we offer including skills programmes and the Residents' Support Network. Increasing employability opportunities and helping under-represented groups to get the experience they need to secure graduate level jobs is being targeted through our award-winning Frontrunners work placement scheme, our internships programme and our senior student ambassador scheme.

We fund a significant number of outreach activities to target students from low income backgrounds, students from low participation neighbourhoods, mature students, students with disabilities and young people in care. We also support parents, carers, teachers and advisers.

We have again expanded our outreach activities and in 2012-13 our Outreach team took part in or led 230 activities involving 169 schools across Essex, Suffolk and London with a total of 16,976 beneficiaries.

This work helps us consistently exceed our HESA (Higher Education Statistical Agency) Widening Participation Performance Indicator benchmarks for students from under-represented groups. We are introducing new systems to monitor the progress of these students at Essex.

The University continues to be a member of Realising Opportunities (RO), a unique collaboration of twelve research intensive universities working together to promote fair access and social mobility of students from under-represented groups. The programme provides support for students through interventions designed to raise aspirations and enable them to demonstrate their potential for success at a research intensive university such as Essex.

The University of Essex is one of 12 universities, and the only non-Russell Group institution, in the latest cohort of providers of the Sutton Trust's Pathways to Law programme, the biggest national access initiative for the legal profession. Pathways to Law supports bright state school students in Years 12 and 13 from non-privileged backgrounds, who are interested in pursuing a career in law.

Knowledge Exchange and Community Engagement

The University is committed to stimulating economic, cultural and social development, and knowledge exchange activity is valued and encouraged.

Our Research and Enterprise Office supports companies to access our expertise, including Knowledge Transfer Partnerships, and co-ordinates a programme of training informed by our research.

The Research and Enterprise Office coordinates briefings and discussion forums for regional businesses and organisations to share our expertise on issues directly affecting them. This year events have ranged from the budget through to the potential opportunities offered by 'big data'.

The Business Hub at our Southend Campus is a focus for our services, facilities and training events for the business community and a Business Incubation Centre offers space and support to fledgling businesses.

Our internships programme is offering students and graduates the chance to develop their skills and experience within a particular field, while providing businesses or organisations the chance to benefit from their knowledge, skills and expertise. Through the scheme many interns have secured long-term jobs and feedback indicates businesses have gained significant economic benefits. The University was shortlisted in the National Placement and Internship Awards 2013 due to its outstanding work in this area.

We have started work on a 40-acre research park, known as the Knowledge Gateway, at our Colchester Campus to provide a future regional hub for research and development and innovative businesses. This project will increase the impact of our high quality research and help establish collaborations and partnerships.

We are a key partner for Essex Book Festival, engaging the general public and our students with high quality events which promote interest in literature and encourage creativity. Academics from a number of departments took part in events at our campuses and venues across the county as part of the Festival. We also hosted sold out talks by well-known speakers at the University including nature writer Richard Mabey and novelist and presenter Sandi Toksvig.

Our academic departments and centres also offer the wider community the chance to benefit from our research expertise through a huge range of short courses, training and public lectures throughout the year. For example, our Department of History delivers popular evening courses, Essex Business School provides a wide range of training for companies and our School of Health and Human Sciences offers Continuing Professional Development courses to clinicians and health care professionals. Other CPD opportunities are offered across the University including the School of Law, the School of Biological Sciences and the Centre for Psychoanalytic Studies

Our academics actively take part in Café Scientifique and the popular series of talks designed to increase informal engagement between the public and researchers at Essex enjoyed one of its most successful years.

Students at Essex are also involved in putting the knowledge they learn on their courses into practice through practical initiatives such as the Essex Law Clinic in our School of Law and the Human Rights Clinic in our Human Rights Centre.

Our three theatres at our Colchester, Loughton and Southend campuses all host numerous public performances including shows featuring our students. Highlights have included students at East 15 Acting School developing several productions inspired by local history, culture and politics, while drama students at our Colchester Campus were involved in the world premiere of a new play by Nobel Laureate and the University's Professor of Poetry Derek Walcott.

Art Exchange, the University gallery, has a year-round programme of events and exhibitions attended by both the public and our students. This year it hosted two exhibitions organised by Masters students with one show involving collaboration with arts organisation Slack Space and supported by the Arts Council England.

The Essex Collection of Art from Latin America (ESCALA), which comprises more than 700 works, also provides resources for academic study and arts education. The University Space at Firstsite in Colchester is used for exhibitions featuring ESCALA works with public talks, workshops and performances organised to coincide with shows.

Corporate Governance Statement

Corporate Governance and Accountability Arrangements

The University is a body incorporated by Royal Charter. The University's governing body is Council, which is committed to achieving high standards of corporate governance in line with accepted best practice.

The University Council

Members of Council are the trustees of the University which is an exempt charity. The University's Council comprises ex officio external members, a student member, ex officio appointed employees, employees elected by Senate. The roles of Chancellor and Pro-Chancellors (including the Chair of Council) are separated from the role of the University's Chief Executive, the Vice-Chancellor.

The Council of the University has adopted a Statement of Primary Responsibilities which is published on the University website. The statement sets out the Council's responsibilities in respect of powers of appointment and employment, financial and legal powers, planning, monitoring, control and student welfare.

The University is fully compliant with the Committee of University Chairman (CUC) Governance Code of Practice issued in March 2009.

The Council met four times during the year. Of its 25 members a majority are external members drawn from outside the University.

The Committees of Council

The Council delegates some business to a number of committees:

- Audit and Risk Management
- Equality and Diversity
- Strategy and Resources
- Health and Safety
- Nominations
- Remuneration

All of these committees are formally constituted with published terms of reference. With the exception of the Health and Safety Committee, the chair of each committee is an external member of Council. The disclosures in relation to these committees follow those in respect of Council itself.

The Audit and Risk Management Committee comprises solely external members, two of whom are external members of Council, and has no executive responsibility. The Committee has members with recent relevant financial

experience in line with HEFCE guidance. The Audit and Risk Management Committee relies on the work of internal and external audit, on information provided by management and on the response of management to the questions it raises. The Committee met four times in the year.

The responsibilities of the Audit and Risk Management Committee include:

- reporting to Council annually on the effectiveness of the internal control system and the pursuit of value for money, together with an opinion on risk management and data quality;
- advising on the appointment of the internal auditor and approval of the internal audit plan;
- receipt of both an annual report from internal audit, which includes an opinion of the effectiveness of the University's system of internal control, and reports on each assignment including recommendations;
- advising the Council as necessary on the appointment of the external auditors, to receive their reports and review their performance and effectiveness.

Internal Audit is responsible for providing an objective and independent appraisal of all the University's activities. The internal audit work programme is risk-based and is updated to take account of changes in the University's risk profile. Progress made on recommendations by the University is monitored by Internal Audit and reported to the Audit and Risk Management Committee.

In respect of its development, strategic management and financial responsibilities the Council receives recommendations and advice from the Strategy and Resources Committee. The Committee met six times during the year.

The Equality and Diversity Committee seeks to ensure that the equality and diversity policies are fully effective and that the University is in compliance with legislation. The Committee met three times during the year.

The Health and Safety Committee reports to the Council at least annually on health and safety matters including compliance with government legislation and regulations. The Committee met twice during the year.

The Nominations Committee makes recommendations for the appointment or re-appointment of members of Council, its committees and Court. The Committee met three times during the year.

The Remuneration Committee determines the annual remuneration of the most senior staff, including the Vice-Chancellor. Employee members have no involvement in determining their own salaries. The Committee met once during the year.

The University Senate

The Senate is the highest academic authority of the University. It is responsible for the promotion of academic work in both teaching and research, for the regulation of educational arrangements and the maintenance of discipline. It receives quality audit reports from both the Quality Assurance Agency and in-house departmental reviews. Currently it has 5 representatives on Council each appointed for three years.

A review of the effectiveness of Senate was undertaken during 2011-12 and 2012-13, the recommendations from which were approved by Senate in June 2013 and related to:

- improved communication in relation to the work of Senate, specifically establishing ways to ensure that the access points to the work of Senate that already existed were more visible in order to maximise staff engagement;
- a proposed new structure for the Committees of Senate in relation to academic decision-making, academic standards and the quality assurance and enhancement framework.

The Working Party on the Review of the Effectiveness of Senate is expected to continue its work during 2013-14 in order to undertake a review of the Committees of Senate not considered as part of the recent review.

The University Court

The University Court is a formal body established under the Charter and Statutes whose main function is to receive a report from the Vice-Chancellor on the workings of the University, along with receiving the annual audited Financial Statements.

