



Anglia Ruskin  
University

Cambridge & Chelmsford

# annual accounts 2004 - 05

going from  
strength to strength



## Vice Chancellor's introduction to the annual accounts

**Change and challenge are now our constant companions within the higher education sector. As never before, universities, if they are to be successful and prosper and not merely survive, have to respond extremely efficiently to the needs of their customers and the communities they serve. In that sense, the pressures on universities to be 'market-led', which accelerated post-1998 with the introduction of 'up-front' tuition fees and which will receive an even greater boost with the advent of 'deferred' tuition fees for full-time undergraduates in 2006, have changed forever the context in which universities operate.**

In the case of Anglia Ruskin University, delivering courses at multiple levels, in multiple modes, at multiple locations to a great diversity of audiences, we not only understand these challenges but appreciate only too well the overarching imperative to align our business model precisely with the market place in which we operate. That means not only identifying and developing courses for which there is real and provable demand in the work place, but also ensuring that such courses are brought on stream in the most effectively managed way with staff, infrastructure and resources all made available in a timely fashion in order to achieve optimum course delivery, as well as the highest levels of student satisfaction.

The nature of this complex operation is fully illustrated within these annual accounts. They present that record of expenditure, income and investment by which we shall produce a dynamic, entrepreneurial, outward-looking and thoroughly modern University.



**Professor David Tidmarsh**

BSc (Hons), PhD, CEng, FIMechE, FCMI.

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# report of the board of governors

The past year has been one of significant progress for the University under the dynamic leadership of the Vice Chancellor, David Tidmarsh who joined the University in 2004. He has initiated and carried through a number of major changes including consolidating the number of faculties, streamlining the curriculum and devising a bursary scheme for the introduction of the £3,000 tuition fee for new full-time home/EU undergraduates, all of which prepares the University for the challenges which lie ahead.

One very visible change is the name of the University, which is now known as Anglia Ruskin University. This was approved by the Privy Council on 29 September 2005. The name 'Ruskin' is that of the great Victorian scholar, John Ruskin, who laid the foundations for the University when he opened the School of Art in Cambridge in October 1858. Ruskin, with his unrivalled, multi-disciplinary expertise spanning art, architecture, social philosophy, history and ethics, is widely regarded as one of the intellectual giants of the 19th century. Above all, Ruskin had a passion to ensure that education was accessible to all. In those very important senses, Ruskin's values symbolise everything that the University stands for. They have served us well in the past and will continue to underpin our mission in the future.

The University is working to meet the wide-ranging needs of the different communities that we serve, to provide our students with the best tools to help them to learn, develop and to gain qualifications valued by prospective employers.

In keeping with these aspirations, the University acquired the Homerton School of Health Studies (HSHS) Limited on 20 October 2005. HSHS has worked in partnership with us for several years. This combined strength will provide a firm foundation for future growth and diversification in serving the National Health Service and other care providers, not only throughout the region but nationally and internationally also.

## Our students

The total number of students registered at the University was 26,760 (16,665 full-time equivalent) including over 3,900 students who studied at our partner colleges in the East of England.

We continue to attract large numbers of part-time students. They represent over half the total student population – one of the largest concentrations of part-time students in the UK higher education sector – and recruitment remains buoyant.

The recruitment of health care students funded by the Essex Workforce Development Confederation (WDC) met targets and, growth in numbers has been agreed in the next few years, building upon a long and successful partnership. The number of places allocated for Initial Teacher Education (ITT) funded by the Training and Development Agency (TDA) has remained steady.

## Building for the future

The Board's strategy to relocate operations from the University's Central Campus in Chelmsford to the Rivermead Campus is making good progress. A £7m student centre and new £1.8m leisure facilities were completed during the year. Mildmay Hall of Residence was sold for £1.6m and this is recognised in the financial statements for 2005.

At Cambridge, recent additions were made to the Helmore building at a cost of £10m, providing a state-of-the-art environment for our students. The University received a grant of £1.3m from HEFCE for this project.

Over the coming years, the current capital programme matures. The Chelmsford Campus will include a new health building and new faculty buildings at an estimated cost of £21.1m. The Public Enquiry on the redevelopment of the Central Campus is complete and finally should allow for the sale to go unconditional in mid-January 2006.