Responsibilities of the Council

The Council is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Council is responsible for ensuring proper accounting records are kept. These should disclose with reasonable accuracy at any time the financial position of the University and its subsidiary undertakings and enable Financial Statements to be prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. Within the terms and conditions of a Financial Memorandum agreed between HEFCE and the Council of the University, the Council, 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 and its subsidiary undertakings and the surplus or deficit and cash flows for the year.

In the preparation of the Financial Statements, the Council has to ensure 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;
- Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Council has taken reasonable steps to:

- ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and any other conditions which HEFCE may from time to time prescribe;
- 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 and its subsidiary undertakings and to prevent and detect fraud;
- secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiary undertakings;
- ensure that processes operate within the University to identify, evaluate and manage significant risks and to review the effectiveness of the system of internal control.

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

- clear definitions of the responsibilities of, and authority delegated to, heads of academic departments and administrative sections;
- a short and medium term planning process, supplemented by detailed annual income, expenditure and capital budgets;
- regular reviews of academic performance and financial results involving variance reporting and updates of financial outturns;
- defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to appropriate levels set by Council;
- Financial Regulations, including financial controls and procedures, approved by the Audit and Risk Management Committee;
- a professional internal audit team whose annual programme is approved by the Audit and Risk Management Committee;
- a Risk Register which contains weightings (of likelihood and impact) linked to the Strategic Plan which also informs the internal audit planning process.

Other Committee members (who are not trustees of the University)

Name	Audit and Risk Management		Strategy and Resources		Nominations		Remuneration	
	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended
Mr Marc Albano			6	6				
Mr Peter Giblin (10)	4	3						
Dr John Grote	4	3						
Mr Andrew Keeble			6	6				
Mr Bryn Morris			6	6	3	3	1	1
Dr David Pevalin (12)			4	3				
Mrs Vanessa Potter			6	6				
Mr Robin Paddock (9)	3	3						
Prof David Sanders			6	5				
Prof Nigel South			6	6				
Mr Brian Stapleton	4	4						
Mr Riccardo Tazzini	4	3						
Dr Sonia Virdee (13)			5	5				
Prof Jane Wright			6	5				

Council

1. Mr Nathan Bolton's term of office ended on 30 June 2013
2. Mr Nitin Dahad joined on 1 August 2012
3. Miss Becky Fisher joined on 1 July 2013
4. Lady Sally Irvine joined on 1 July 2013
5. Prof Eamonn Carrabine's term of office ended on 31 July 2013
6. Mrs Victoria Galeotti's term of office ended on 31 July 2013
7. There was one vacancy throughout 2012-13

Audit and Risk Management

8. Mr Nitin Dahad joined on 1 January 2013
9. Mr Robin Paddock joined on 1 November 2013
10. Mr Peter Giblin's term of office ended on 31 July 2013

Strategy and Resources

11. Dr Pam Cox's term of office ended on 31 July 2013
12. Dr David Pevalin joined on 1 December 2012 until 31 July 2013
13. Dr Sonia Virdee joined in October 2012

Nominations

14. Ms Maria Stanford joined on 1 August 2012
15. Dr Pam Cox's term of office ended on 31 July 2013

Remunerations

16. None

Independent auditor's report to the members of council of the University of Essex

We have audited the financial statements of the University of Essex for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body in accordance with the financial memorandum effective August 2010. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body and Auditor

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

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 July 2013 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on Other Matters Prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion:

- in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2013 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2013 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council.

Matter on Which we are Required to Report by Exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion the Statement of Internal Control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University.

Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, UK
November 2013

Accounting Policies

Accounting Convention

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments and endowment asset investments, and in accordance with both the Statement of Recommended Practice - Accounting for Further and Higher Education (SORP) issued in July 2007 and applicable accounting standards and Financial Reporting Standards.

Basis of Consolidation

The Financial Statements comprise the consolidated results of the University of Essex and its subsidiaries and the University's share of the results and reserves of its joint venture companies. These subsidiaries undertake activities which, for legal and commercial reasons, are more appropriately operated through limited companies. Their activities include a hotel, conferences and consultancy services for a wide variety of commercial organisations and individuals, the rental of student residences, the acquisition, protection and licensing of intellectual property from the University and the holding, development and disposal of land or granting of long-leases in relation to the Knowledge Gateway project.

The subsidiary companies transfer all taxable profits to the University through Gift Aid. Joint ventures are consolidated according to the proportionate share the University has in each.

Full details of the activities of the Universities subsidiaries and joint ventures are disclosed in Note 32.

The consolidated Financial Statements do not include those of the University of Essex Students' Union as it is a separate entity with its own governance and reporting arrangements. The grant to the Students' Union is disclosed in Note 8, and the Union's financial results are summarised in Note 30.

Recognition of Income

Income from HEFCE block grants are accounted for in the period to which they relate.

Income from HEFCE revenue grants for specific purposes is included to the extent that expenditure is incurred during the year.

Grants and donations received in respect of expenditure on fixed assets are treated as deferred capital grants and released to the income and expenditure account in line with depreciation, over the useful economic life of the asset.

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 and contracts, consultancy and other services rendered are recognised 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.

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.

Any increase in value arising on the revaluation of fixed asset investments is credited 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.

Accounting for Donations and Endowment Funds

Where donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three categories of endowment:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University;
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the University can apply the capital as well as the income to fund the specified objective;
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Unrestricted endowments are recognised when the donation has been received or if, before receipt, there is sufficient evidence of certainty that the donation will be received and its value can be measured with sufficient reliability.

Endowments with restrictions are recognised when relevant conditions have been met.

Endowments received to be applied to the cost of a tangible fixed asset (other than land) are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the

depreciation charge associated with the tangible fixed asset except for land.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Increases or decreases in value arising on the revaluation of endowment assets (other than land) i.e. the appreciation or depreciation of endowment assets, or on their disposal, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

Receipts and Payments made on Behalf of Others

The University receives and disburses various funds on behalf of funding bodies and these are known as 'agency arrangements'. This includes the payment of HEFCE grant to academic partners, NHS bursaries and Access to Learning Funds. These funds are excluded from the University's income and expenditure account as the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. Receipts and disbursements made under agency arrangements are disclosed in Note 33.

Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are, in practice, available within 24 hours without penalty. No investments, however liquid, are included in cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits and other investments held as part of the University's treasury management activities. They exclude such assets held as endowment asset investments.

Investments

Fixed asset investments and endowment asset investments are included in the Balance Sheet at market value unless the market value cannot be readily ascertained and the yields are unquantifiable and of a long-term nature, such as seedcorn funds. In such instances, it is considered prudent to charge the cost of the investment to the revenue account in the year of its acquisition. Increases or decreases in value arising on the revaluation of fixed asset investments are carried to the revaluation reserve. Where a permanent diminution in value of an asset occurs, the excess will be charged to the Income and Expenditure Account to the extent that it is not covered by a revaluation surplus. The profit or loss on the disposal of an asset is accounted for in the year in which the disposal occurs as the difference

between the net sale proceeds and the net carrying amount, whether carried at historical cost or valuation.

Investments in equities and gilts are generally treated as fixed asset investments whilst investments in the form of term deposits with banks and other financial institutions are shown as current asset investments.

Current asset investments are included at the lower of cost and net realisable value.

Financial Instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The university uses derivative financial instruments called interest rate swaps to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a variable rate to a fixed rate. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. In instances where the derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the year-end rate of exchange. The resulting exchange rate differences are recorded as either a gain or a loss on exchange in the Income and Expenditure account for the financial year.

Maintenance of Premises

The University has a five-year rolling maintenance plan which is reviewed on an annual basis. The cost of all maintenance is charged to the Income and Expenditure Account as incurred.

Land and Buildings

Land and buildings are stated at cost. Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are generally depreciated over their expected useful lives of 50 years, except for certain minor works for which a 20-year depreciation policy has been adopted.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful economic life of the buildings.

Fixed Asset Impairments

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Intangible Assets & Goodwill

Expenditure on assets that do not have physical substance but are identifiable and controlled by the University are capitalised at historical cost when it will bring benefits for more than one financial year, this includes goodwill. Goodwill arose on the acquisition of business from Insearch Ltd when the partnership ended in 2008. The balance of goodwill was written off in 2011-12 as no future cash flows are expected.

Heritage Assets

The University holds various non-operational assets in the form of a collection of paintings, prints and similar artworks mainly dating from the 20th century, which were acquired through a combination of donations and purchases. The University does not actively seek to add to the collection, other than through the commissioning of photographic portraits of senior Trustees. It is the University's intention to maintain the collection and no disposals are currently foreseen. The majority of the collection is on public display in the library and a record of the items is held by the University for insurance purposes. These assets are included in the balance sheet at market valuation. Heritage assets are not depreciated.

Equipment

Equipment, including computer hardware and software, costing less than £25,000 per individual item or group of related items which together comprise one operational unit, is written off in the year of acquisition.

Capitalised equipment is stated at cost and depreciated over its expected useful life, as follows:

- motor vehicles and other general equipment - between five and ten years dependent upon the expected useful economic life;
- computer equipment - three years;

Where equipment is acquired with the aid of grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment.

Equipment acquired for specific research projects is written off in the year of acquisition along with its matching grant.

Depreciation

Where any asset is depreciated, no charge is made to the Income and Expenditure Account in the year of acquisition. However, in the year of disposal a full year charge is made regardless of the timing of the disposal.

No depreciation is charged on assets in the course of construction.

Stocks

The stocks are for general maintenance, catering supplies of food and liquor, computers and computer spares, stationery and consumables. They are valued at the lower of cost or net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when the Institution has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability. Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits and an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than a present, asset arising from a past event.

Pension Schemes

The University participates in three principal pension schemes for employees. These are the Universities Superannuation Scheme (USS) for academic and related staff, the Local Government Pension Scheme (LGPS) and the University of Essex Pension Scheme (UEPS) for other staff. The assets of the schemes are held in separate trustee-administered funds. All three schemes are defined benefit schemes and are contracted out of the State Second Pension (SP2).

Because of the mutual nature of the USS scheme, the University is unable to identify its share of the underlying

assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The assets of the LGPS and UEPS are measured using closing market values. LGPS and UEPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Provision has been made to meet a past service shortfall of members of the Local Government Pension Scheme who took early retirement. The payments made to these members are largely set against this provision.

In addition to the three main schemes, the University has volunteered to be a pilot employer for the NEST (National Employment Savings Trust) pension scheme for staff employed under UECS terms and conditions. Being a pilot employer for the new scheme means early adoption of the initiative which does not become statutory until 2014. The schemes will be monitored and regulated by the DWP, The Pensions Regulator and NEST Corporation.

Taxation Status

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 are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation.

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

Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Deferred Tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

Intra-group Transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Balances between the University and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity; the part relating to the University's share is eliminated.

Joint Venture Entities

The University's share of income and expenditure in joint venture entities is recognised in the University's income and expenditure account in accordance with FRS 9. Similarly the University's share of assets and liabilities in associate entities is recognised in the University's balance sheet in accordance with FRS 9. The gross equity method is used when consolidating joint venture entities.

Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the Institution, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Consolidated Income and Expenditure Account

Year Ended 31 July 2013

	Notes	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Income			
Funding body grants	1	27,623	33,952
Tuition fees and education contracts	2	75,637	62,734
Research grants and contracts	3	21,626	25,445
Other income	4	52,234	48,924
Endowment and investment income	5	696	440
Total income		177,816	171,495
Less: Share of income from joint ventures	4	(18,993)	(19,391)
Net income		158,823	152,104
Expenditure			
Staff costs	7	86,147	81,396
Other operating expenses	8	57,681	55,022
Depreciation	8	7,134	7,773
Interest and other finance costs	8	4,908	5,217
Total expenditure	9	155,870	149,408
Surplus after depreciation of tangible fixed assets at valuation		2,953	2,696
Share of operating profit in joint venture	13	465	912
Surplus after depreciation of assets at valuation and tax		3,418	3,608
Gain on disposal of fixed asset		1,889	0
Surplus / (Deficit) for the year transferred to accumulated income in endowment funds	22	95	(7)
Surplus for the year retained within general reserves		5,402	3,601

All items of income and expenditure arise from continuing operations

Statement of Group Total Recognised Gains and Losses

Year Ended 31 July 2013

	Notes	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		3,418	3,608
Gain on disposal of fixed asset		1,889	0
Unrealised deficit on revaluation of fixed assets	23	(162)	(206)
Appreciation / (depreciation) of endowment assets	22	765	(204)
New endowments	22	132	308
Actuarial gain / (loss) in respect of pension schemes	23	3,812	(9,281)
Total recognised gains / (losses) relating to the year		9,854	(5,775)
Increased / (Decreased) in value of Joint Ventures	23	192	(57)
Total recognised gains / (losses) since last report		10,046	(5,832)
Reconciliation			
Opening reserves and endowments		45,646	51,478
Total recognised gains / (losses) for the year		10,046	(5,832)
Closing reserves and endowments		55,692	45,646

Balance Sheets

As at 31 July 2013

	Notes	Consolidated		University	
		Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Fixed assets					
Intangible assets	10	0	0	0	0
Tangible assets	11	199,479	201,746	187,573	171,722
Investments	12	5,299	4,457	33,685	30,956
Investment in joint venture:	13				
Share of gross assets		39,253	40,378	0	0
Share of gross liabilities		(13,700)	(14,325)	0	0
		230,331	232,256	221,258	202,678
Endowment assets	14	5,979	5,177	5,979	5,177
Current assets					
Stocks	15	468	427	182	203
Debtors	16	7,666	10,849	7,320	28,341
Investments	17	25,130	10,093	25,130	10,093
Cash at bank and in hand		11,228	19,871	8,863	18,004
		44,492	41,240	41,495	56,641
Less: Creditors: amounts falling due within one year	18	(37,265)	(27,578)	(44,884)	(25,782)
Net current assets		7,227	13,662	(3,389)	30,859
Total assets less current liabilities		243,537	251,095	223,848	238,714
Less creditors: amounts falling due after more than one year	19	(81,877)	(90,425)	(76,092)	(90,364)
Less: Provisions for liabilities	20	0	(118)	0	(118)
Total net assets excluding pension liability		161,660	160,552	147,756	148,232
Net pension liability	31	(19,477)	(24,492)	(19,140)	(24,054)
Total net assets including pension liability		142,183	136,060	128,616	124,178
Deferred capital grants	21	63,141	65,907	63,141	65,907
Joint venture deferred capital grant reserve	35	23,350	24,507	0	0
Endowments					
Expendable	22	5,501	4,774	5,501	4,774
Permanent	22	478	403	478	403
		5,979	5,177	5,979	5,177
Reserves					
Income and expenditure account excluding pension reserve	23	68,385	63,994	77,831	76,181
Pension reserve	31	(19,477)	(24,492)	(19,140)	(24,054)
Income and expenditure account including pension reserve	23	48,908	39,502	58,691	52,127
Revaluation reserve	23	805	967	805	967
		49,713	40,469	59,496	53,094
Total Funds		142,183	136,060	128,616	124,178

The Financial Statements were approved by the Governing Body on 25 November 2013 and were signed on its behalf on that date by:

PROFESSOR A. FORSTER
Vice-Chancellor

D. CURRIE
Chair of Council

A. KEEBLE
Director of Finance

Consolidated Cash Flow Statement

Year Ended 31 July 2013

	Notes	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Net cash inflow from operating activities	24	22,534	3,162
Returns on investments and servicing of finance			
Income from endowments		143	190
Income from investments		553	250
Interest paid		(4,631)	(4,897)
		(3,935)	(4,457)
Capital expenditure and financial investment			
Proceeds from sales of tangible fixed assets		20,524	0
Proceeds from sales of fixed asset investments		5,299	0
New endowments received	22	132	308
Endowment funds invested	14	(29)	0
Payments made to acquire tangible fixed assets	11	(24,814)	(19,606)
Payments made to acquire fixed asset investments		(5,293)	0
Deferred capital grants received	21	198	6,178
		(3,983)	(13,120)
Cash inflow / (outflow) before management of liquid resources		14,616	(14,415)
Management of liquid resources			
Increase in short term investments		(15,037)	(5,035)
Financing			
New secured loans		9,655	15,627
Repayments of amounts borrowed		(22,290)	(950)
		(12,635)	14,677
(Decrease) in cash in the year	25	(13,056)	(4,773)
Reconciliation of net cash flow to movement in net debt			
		31 July 2013 £'000	31 July 2012 £'000
(Decrease) in cash for the year		(13,056)	(4,773)
Change in short term deposits		15,037	5,035
Change in debt		12,635	(14,677)
Change in net debt		14,616	(14,415)
Net debt at 1 August 2012		(60,721)	(46,306)
Net debt at 31 July 2013	25	(46,105)	(60,721)