The health building will be funded partly by the sale of the Central Campus and partly from extra revenue from the WDC. Other projects will be funded by the sale proceeds from the Central Campus (by 2008) and Danbury Park (expected during 2006).

## Our Accounts

The Accounts comprise the consolidated results of the Higher Education Corporation (The University), its subsidiaries and associated company and the Anglia Trust. The subsidiary companies undertake complementary activities which, for legal or commercial reasons, are more appropriately channelled through limited companies. These activities include conferences, short courses and consultancy for a wide range of commercial organisations, property development and property management for the University.

Total income for the year increased by 5.6%. Grants from the Higher Education Funding Council for England (HEFCE) increased by £2.432m (5%), of which £380k was for specific items or initiatives including the Aim Higher project.

Other welcome increases in income included £980k (20%) for part-time tuition fees, £2.406m (52%) for research and a 9% increase in grants from the Essex Workforce Development Confederation.

There was a reduction of £921k in income for providing information and technologies in schools following the run-down of the mPowerNet contract with the Department of Education and Skills. This was anticipated and planned for. The University is making good progress with winning contracts for alternative sources of income to supplement its core business.

## Our results

Our results for the year to 31st July 2005 are summarised below.

	<b>2004-05</b>	<b>2003-04</b>
Income	£106.6m	£101.0m
Historical cost surplus/(deficit) before exceptional items and property gains	£1,775k	(£357k)
Exceptional items and property gains	£132k	(£3,516k)
Historical cost surplus/(deficit) after exceptional items	£1,907k	(£3,873k)
Accumulated historical cost surplus	£17.3m	£15.4m
Net assets	£63.8m	£61.1m
Net cash inflow from operating activities	£1.5m	£7.3m

The historical cost surplus of £1.775m, before exceptional items and property gains, is £1.023m better than originally budgeted and an improvement of £0.635m on the in-year target.

The accumulated Income and Expenditure Account now stands at £17.322m. Net assets increased by 4.4% to £63.779m.

The exceptional item, a deficit of £330k, detailed in the attached financial statements is in respect of staff restructuring costs of £1.497m and net income of £1.629m on the sale of Mildmay Hall, less realisation of property revaluation gain of £462k.

Proposals agreed by the Board to reduce staffing costs were successfully implemented and through a carefully managed voluntary severance scheme, continuing savings of some £3.0m per annum will have been achieved. These cost savings, although largely giving benefit in 2004-05, will not be fully realised until the start of the 2005-06 academic year.

## Our Auditors

A resolution to re-appoint Scrutton Bland as the University's auditors was submitted to the Board of Governors on 1 December 2005.

## The Future

Our mission is to deliver all activities to the highest quality, to be recognised for excellence in learning and teaching and to work on a regional, national and international basis with all who can benefit from being engaged with the University. We aim to be an exemplar for partnership with commerce, the community, the public sector, industry and the region. The University remains committed to developing recognised centres of research excellence and achieving satisfaction that exceeds expectations.

The introduction of the 15/30 credit curriculum in September 2006 represents the most radical overhaul of the University's teaching programme for over 10 years. 15/30 represents the number of credits per module available to students. These new, larger sized modules will be delivered in greater depth and over a longer period of time, requiring students and staff to adjust to new ways of learning and teaching. We will have a new, simpler, overall curriculum offering which we are confident will be more attractive to students, as well as more cost-effective to deliver.

Our Regional University Partnership is one of the largest in the UK. It is anticipated that the future pattern for this collaboration of HE provision across the region will be through the creation of joint venture arrangements between the University and its major partners.

The HEFCE has provisionally awarded us £10m from its Strategic Development Fund to enable the University to develop new strategic higher education campuses in the region. Matched funding will be available from other external sources including the East of England Development Agency (EEDA). Discussions are continuing on the precise locations. These include Peterborough, Harlow and Thurrock.

Variable tuition fees are to be introduced from 2006-07, with student retention, fair access and widening participation being the focal point. The fee structure that the University has in place meets these goals and provides a supportive package of bursaries to students solely dependent on academic progress.

On behalf of the Board I should like to express my thanks to my fellow Governors, the Vice Chancellor, management and staff for their sustained efforts which continue to make Anglia Ruskin a successful University.