Notes to the Accounts

For the year ended 31 July 2013

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
1 Funding body grants		
Recurrent - teaching grant	15,537	21,412
Recurrent - research grant	8,785	9,045
Specific grants	1,174	1,174
Deferred capital grants released in year - Buildings (note 21)	1,215	1,236
Deferred capital grants released in year - equipment (note 21)	912	1,085
	27,623	33,952
2 Tuition fees and education contracts		
Full-time home and EU students	32,837	24,328
Full-time international students	29,403	27,465
Part-time students	2,826	982
Non-credit-bearing tuition fees	3,581	3,146
NHS contracts	6,906	6,748
Research training support grant	84	65
	75,637	62,734
3 Research grants and contracts		
Research Councils	15,323	18,118
UK-based charities	927	822
UK central government, local authorities and health authorities	884	1,044
UK industry, commerce and public corporations	345	418
European Union government bodies	3,361	3,607
Deferred capital grants (non-funding council) released in year - equipment (note 21)	26	0
Other overseas	755	1,427
Other sources	5	9
	21,626	25,445
4 Other income		
Other services rendered:		
Income from academic partnerships	2,169	1,871
Other sources	263	442
Commercial services income	25,214	21,039
Deferred capital grants (non-funding council) released in year - buildings (note 21)	811	614
Rental income	765	656
Other income	4,019	4,911
Income from joint ventures	18,993	19,391
	52,234	48,924
5 Endowment and investment income		
Income from fixed asset investments	166	180
Income from expendable endowments	131	175
Income from permanent endowments	12	15
Income from current asset investments	387	70
	696	440

Notes to the Accounts

For the year ended 31 July 2013

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
6 Surplus for the year		
The surplus on continuing operations for the year is made up as follows:		
University's surplus for the year	3,039	3,234
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	4,409	208
(Losses) / profits retained by subsidiary undertakings and joint ventures	(2,047)	159
	5,402	3,601
7 Staff costs		
Staff Costs:		
Salaries	67,560	63,393
Social security costs	5,153	5,065
Other pension costs	13,434	12,938
Total	86,147	81,396
Aggregate emoluments of the Vice-Chancellor for year to 31 July	228	212
<p>The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to USS are paid at the same rate as for other employees and for the Vice-Chancellor these amounted to £35,320 (2011-12: £36,640).</p> <p>Compensation for loss of office paid to senior members of staff for 2012-13 was £0k (2011-12: £0k)</p> <p>Other pension costs include pension contributions made by the University on behalf of employees who have elected to reduce their wages and salaries when the University introduced its Pensions Plus scheme in April 2009.</p>		
Remuneration of other higher paid staff, excluding employer's pension contributions:	No.	No.
£100,000 to £109,999	9	1
£110,000 to £119,999	3	5
£120,000 to £129,999	2	1
£130,000 to £139,999	2	1
	16	8
Average staff numbers by major category :	No.	No.
Academic	635	625
Research	93	102
Senior Support	419	388
Other Support	397	373
General Support	410	392
	1,954	1,880

Notes to the Accounts

For the year ended 31 July 2013

	Notes	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
8 Other operating expenses			
Auditor fees		188	192
Books and periodicals		2,521	2,361
Early retirements and severances		0	497
Equipment and consumables		2,784	4,940
Food and Drink		1,017	1,118
Gas, water and electricity		4,269	3,370
Grants to Students' Union		1,363	1,070
Insurance		438	579
Long-term maintenance programme		2,638	4,084
Minor works		427	389
Other expenses		14,939	9,105
Postage and telephones		307	796
Printing and stationery		501	1,286
Professional and consultancy fees		2,345	3,530
Rates and rental of premises		2,478	2,344
Repairs and routine maintenance of estates		3,637	2,732
Research survey fieldwork		7,200	8,396
Scholarships (fee waivers and bursaries)		4,879	4,292
Travel and subsistence		2,021	2,024
IT / AV Equipment		3,729	1,917
		57,681	55,022
Auditors fees include:			
Fees payable for audit of the University and its subsidiary companies		95	67
Non audit services		93	125
		188	192
Depreciation and amortisation			
The depreciation and amortisation charge is represented by:			
Deferred capital grants released (Note 21)		2,964	2,935
General income		4,170	4,838
		7,134	7,773
Finance charges			
Bank Interest payable		4,631	4,897
Net charge on pension scheme (FRS17)		277	320
		4,908	5,217

Notes to the Accounts

For the year ended 31 July 2013

9 Analysis of total expenditure by activity

	Staff costs £'000	Other operating expenses £'000	Depreciation and Amortisation £'000	Interest paid £'000	2012-13 Total £'000	2011-12 Total £'000
Academic departments and centres	45,452	5,545	0	0	50,997	50,696
Academic services	6,996	5,560	0	0	12,556	11,381
Research grants and contracts	8,316	9,376	13	0	17,705	21,237
Residences and catering	6,788	9,811	2,282	3,061	21,942	18,783
Premises	4,514	8,269	4,722	0	17,505	16,700
Administration	9,292	4,245	0	103	13,640	11,918
Other services rendered	383	734	12	0	1,129	414
General education expenditure	1,476	5,311	0	0	6,787	5,471
Student and staff facilities	2,365	4,314	105	54	6,838	6,431
Early retirements and severances	0	0	0	0	0	497
Other expenses	565	4,516	0	1,690	6,771	5,880
	86,147	57,681	7,134	4,908	155,870	149,408

Trustees

No trustee has received any remuneration/waived payments from the group during the year. Ten trustees are also employees of the University but received no additional payment for acting as trustees.

The total expenses paid to or on behalf of 25 trustees was £nil (2012 - £nil to 25 trustees).

10 Intangible assets: Goodwill and others (Consolidated and University)

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Cost		
At 1 August and 31 July	1,498	1,498
Amortisation		
At 1 August	1,498	408
Charge for the year	0	136
Impairment	0	954
At 31 July	1,498	1,498
Net book value		
At 31 July	0	0

On 31 October 2008, the University ended its partnership with Insearch Ltd. The intangible asset represents the discounted value of the goodwill arising from acquisition of the business from Insearch Ltd and has been written off in 2011-12.

Notes to the Accounts

For the year ended 31 July 2013

11 Tangible assets
Consolidated

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage Assets £'000	Total £'000
Cost						
At 1 August 2012	222,364	1,923	17,282	7,980	798	250,347
Additions	7,356	0	670	16,788	0	24,814
Transfers	15,941	0	646	(16,587)	0	0
Disposals	(23,996)	0	(102)	0	0	(24,098)
At 31 July 2013	221,665	1,923	18,496	8,181	798	251,063
Depreciation						
At 1 August 2012	39,618	627	8,356	0	0	48,601
Charge for the year	4,899	53	2,182	0	0	7,134
Disposals	(4,139)	0	(12)	0	0	(4,151)
At 31 July 2013	40,378	680	10,526	0	0	51,584
Net Book Value						
At 31 July 2013	181,287	1,243	7,970	8,181	798	199,479
At 31 July 2012	182,746	1,296	8,926	7,980	798	201,746
University						
Cost						
At 1 August 2012	196,604	1,923	15,950	838	798	216,113
Additions	6,453	0	594	16,539	0	23,586
Transfers	15,941	0	646	(16,587)	0	0
Disposals	(1,200)	0	(62)	0	0	(1,262)
At 31 July 2013	217,798	1,923	17,128	790	798	238,437
Depreciation						
At 1 August 2012	35,428	627	8,336	0	0	44,391
Charge for the year	4,337	53	2,083	0	0	6,473
Disposals	0	0	0	0	0	0
At 31 July 2013	39,765	680	10,419	0	0	50,864
Net Book Value						
At 31 July 2013	178,033	1,243	6,709	790	798	187,573
At 31 July 2012	161,176	1,296	7,614	838	798	171,722

University Land and Buildings include £5.226m (2011-12: £5.226m) in respect of freehold land which is not depreciated and leasehold properties with a net book value of £1.243m (2011-12: £1.296m).

Additions to University land and buildings in the year includes £16.539m (2011-12: £4.201m) for assets in the course of construction, for which no depreciation charge has been made. Land, buildings and equipment with a net book value of £79.971m (2011-12: £77.368m) have been funded by capital grants of £36.308m and other gifts and donations of £31.303m.

The University Equipment includes assets valued at £798k for works of art deemed to be heritage assets which were capitalised in 2009-10. The University's external valuer (Lyon & Turnbull) carried out a full valuation of the collection at 18 February 2010. The values were established on the basis of the valuer's assessment of the likely replacement cost at suitable specialist retail outlets, having given consideration to quality and condition for a similar item.

Notes to the Accounts

For the year ended 31 July 2013

12 Investments

	Consolidated		University	
	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
At 1 August	4,457	4,663	30,956	25,410
Additions	836	0	2,723	5,752
Revaluations credited / (debited) to the revaluation reserve	6	(206)	6	(206)
At 31 July	5,299	4,457	33,685	30,956
Comprising:				
Equities	5,252	4,410	5,252	4,410
Subsidiary companies:				
University of Essex Knowledge Gateway Holdings Ltd	0	0	12,641	12,491
Universal Accommodation Group Ltd	0	0	2,893	2,892
University of Essex Campus Services Ltd	0	0	1,251	1,251
Wivenhoe House Hotel Ltd	0	0	11,601	9,865
Other investments	47	47	47	47
	5,299	4,457	33,685	30,956

Land designated for the development of the Knowledge Gateway is held by the University of Essex Knowledge Gateway Holdings Ltd, a wholly owned subsidiary. Details of investments in all subsidiary undertakings are included in note 32.

13 Investment in joint venture

University Campus Suffolk Ltd is a company limited by guarantee with two members, the University of Essex and the University of East Anglia, to promote the establishment of a university campus in Suffolk. For the year ending 31 July 2013 it recorded a surplus of £0.931m after taxation (£1.822m in 2011-12). On 9 September 2008, UCS Ltd was gifted land with an estimated value of £9.3m by Ipswich Borough Council to aid the development of Phase II of the capital programme. In the event that any part of the site remains undeveloped after 31 March 2013, the Council has the option to repurchase it for £1.

During the year, UCS Ltd purchased goods and services to the value of £493k from the University (2011-12: £169k) of which £163k was outstanding at 31 July 2013 (2011-12: £445k). UCS Ltd provided services to the University to the value of £10k, (2011-12: £4k) with £nil outstanding at 31 July 2013. (2011-12: £nil)

University Campus Suffolk Ltd have been accounted for as a joint venture in accordance with FRS 9.

The level of profit included within the consolidated financial statements was as follows:

	Year Ended 31 July 2013		Year Ended 31 July 2012	
	£'000	£'000	£'000	£'000
Income and expenditure account				
Income		18,993		19,391
Profit before tax		465		912
Balance sheet				
Fixed assets	33,895		35,059	
Current assets	5,358		5,319	
		39,253		40,378
Creditors: amounts due within one year	(2,122)		(2,566)	
Creditors: amounts due after more than one year	(11,578)		(11,759)	
		(13,700)		(14,325)
Share of net assets		25,553		26,053

Notes to the Accounts

For the year ended 31 July 2013

14 Endowment assets (Consolidated and University)

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Balance at 1 August	5,177	5,066
New endowments invested	29	0
Increase / (Decrease) in market value of investments	764	(204)
Increase in cash balances held for endowment funds	9	315
Balance at 31 July	5,979	5,177
Represented by		
Absolute return funds	958	858
Equities	4,322	3,629
Cash at bank held for endowment funds	699	690
Total endowment assets	5,979	5,177

15 Stock

	Consolidated		University	
	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Stock	468	427	182	203

16 Debtors

	Consolidated		University	
	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Amounts falling due within one year:				
Trade debtors	593	1,170	247	731
Student fees	1,682	1,221	1,682	1,221
Research debtors	3,153	4,959	3,153	4,959
Prepayments and accrued income	2,238	3,499	1,945	3,038
Amounts due from subsidiary companies	0	0	293	337
	7,666	10,849	7,320	10,286
Amounts falling due after one year:	0	0	0	18,055
	7,666	10,849	7,320	28,341

On acquisition of Universal Accommodation Group Ltd in 2004, the University loaned the company £21.779m in order for the company to repay its debt. In 2012-13 the loan was repaid.

Notes to the Accounts

For the year ended 31 July 2013

17 Investments

	Consolidated		University	
	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Deposits maturing:				
In one year or less	25,037	10,000	25,037	10,000
Between one and two years	0	0	0	0
	25,037	10,000	25,037	10,000
Other investments:	93	93	93	93
	25,130	10,093	25,130	10,093

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than 24 hours maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2013 the weighted average interest rate of these fixed rate deposits was 0.95% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 99 days. The fair value of these deposits was not materially different from the book value.

18 Creditors: amounts falling due within one year

	Consolidated		University	
	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Secured loans	1,285	950	1,285	950
Payments received in advance	15,689	9,327	15,689	9,327
Research grants received on account	5,621	4,833	5,621	4,833
Trade creditors	4,244	3,322	3,938	2,657
Social security and other taxation payable	1,750	1,599	1,644	1,599
Accruals and deferred income	8,676	7,547	7,318	6,416
Amounts due to subsidiary companies	0	0	9,389	0
	37,265	27,578	44,884	25,782

Notes to the Accounts

For the year ended 31 July 2013

19 Creditors: amounts falling due after more than one year

	Consolidated		University	
	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Analysis of secured and unsecured loans:				
Due within one year or on demand	1,285	950	1,285	950
Due between one and two years	1,285	950	1,285	950
Due between two and five years	8,723	10,644	8,723	10,644
Due in five years or more	65,262	77,832	65,262	77,832
	76,555	90,376	76,555	90,376
Due within one year or on demand	(1,285)	(950)	(1,285)	(950)
Due after more than one year	75,270	89,426	75,270	89,426
Other creditors:				
Due between one and two years	1,603	150	150	150
Due between two and five years	630	450	450	450
Due in five years or more	4,374	399	222	338
	6,607	999	822	938
Total	81,877	90,425	76,092	90,364

Other creditors includes amounts owing to Insearch Ltd. In October 2008, the University terminated its partnership arrangement with Insearch Ltd and a termination payment of £1.8m is payable in instalments between 2008 and 2019. The initial net discounted financial liability amounted to £1.25m using a discount rate of 4.31%.

During 2008-09, the University received £0.16m from HEFCE through the SALIX initiative as start-up funding to finance energy conservation and efficiency within the University. This will be non-repayable provided that the University is able to demonstrate that appropriate progress has been made.

In late 2008, the University secured additional loan facilities of £100m from Lloyds TSB to finance a new capital investment programme. As at 31 July 2013, the University had drawn down £54m (2012: £56m). The revolving facility extends to November 2013, at which time the loan will term for 30 years. At the same time, the University re-financed an existing loan of £22m with Lloyds TSB. For both loans, a five-year repayment holiday has been negotiated ending November 2013. The University also had a bank loan with Barclays Bank which was repaid in 2013.

The University's interest-rate management policy is to fix a significant proportion of its interest costs. This is achieved through a mixture of fixed-rate loans and interest rate swaps. As at 31 July 2013, 115% of total debt was managed in this way.

Notes to the Accounts

For the year ended 31 July 2013

20 Provisions for liabilities (Consolidated and University)

	Pension enhancements on termination £'000	Premature Retirement Compensation £'000	Total £'000
At 1 August 2012	117	1	118
Utilised in year	(117)	(49)	(166)
Transfer from income and expenditure account	0	48	48
At 31 July 2013	0	0	0

The Severances provision exists to meet the costs of employees who have agreed to take early retirement or voluntary severance under the University's restructuring scheme.

The early retirement provision has been set up to meet enhanced unfunded pension benefits for former staff who are members of the Local Government Pension Scheme.

21 Deferred capital grants

Consolidated and University	Funding Council £'000	Other Grants £'000	Total £'000
At 1 August 2012			
Buildings	35,630	27,644	63,274
Equipment	2,633	0	2,633
Total	38,263	27,644	65,907
Cash receivable			
Buildings	65	0	65
Equipment	107	26	133
Total	172	26	198
Released to income and expenditure account			
Buildings (notes 1, 3 and 4)	(1,215)	(811)	(2,026)
Equipment (notes 1, 3 and 4)	(912)	(26)	(938)
Total	(2,127)	(837)	(2,964)
At 31 July 2013			
Buildings	34,480	26,833	61,313
Equipment	1,828	0	1,828
Total	36,308	26,833	63,141

Grants received in the year included £0.172m from HEFCE for both building costs and equipment.

Grants released to the income and expenditure account are to fund depreciation charges as shown in notes 9 and 11.