### Colin Day

Chairman

1 December 2005

## corporate governance

The following statement is provided to enable readers of the Annual Report and Accounts of the University to obtain a better understanding of the governance and legal structure of the University.

Anglia Ruskin University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to institutions of higher education which has been provided by the Committee of University Chairmen in its 'Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland'.

Anglia Ruskin University is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Articles of Government which were approved by the Privy Council in April 1989. The current version of the Articles was approved by the Privy Council in April 1995.

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

The Board has a majority of independent members, chosen in line with strict criteria contained in the legislation. It is customary for the Chairman of the Board to be elected from the independent members. There is also provision for the appointment of co-opted members, some of whom may be members of the staff of the University, and for representatives of the Senate and of the student body. No members of the Board will receive any reimbursement for the work which they do for the Board.

Subject to the overall responsibility of the Board of Governors, the Senate has oversight of the academic affairs of Anglia Ruskin University and draws its membership entirely from the staff and students of the University. It is particularly concerned with general issues relating to the teaching and research work of Anglia Ruskin University. The Vice Chancellor is the head of the University who has a general responsibility to the Board of Governors for the organisation, direction and management of the University.

Under the terms of the formal Financial Memorandum between Anglia Ruskin University and the Higher Education Funding Council for England, the head of the University is the designated officer of Anglia Ruskin University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

The Board of Governors meets at least four times a year. During the year, average attendance at meetings was 83%. Whilst certain matters e.g. approval of the strategic plan and annual budget, major investments and the sale and purchase of land are reserved matters for the Board, much of its detailed work is initially handled by sub-committees, including a Management Board, a Remuneration Committee, a Nominations Committee and an Audit and Compliance Committee. A significant proportion of the membership of these committees consists of independent and co-opted members of the Board of Governors, other than co-opted student and staff members, who are not eligible to serve on these committees, except for the Nominations Committee. The Chairman may be selected from the co-opted and independent members serving on the committees.

The Nominations Committee of the Board meets on a regular basis to consider the skills mix of existing Board Members and to identify criteria against which new Members should be recruited. The Committee meets with potential Board Members and reports are made as necessary to the Board of Governors which has responsibility for the appointment and re-appointment of Members.

Each Committee is required to undertake an annual performance review and a full review of the Board and its activity is commissioned normally every two to three years.

As Chief Executive, the Vice Chancellor exercises considerable influence upon the development of Anglia Ruskin University's strategy, the identification and planning of new developments and the shaping of the University ethos. Other members of the Directorate all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice Chancellor.

The Board Chairman during the year 2004-05 was Mr Colin Day JP. Mr Day has commitments outside the University as a magistrate and Deputy Chairman of the East Herts Magistrates Court. Mr Day is also a Trustee and Honorary Treasurer of WWF (UK).

Anglia Ruskin University maintains a Register of Interests of Board members which may be consulted by arrangement with the Clerk to the Board of Governors.

In accordance with the Articles of Government Mr S G Bennett has been appointed as Clerk to the Board and, in that capacity, he provides independent advice on matters of governance to all Board members.

## Risk management and internal control

The Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of financial statements. It acknowledges its responsibility for ensuring that an effective system of internal control is maintained and operated by the University.

The Board has established the processes to comply with the revised directions from HEFCE for the identification, evaluation and management of risks the University faces. The following is a full statement of the University's internal control and risk management policy that has applied during the financial year 2004-05.

1. As the governing body of Anglia Ruskin University, the Board has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Board is responsible, in accordance with the responsibility assigned to the governing body in the instrument and articles and the Financial Memorandum with the HEFCE.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.
4. As the governing body, the Board has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:
  - a) The Board meets four times a year to consider the plans and strategic direction of the institution.
  - b) The Board receives regular reports from the Chairman of the Audit & Compliance Committee concerning internal control, and additionally regular reports from managers on the steps being taken to manage risks in their areas of responsibility, including progress reports on key projects.
  - c) The Board has requested that the Audit & Compliance Committee has oversight of the risk management programme.

- d) The Audit & Compliance Committee receives regular reports from the Internal Audit Service, which include internal audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement
- e) An ongoing programme of risk awareness training continues.
- f) A system of key performance and risk indicators continues to be developed and the Board has requested the internal auditors to ensure that the methodology conforms to Government Internal Audit Standards (GIAS) and the latest professional standards in the adoption of risk management methodology.
- g) A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established.
- h) A corporate risk register is maintained. Academic Faculties and Central Departments now determine their own as part of a consultative process.
- i) Reports are received from budget holders, department heads and project managers on internal control activities and risk management has been fully incorporated into the corporate planning and decision making of the University.