Notes to the Accounts

For the year ended 31 July 2013

22 Endowments (Consolidated and University)

	Total Year Ended 31 July 2012 £'000	Additions and transfers £'000	Change in Market Value £'000	Income £'000	Expenditure £'000	Total Year Ended 31 July 2013 £'000
Restricted permanent endowment funds	403	0	66	12	(3)	478
Restricted expendable endowment funds	4,774	132	699	131	(235)	5,501
	5,177	132	765	143	(238)	5,979
Linked charities	1,465	0	0	0	0	1,465
	6,642	132	765	143	(238)	7,444
Funds and charities with income below £100,000:						
Fellowships and scholarships	892	128	134	22	(34)	1,142
Prize funds	280	4	42	9	(18)	317
Chairs and lectureships	89	0	20	3	(64)	48
Other	1,494	0	229	42	(34)	1,731
Funds and charities with income over £100,000:						
University Campus Suffolk	1,465	0	0	0	0	1,465
John Silberrad Trust Fund	2,422	0	340	67	(88)	2,741
	6,642	132	765	143	(238)	7,444
			2011-12 Total £'000	Restricted Expendable £'000	Restricted Permanent £'000	2012-13 Total £'000
Represented by:						
Endowment capital			5,084	5,534	447	5,981
Accumulated income			93	(33)	31	(2)
			5,177	5,501	478	5,979

Notes to the Accounts

For the year ended 31 July 2013

23 Reserves

	Year Ended 31 July 2013	
	Consolidated £'000	University £'000
Income and Expenditure reserves		
At 1 August	40,469	53,094
Surplus retained for the year	5,402	3,039
Increase in value of joint ventures	192	0
Actuarial gain in respect of pension schemes	5,047	4,914
Transfer from revaluation reserve	(162)	(162)
Add back pension deficit	(1,235)	(1,389)
At 31 July	49,713	59,496
Pension reserve		
At 1 August	(24,492)	(24,054)
Actuarial gain	3,780	3,525
Deficit retained within reserves	1,235	1,389
At 31 July	(19,477)	(19,140)
Revaluation reserve		
At 1 August	967	967
Transfer to Income and Expenditure Reserve	(162)	(162)
At 31 July	805	805

Notes to the Accounts

For the year ended 31 July 2013

24 Reconciliation of surplus before tax and profit on disposal of assets to net cash inflow from operating activities

	Notes	Consolidated	
		Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Surplus on continuing activities after depreciation of assets at cost		4,842	2,696
Depreciation	11	7,134	7,078
Profit on disposal of tangible fixed assets		(577)	0
Profit on disposal of fixed assets investments		(842)	0
Deferred capital grants released to income	21	(2,964)	(2,935)
Amortisation and impairment of intangible assets	10	0	1,090
Investment income	5	(696)	(440)
Interest payable	8	4,631	4,897
Increase in stocks		(41)	(156)
Decrease/(increase) in debtors	16	3,183	(1,998)
Increase/(decrease) in creditors	18	9,352	(4,229)
Decrease in provisions		(118)	(1,261)
Pension costs less contributions payable	31	(1,370)	(1,580)
Net cash inflow from operating activities		22,534	3,162

25 Analysis of changes in net debt

	Notes	Consolidated			
		At 1 August 2012 £'000	Cash Flows £'000	Non-Cash Changes £'000	At 31 July 2013 £'000
Cash at bank and in hand					
Endowment assets	14	690	9	0	699
Other		19,871	(13,065)	4,422	11,228
		20,561	(13,056)	4,422	11,927
Short-term investments	17	10,093	15,037	0	25,130
Debts due within one year	18	(950)	950	(1,285)	(1,285)
Debts due after one year	19	(90,425)	11,685	(3,137)	(81,877)
		(60,721)	14,616	0	(46,105)

Notes to the Accounts

For the year ended 31 July 2013

26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2013:

	Consolidated		University	
	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Commitments contracted for	42,359	15,256	40,008	13,935
Authorised but not contracted for	0	47,138	0	47,138
	42,359	62,394	40,008	61,073

27 Contingent liabilities

On 14 July 2008, the University provided a guarantee to Barclays Bank PLC on behalf of University Campus Suffolk (UCS). The guarantee supports a loan of £12.5m by the bank to UCS in respect of building works, and liability is shared equally between the University and the University of East Anglia.

On 27 April 2010, UCS entered into an additional loan facility of £8m with Barclays Bank PLC. The loan has been guaranteed by the University and the University of East Anglia in equal proportion. The facility was fully drawn down as at 31 July 2013.

28 Lease obligations

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Leases expiring within one year	0	0
Leases expiring between two and five years	16	16
Leases expiring after five years	67	67
	83	83

All leases are for land.

The lease falling within two to five years is for land at Southend. Those over five years are for land at East15, Loughton.

Notes to the Accounts

For the year ended 31 July 2013

29 Post balance sheet events

There are no post balance sheet events to disclose.

30 Disclosure of related party transactions

The related parties of the University are the wholly and partially owned subsidiary undertakings (listed in note 32) of these Financial Statements, the University of Essex Students' Union and the members of the Council.

In the preparation of these Financial Statements, the University has taken advantage of the exemptions contained within Financial Reporting Standard 8 relating to transactions and balances eliminated on consolidation.

All transactions and balances with the subsidiary undertakings have been eliminated on consolidation and therefore no disclosure is given.

Due to the level and nature of transactions between the organisations, the University of Essex Students' Union is considered to be a related party. In the year to 31 July 2013 the University paid the Union a revenue grant of £1.334m (2011-12: £0.981m), and provided accommodation free of rent. The Union's income and expenditure account shows the following:

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Income	1,547	1,566
Expenditure	(1,565)	(1,530)
Operating (loss) / surplus before and after transfers (to) / from reserves	(18)	36

Miss Becky Fisher was a Council member during 2012-13 who also sat on Essex Students' Union Board.

During the year, University Campus Suffolk purchased goods and services to the value of £491,336 (2012: £169,813) from University of Essex. At 31 July 2013, the outstanding balance was £162,705 (2012: £460). In addition, UCS provided services to University of Essex to the value of £10,361 (2012: £3,509). At 31 July 2013, amounts owed by University of Essex amounted to £533 (2012: £ nil).

All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial regulations and normal procurement procedures. Given that the University Council includes members drawn from public and private sector organisations, some transactions take place with organisations in which a member of Council may have an interest. However, these transactions occur at the operational level where they are instigated by members of staff and approved by senior management under delegated authority. There is no direct benefit to members of Council.

Members of Council (and its sub-committees) are required to declare all outside interests. When an item arises in which a member has an interest, it must be declared and the member concerned may not take part in that debate or any related decisions.

Notes to the Accounts

For the year ended 31 July 2013

31 Pension Schemes

The University has three principal pension schemes for employees. These are the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) and the University of Essex Pension Scheme (UEPS). The assets of the schemes are held in separate trustee-administered funds. All three schemes are defined benefit schemes and are contracted out of the State Earnings-Related Pension Scheme.

USS is a mutual scheme and the assets are not hypothecated to individual institutions and it is therefore not possible to identify its share of the underlying assets and liabilities.

LGPS became a closed scheme from August 1997 and subsequently all non-academic and related staff who were not members of a pension scheme could join the UEPS. As UEPS became a closed scheme from March 2004, all new staff are now eligible to join USS.

The total pension cost for the University and its subsidiary undertakings was:

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Contribution to USS	12,206	11,552
Contribution to LGPS	339	362
LGPS additional University costs to fund past service deficiency	1,573	1,571
Contributions to UEPS	601	645
UEPS additional University costs to fund past service deficiency	405	768
Net adjustment from FRS 17 staff costs	(1,690)	(1,960)
Total pension cost	13,434	12,938

The total FRS 17 pension liability for the University and its subsidiary undertakings was:

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
LGPS pension liability	(14,251)	(18,708)
UEPS pension liability	(5,226)	(5,784)
Total pension liability	(19,477)	(24,492)

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for three years following the valuation then 2.6% per annum thereafter.

Notes to the Accounts

For the year ended 31 July 2013

31 Universities Superannuation Scheme (continued)

Standard mortality tables were used as follows:

Male member's mortality S1NA ["light"] YoB tables - no age rating

Female member's mortality S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65 23.7 (25.6) years

Males (females) currently aged 45 25.5 (27.6) years

At the valuation date, the value of the assets of the whole scheme was £32,433.5m and the value of the scheme's technical provisions was £35,343.7m, indicating a shortfall of £2,910.2m. The assets were therefore sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries. Following UK government legislation, from 2011 statutory pension increases or revaluations are based on Consumer Prices Index (CPI) measure of price inflation. Historically these increases had been based on the Retail Prices Index (RPI) measure of price inflation. Since the valuation effective date there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal Pension Age

The Normal Pension Age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member Contributions Increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost Sharing

If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension Increase Cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Notes to the Accounts

For the year ended 31 July 2013

31 Universities Superannuation Scheme USS (continued)

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based upon spot yields, the actuary estimated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a buy-out basis was approximately 55%.