The work of internal audit is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis. The Board endorses the analysis of risks and the internal audit plans on the recommendations of the Audit & Compliance Committee. Several times during the year the internal auditors provide to the Audit & Compliance Committee reports on the internal audit activity in the University. The reports include independent opinion on the adequacy and effectiveness of the University's systems of internal control, including internal financial control.

The Board's review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit & Compliance Committee which oversees the work of the internal auditors, the senior management within the University who have responsibility for the development and maintenance of the financial control framework and comments made by the external auditors in their management letter and other reports.

The University currently contracts out its internal audit service. This operates to standards defined within the HEFCE Audit Code of Practice.

## responsibilities of the board of governors

The Education Reform Act 1988 as amended in 1991 vests the custody and control of all assets and affairs in the Board of Governors of the University. The Financial Memorandum with the Higher Education Funding Council for England requires the Board of Governors to ensure that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of the University and Group and of the income and expenditure, cash flows and recognised gains and losses of the group for that period.

Under Anglia Ruskin University's Financial Regulations, the Board of Governors requires the Management Board on its behalf to:

- approve and recommend to the Board of Governors the University's annual budgets and longer term financial projections and to monitor performance against budget;
- recommend approval of the University's financial statements to the Board of Governors;
- approve systems of internal financial control and accounting.

In causing the financial statements to be prepared, the Audit & Compliance Committee, on behalf of the Board of Governors, ensure that:

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

On behalf of the Board of Governors, Anglia Ruskin University's Management Board is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the University. And for enabling it to ensure that the financial statements comply with the Higher Education Funding Council for England's Financial Memorandum and the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions. It is also responsible for ensuring that the assets of the group are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Board of Governors are responsible for ensuring that funds from the Higher Education Funding Council for England are used only in accordance with the Financial Memorandum with the Council and any other conditions which the Council may from time to time prescribe. Members of the Board of Governors must ensure that there are appropriate financial and management controls in place, sufficient to safeguard public funds and ensure that they are only used in accordance with the conditions under which they have been made available. In addition, members of the Board of Governors are responsible for promoting the economic, efficient and effective management of Anglia Ruskin University's resources and expenditure, so that the benefits derived from the application of public funds provided by the Council are not put at risk.

The Board is committed to ensuring the health and safety of its staff, students and all who come into contact with its operations – and commissions regular independent audits of its health and safety arrangements.



# independent auditors' report to the board of governors

We have audited the financial statements on pages 8 to 27, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 8 to 9.

This report is made solely to the University's Board of Governors and the Funding Bodies. Our audit work has been undertaken so that we might state to these stakeholders those matters we are required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University, its Board of Governors and the Funding Bodies, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the governing body and auditors

As described on page 6 the governing body is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## Basis of opinion

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

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

## Opinion

### In our opinion:

- i) The financial statements give a true and fair view of the state of affairs of the University and its subsidiaries at 31 July 2005, and of the surplus of income over expenditure, recognised gains and losses and cash flows of the University and the Group for the year then ended; and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Educational Institutions.
- ii) In all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by Anglia Ruskin University have been applied only for the purposes for which they were received.
- iii) In all material respects, income has been applied in accordance with the University's statutes and where appropriate with the Financial Memorandum issued in October 2003, with the Higher Education Funding Council for England and with the Funding Agreement dated July 1998 with the Training and Development Agency for Schools.

SCRUTTON BLAND  
Accountants and Registered Auditors  
Colchester

# statement of principal accounting policies

## 1. Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings and endowment investments, and in accordance with both the Statement of Recommended Practice; Accounting for Further and Higher Education Institutions (SORP) and applicable Accounting Standards.

## 2. Basis of Consolidation

The financial statements consolidate the accounts of Anglia Ruskin University and all its subsidiaries for the financial year to 31 July 2005.

The consolidated financial statements do not include those of the University Students' Union, as it is a separate unincorporated association in which the University has no financial interest. The University has no control or significant influence over policy decisions of the Union.

The consolidated financial statements include endowments in respect of the Anglia Trust. The capital and income of the Anglia Trust is held by the Trustees to be applied towards advancing the education of students attending the University.

## 3. Recognition of Income

Income from Donations, Research Grants, Contracts and Other Services Rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the Income and Expenditure Account on an accruals basis.

## 4. Pension Schemes

The two pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS, Essex County Council). The schemes are defined benefit schemes which are contracted out of the State Earnings Related Pension Scheme. Pension costs are assessed on the latest actuarial valuations of the Schemes and are accounted for on the basis of charging costs of providing pensions over the period during which the University benefits from the employees' services.

## 5. 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 year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## 6. Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

## 7. Land and Buildings

As a consequence of the Education Reform Act 1988, the freehold and leasehold interests in properties occupied by Anglia Ruskin University previously held by the respective Local Education Authorities were formally transferred to the University effective from 1 April 1989.

The LEA transferred assets were valued on transfer and revalued on 31 March 1993 by Chartered Surveyors on the basis of open market value for existing use, or where this was not practicable, depreciated replacement cost. Assets earmarked for redevelopment are valued at their most likely open market value for alternative use following professional advice.

New projects, including additions and alterations, are stated at cost. Where buildings were acquired with the aid of specific grants they are capitalised and the related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

Land, with the exception of the Rivermead Student Village which is held on a long lease, is held freehold. Land is not depreciated as it is considered to have an indefinite useful life. Buildings, alterations and additions are depreciated, on a straight line basis, over their expected useful lives of 10-50 years.

The transitional rules under FRS15 have been adopted removing the requirement to periodically revalue the properties.

## 8. Equipment, Furniture and Fittings

Equipment, furniture and fittings including microcomputers and software, costing less than £25,000 per individual item or group of related items is written off in the year of acquisition. All other equipment, furniture and fittings is capitalised.

Capitalised equipment, furniture and fittings is stated at cost and depreciated, on a straight line basis over its expected useful life, as follows:

Equipment - University	5 years
Equipment - Subsidiary Companies	10 years
Furniture and Fittings - University	5 years
Furniture and Fittings - Subsidiary Companies	10 years

Where equipment is acquired with the aid of specific 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.

## 9. Investments

Endowment Asset Investments are included in the Balance Sheet at market value.

## 10. Stocks

The balance sheet includes the value of stocks in the refectories and centre stores. Stocks held in departments are written off to the Income and Expenditure Account in the year of purchase. Stocks are stated at the lower of cost or net realisable value.

## 11. Maintenance of Premises

Anglia Ruskin University has a ten year rolling maintenance plan which is reviewed on an annual basis. Costs are accounted for when the maintenance is undertaken.

## 12. 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 Section 506 (1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988, or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to its charitable purposes.

Anglia Ruskin University receives no similar exemption in respect of Value Added Tax. The University is a partially exempt organisation for VAT purposes and consequently input tax on its purchases is largely irrecoverable.

Subsidiary Companies and joint venture companies are not subject to these exemptions and are liable for Corporation Tax. Gift Aid is in place to transfer all taxable profits from the Subsidiaries to Anglia Ruskin University.