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in assumption	Impact upon scheme liabilities
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI & CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

The USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set by the trustee are designed to give the fund a significant exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that, putting the issue of the USS fund's size and scale to one side for a moment, it might be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the sponsoring employers would be willing to make, it is necessary and appropriate for the trustee to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and importantly considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities, and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and most critically the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a longer-term view of its investments. Some short-term volatility in returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for the defined benefit pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan becomes necessary following the next actuarial valuation of the scheme as at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together - in an integrated form - the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013, USS had over 148,000 active members and the University had 1,624 active members participating in the scheme.

The total pension cost for the institution was £11.9m (2011-12: £11.6m). There are no prepaid or outstanding contributions] at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

Notes to the Accounts

For the year ended 31 July 2013

31 Local Government Pension Scheme (LGPS)

The Essex County Council LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The contribution rates for 2012-13 were 16.1% and 7% for employees (5.5% for manual workers). In addition, the University made a further payment of £1.573m (2011-12: £1.571m) towards the scheme deficiency.

The value of the employer's liability is assessed every three years in accordance with the advice of a qualified actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Last actuarial valuation	31-Mar-10
Actuarial method	Projected Unit
Pension increases	2.3% per annum
Salary scale increases	4.1% per annum
Market value of assets at date of last valuation (whole fund)	£3,085 million
The proportion of members' accrued benefits covered by the actuarial value of assets (whole fund) was 79.6%.	

Actuarial Assumptions

A full actuarial valuation was carried out at 31 March 2010, and updated to 31 July 2013 by a qualified independent actuary. The major assumptions used by the actuary were:

Financial assumptions	At 31 July 2013 %	At 31 July 2012 %
Rate of increase in salaries	4.10	3.60
Rate of increase in pension payments	2.30	1.80
Expected return on assets	5.70	5.20
Discount rate for liabilities	4.20	3.90
Inflation assumptions	2.30	1.80
Split of assets between investment categories		
Equities	66.00	69.00
Government Bonds	8.00	6.00
Other Bonds	8.00	9.00
Property	11.00	12.00
Cash	3.00	4.00
Other	4.00	0.00

Notes to the Accounts

For the year ended 31 July 2013

31 Local Government Pension Scheme (LGPS) - continued

Expected rate of return on assets in the scheme

	Consolidated			University			
	Long-term rate of return expected at 31 July 2013 %	Whole fund value at 31 July 2013 £'000	Whole fund value at 31 July 2013 £'000	Long-term rate of return expected at 31 July 2012 %	Whole fund value at 31 July 2012 £'000	Long-term rate of return expected at 31 July 2011 %	Whole fund value at 31 July 2011 £'000
Equities	6.50	2,714,000	2,570,000	5.9	2,249,000	7.0	2,343,000
Government Bonds	3.40	329,000	312,000	2.8	196,000	3.9	240,000
Other Bonds	4.30	329,000	312,000	3.9	293,000	4.9	291,000
Property	5.50	452,000	428,000	4.9	391,000	6.0	387,000
Cash	0.50	124,000	117,000	0.5	130,000	0.5	164,000
Other	4.30	165,000	156,000	0.0	0	0.0	0
Total market value of assets		4,113,000	3,895,000		3,259,000		3,425,000
Estimated asset share		41,117	38,942		32,594		32,461
Present value of scheme liabilities		(55,368)	(52,860)		(50,868)		(48,477)
Deferred Tax Asset							
Deficit in the scheme		(14,251)	(13,918)		(18,274)		(16,016)
		74%	74%		64%		67%

The expected rate of return on assets is based upon market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation.

	At 31 July 2013	At 31 July 2012
Mortality and life expectancy assumptions		
Post retirement mortality assumptions:		
Active members	Males - 91% SiPMA CMI_2009_M [1%] Females - 85% S1PFA CMI_2009_F [1%]	Males - 91% SiPMA CMI_2009_M [1%] Females - 85% S1PFA CMI_2009_F [1%]
Current Pensioners	Males - 91% SiPMA CMI_2009_M [1%] Females - 85% S1PFA CMI_2009_F [1%]	Males - 91% SiPMA CMI_2009_M [1%] Females - 85% S1PFA CMI_2009_F [1%]
Life expectancy:		
Male (Female) current pensioner aged 65	22.7 years	22.7 years
Male (Female) future pensioner aged 65	25.3 years	25.3 years

Notes to the Accounts

For the year ended 31 July 2013

31 Local Government Pension Scheme (LGPS) - continued

	Consolidated At 31 July 2013 £'000	University At 31 July 2013 £'000	At 31 July 2012 £'000
Analysis of amount charged to staff costs within operating surplus			
Current service charge	(538)	(475)	(454)
Settlements and curtailments	(12)	(12)	(54)
Total operating charge	(550)	(487)	(508)
Analysis of net return on pension scheme			
Expected return on pension scheme assets	1,787	1,693	2,002
Interest on pension liabilities	(2,048)	(1,955)	(2,432)
Net return	(261)	(262)	(430)
Amount recognised in the statement of total recognised gains and losses (STRGL)			
Actual return less expected return on pension scheme assets	3,395	3,140	(3,362)
Actuarial gain/(loss) recognised in the STRGL	3,395	3,140	(3,362)
Movements in deficit during the year			
Deficit in scheme at 1 August	(18,704)	(18,274)	(16,016)
Movements in the year:			
Current service charge	(538)	(475)	(454)
Contributions	2,004	1,965	2,042
Past service cost and curtailment loss	0	0	0
Other outgoings	0	0	0
Net interest/return on assets	(261)	(262)	(430)
Actuarial gain/(loss)	3,395	3,140	(3,362)
Settlement and Curtailment	(12)	(12)	(54)
Deferred Tax Asset	(135)	0	0
Deficit in scheme at 31 July	(14,251)	(13,918)	(18,274)

Notes to the Accounts

For the year ended 31 July 2013

31 Local Government Pension Scheme (LGPS) - continued

	Consolidated Year Ended 31 July 2013 £'000	University Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
Change in benefit obligation during the period to 31 July			
At beginning of year	53,241	50,868	48,477
Current service cost	538	475	454
Interest on pension liabilities	2,048	1,955	2,432
Member contributions	164	147	151
Actuarial losses on liabilities	1,555	1,550	1,623
Benefits paid	(2,174)	(2,135)	(2,269)
At end of year	55,372	52,860	50,868

Analysis of movement in the market value of the scheme assets

At beginning of year	34,398	32,594	32,461
Expected return on plan assets	1,787	1,693	2,002
Actuarial gains/(losses) on assets	4,950	4,690	(1,739)
Employer contributions	2,004	1,965	2,042
Member contributions	164	147	151
Benefits/transfers paid	(2,186)	(2,147)	(2,323)
At end of year	41,117	38,942	32,594

History of Experience Gains and Losses

	2012-13 £'000	2011-12 £'000	2010-11 £'000	2009-10 £'000	2008-09 £'000
Difference between the expected and actual return on scheme assets:					
Amount	4,950	(1,739)	(369)	2,860	197
Percentage of scheme assets	12.04%	5.3%	1.1%	9.2%	0.7%
Experience gains arising on the scheme liabilities:					
Amount	(28)	12	368	0	0
Percentage of scheme liabilities	0.05%	0.0%	0.8%	0.0%	0.0%
Total amount recognised in the Statement of total recognised gains and losses:					
Amount	3,395	(3,362)	(3,287)	(3,573)	197
Percentage of scheme liabilities	6.13%	6.6%	6.8%	8.0%	0.4%

In the 2013-14 year, the University estimates the employer contribution will be £1.927m.

University of Essex Pension Scheme (UEPS)

The UEPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The contribution rates for 2012-13 were 21.5% for the University and 6% for employees. In addition, the University made a further payment of £0 (2011-12: £0) towards the scheme deficiency.

The pensions cost is assessed every three years in accordance with the advice of a qualified actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Last actuarial valuation date	31-Jul-10
Actuarial method	Projected Unit
Price inflation	2.3% per annum
Pension increases	3.1% per annum
Salary scale increases	4.1% per annum
Market value of assets at 1 August 2010	£12.476 million

Notes to the Accounts

For the year ended 31 July 2013

31 University of Essex Pension Scheme (UEPS) - continued

Actuarial Assumptions

The FRS 17 disclosures as at 31 July 2013 reflect those adopted by the Scheme Trustees for the formal actuarial

	At 31 July 2013	At 31 July 2012
	%	%
Financial Assumptions		
Rate of increase in salaries	4.10	3.60
Rate of increase in pension payments	3.10	2.60
Expected return on assets	5.70	5.15
Discount rate for liabilities	4.20	3.90
Inflation assumptions	2.30	1.80

Split of assets between investment categories

	76	75
	8	9
	11	12
	5	4
Equities		
Corporate bonds		
Government bonds		
Cash		

Expected rate of return on assets in the scheme

	Long-term rate of return expected at 31 July 2013	Whole fund value at 31 July 2013	Long-term rate of return expected at 31 July 2012	Whole fund value at 31 July 2012	Long-term rate of return expected at 31 July 2011	Whole fund value at 31 July 2011
	%	£'000	%	£'000	%	£'000
Equities	6.5	14,847	5.9	12,122	7.0	12,088
Corporate bonds	4.3	1,589	3.9	1,531	4.0	1,583
Government bonds	3.4	2,157	2.8	1,890	4.9	1,235
Cash	0.5	988	0.5	587	0.5	262
Total market value of assets		19,581		16,130		15,168
Present value of scheme liabilities		(24,807)		(21,914)		(16,499)
(Deficit) in the scheme		(5,226)		(5,784)		(1,331)
		79%		74%		92%

The expected rate of return on assets is based upon the long term expectation for each asset class at the beginning of the period.

Mortality and life expectancy assumptions

FRS17 disclosures up to July 2006 used the standard PXA92 series tables as used in the formal actuarial valuation in 2004. The trustees agreed that the formal funding valuation as at 31 July 2007 should be based on the standard mortality table PXA92 based on each member's actual year of birth and allowing for future improvements in mortality in line with the medium cohort projections. The University agreed to adopt these tables to calculate the liabilities for the FRS 17 disclosure as at 31 July 2010

	At 31 July 2012	At 31 July 2011
	£'000	£'000
Analysis of amount charged to income and expenditure account		
Current service charge	(840)	(735)
Past service cost	0	0
Total operating charge	(840)	(735)

Analysis of net return on pension scheme

Expected return on pension scheme assets	849	991
Interest on pension liabilities	(865)	(881)
Net return	(16)	110

Notes to the Accounts

For the year ended 31 July 2013

31 University of Essex Pension Scheme (continued)

	At 31 July 2013 £'000	At 31 July 2012 £'000				
Amount recognised in the statement of total recognised gains and losses (STRGL)						
Actual return less expected return on pension scheme assets	1,905	(670)				
Actuarial (loss) arising on the scheme liabilities	(1,520)	(4,265)				
Actuarial gain / (loss) gain recognised in the STRGL	385	(4,935)				
Movements in deficit during the year						
Deficit in scheme at 1 August	(5,784)	(1,331)				
Movements in the year:						
Current service charge	(840)	(735)				
Contributions	1,029	1,107				
Net interest/return on assets	(16)	110				
Actuarial gain / (loss)	385	(4,935)				
Deficit in scheme at 31 July	(5,226)	(5,784)				
Change in benefit obligation during the period to 31 July						
At beginning of year	21,914	16,499				
Current service cost	840	735				
Interest on pension liabilities	865	881				
Member contributions	18	17				
Actuarial loss / (gain) on liabilities	1,520	4,265				
Benefits paid	(350)	(483)				
At end of year	24,807	21,914				
Analysis of movement in the market value of the scheme assets						
At beginning of year	16,130	15,168				
Expected return on plan assets	849	991				
Actuarial gain / (loss) gain on assets	1,905	(670)				
Employer contributions	1,029	1,107				
Member contributions	18	17				
Benefits and transfers paid	(350)	(483)				
At end of year	19,581	16,130				
History of Experience Gains and Losses						
	2012-13 £'000	2011-12 £'000	2010-11 £'000	2009-10 £'000	2008-09 £'000	
Difference between the expected and actual return on scheme assets:						
Amount	1,905	(670)	777	1,186	(1,113)	
Percentage of scheme assets	9.7%	3.4%	4.8%	9.5%	11.8%	
Experience gains arising on the scheme liabilities:						
Amount	(1,520)	(4,265)	487	(1,031)	835	
Percentage of scheme liabilities	6.1%	19.5%	3.0%	6.7%	6.4%	
Total amount recognised in the Statement of total recognised gains and losses:						
Amount	385	(4,935)	1,264	154	(278)	
Percentage of the present value of scheme liabilities	1.6%	22.5%	7.7%	1.0%	-2.1%	

In the 2013-14 year, the University estimates that it will pay £660k in future service contributions and £410k in respect of the past service deficit. From 1 April 2009, the University has operated a salary sacrifice arrangement for this scheme. This includes the contributions the University expects to make due to its salary sacrifice arrangement.

Notes to the Accounts

For the year ended 31 July 2013

32 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	At 31 July 2013 £1 Shares	At 31 July 2012 £1 Shares
University of Essex Enterprises	Acquisition, protection and licensing of intellectual property from the University	2	2
Wivenhoe House Hotel Ltd	Development and operation of a hotel school	11,600,620	9,865,565
University of Essex Campus Services Ltd	Management of commercial activities at the University	1,251,002	1,251,002
University of Essex Knowledge Gateway Holdings Ltd	Holding land on behalf of the University for development as a Research Park	12,640,680	12,490,680
University of Essex Knowledge Gateway Park Ltd	Development and marketing of a Research Park	350,002	350,002
University of Essex Environmental Facilities Ltd	Dormant throughout the year	100,000	100,000
East 15 Acting School Ltd	Dormant throughout the year	2	2
University of Essex (Elmstead Road) Ltd	Dormant throughout the year	2	2
Universal Accommodation Group Ltd	Development of student accommodation	1	1

Trading results of wholly owned subsidiaries:

	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000
University of Essex Enterprises Ltd*	4	23
Wivenhoe House Hotel Ltd*	(775)	(321)
University of Essex Campus Services Ltd*	437	(60)
University of Essex Knowledge Gateway Holdings Ltd *	(2)	(112)
Universal Accommodation Group Ltd*	4,405	411
University of Essex Knowledge Gateway Ltd *	(23)	(154)
	4,046	(213)

* Trading results before tax and gift aid payments

These results have been included in the consolidated financial statements. All subsidiaries have a year end date of 31 July.

Notes to the Accounts

For the year ended 31 July 2013

33 Agency Arrangements

	University	
	2012-13	2011-12
	£'000	£'000
Hardship Funds		
Balance brought forward at 1 August	6	13
Funding council grants received	297	324
Interest earned		
	303	337
Disbursed to students	(283)	(331)
Balance carried forward at 31 July	20	6
NHS Bursaries		
Payments received from NHS organisations	610	980
Disbursed to students	(610)	(980)
Balance unspent at 31 July	0	0

These funds are available solely for students; the University acts only as the paying agent. The income and the related disbursements are therefore excluded from the Income & Expenditure Account.

HEFCE Teaching Grant

Payments received from HEFCE	5,327	5,052
Payments made to partner institutions	(5,327)	(5,052)
Balance unspent at 31 July	0	0

HEFCE Research Grant

Payments received from HEFCE	322	241
Payments made to partner institutions	(322)	(241)
Balance unspent at 31 July	0	0

These funds are received by the University in respect of its partner institutions. The income and the related payments are therefore excluded from the Income and Expenditure Account.

The University has partnership arrangements for the delivery of Higher Education programmes with South East Essex College, Colchester Institute, Writtle College, The Portman and Tavistock NHS Foundation Trust and Kaplan Ltd.

Notes to the Accounts

For the year ended 31 July 2013

34 Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) - Adjusted

Earnings before interest, taxation, depreciation and amortisation – adjusted for one off staff restructuring costs and pension FRS17 adjustment (EBITDA) is a measure of cash operating surplus.

The reconciliation from the surplus on continuing operations and EBITDA is:

	2012-13	Consolidated
	£'000	2011-12
		£'000
Surplus on continuing operations after depreciation but before joint ventures:	2,953	2,696
add back depreciation and amortisation charge	7,134	7,773
less release of deferred capital grants (note 21)	(2,964)	(2,935)
add back interest payable (note 8)	4,908	4,897
less general interest income (note 5)	(553)	(250)
add back FRS 17 (Charges) (note 23)	(1,235)	(1,590)
add back exceptional non-recurrent items:		
Staff restructuring costs	0	497
EBITDA	10,243	11,088

35 Joint Venture Deferred Capital Grants Reserve

	2012-13	2011-12
	£'000	£'000
At 1 August	24,507	25,882
Joint venture deferred capital grants received	42	475
Released to income and expenditure account	(1,199)	(1,850)
At 31 July	23,350	24,507

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