# consolidated income and expenditure account

for the year ended 31 July 2005

	Note	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>Income</b>					
Funding Council Grants	1	52,512	52,512	49,215	49,215
Academic fees and support grants	2	35,167	34,471	33,668	32,596
Research grants and contracts	3	6,993	6,963	4,587	4,497
Other operating income	4	11,803	13,365	12,842	13,926
Endowment income and interest receivable	5	308	1,200	767	1,263
<b>Total</b>		<b>106,783</b>	<b>108,511</b>	<b>101,079</b>	<b>101,497</b>
Less: share of joint venture income		161	-	119	-
<b>Total Income</b>		<b>106,622</b>	<b>108,511</b>	<b>100,960</b>	<b>101,497</b>
<b>Expenditure</b>					
Staff costs	6	54,321	53,143	54,300	52,881
Depreciation	11	2,654	2,123	2,269	1,571
Other operating expenses	7	46,334	50,012	43,194	46,068
Interest payable	8	2,153	1,790	1,984	1,702
<b>Total Expenditure</b>		<b>105,462</b>	<b>107,068</b>	<b>101,747</b>	<b>102,222</b>
Operating surplus/(deficit) on ordinary activities in University and Subsidiaries		1,160	1,443	(787)	(725)
Share of operating surplus in joint venture		21	-	21	-
<b>Total operating surplus/(deficit)</b>		<b>1,181</b>	<b>1,443</b>	<b>(766)</b>	<b>(725)</b>
<b>Exceptional Items</b>	9	(330)	(312)	(3,516)	(3,284)
<b>Surplus/(Deficit) after depreciation of assets at valuation and before taxation</b>		<b>851</b>	<b>1,131</b>	<b>(4,282)</b>	<b>(4,009)</b>
Taxation - joint venture		-	-	-	-
<b>Surplus/(Deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax.</b>	10	<b>851</b>	<b>1,131</b>	<b>(4,282)</b>	<b>(4,009)</b>
<b>Transfer to/(from) accumulated income within specific endowments</b>	18	<b>2</b>	<b>-</b>	<b>(204)</b>	<b>-</b>
<b>Surplus/(Deficit) for the year retained within general reserves</b>	20	<b>853</b>	<b>1,131</b>	<b>(4,486)</b>	<b>(4,009)</b>

The income and expenditure account is in respect of continuing activities

## note of historical cost surpluses and deficits

for the year ended 31 July 2005

	Note	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>Income</b>					
Surplus/(Deficit) on continuing operations before taxation		851	1,131	(4,282)	(4,009)
Realisation of property revaluation gains of previous years	19	462	462	-	-
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	19	592	582	613	602
<b>Historical cost surplus/(deficit) before taxation</b>		<b>1,905</b>	<b>2,175</b>	<b>(3,669)</b>	<b>(3,407)</b>
<b>Historical cost surplus/(deficit) after taxation and endowments</b>		<b>1,907</b>	<b>2,175</b>	<b>(3,873)</b>	<b>(3,407)</b>

The notes on pages 13 to 27 form part of these accounts

# balance sheet

for the year ended 31 July 2005

	Note	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>Fixed Assets</b>					
Tangible assets	11	102,806	55,173	95,887	54,414
Investments at cost	12	36	7,584	36	13,219
Investment in joint venture	12				
Share of gross assets		234	-	181	-
Share of gross liabilities		(100)	-	(18)	-
		<b>102,976</b>	<b>62,757</b>	<b>96,086</b>	<b>67,633</b>
<b>Endowment Asset Investments</b>					
Specific and general endowments held in cash	18	446	23	447	21
<b>Current Assets</b>					
Stocks and work in progress		47	46	47	37
Debtors	13	6,875	18,578	3,608	11,518
Debtors due in more than one year	13	-	28,685	-	22,257
Cash at bank and in hand		8,568	4,771	8,844	3,224
		<b>15,490</b>	<b>52,080</b>	<b>12,499</b>	<b>37,036</b>
<b>Creditors</b>					
Amounts falling due within one year	14	(20,983)	(22,615)	(21,531)	(23,571)
<b>Net Current (Liabilities)/Assets</b>		<b>(5,493)</b>	<b>29,465</b>	<b>(9,032)</b>	<b>13,465</b>
<b>Total Assets less Current Liabilities</b>		<b>97,929</b>	<b>92,245</b>	<b>87,501</b>	<b>81,119</b>
<b>Creditors</b>					
Amounts falling due in more than one year	15	(29,362)	(24,374)	(21,528)	(16,123)
<b>Provision for Liabilities and Charges</b>	16	(4,788)	(4,788)	(4,896)	(4,896)
<b>Total Net Assets</b>		<b>63,779</b>	<b>63,083</b>	<b>61,077</b>	<b>60,100</b>
Represented by:					
<b>Deferred Capital Grants</b>	17	17,091	17,091	15,259	15,259
<b>Endowments</b>					
Specific and general endowments	18	446	23	447	21
<b>Reserves</b>					
Revaluation reserve	19	28,920	28,627	29,957	29,654
Income and expenditure account	20	17,322	17,342	15,414	15,166
<b>Total Funds</b>		<b>63,779</b>	<b>63,083</b>	<b>61,077</b>	<b>60,100</b>

Approved by the Board of Governors on 1 December 2005 and signed on its behalf by:



David Tidmarsh  
Vice Chancellor



Colin Day  
Chairman

The notes on pages 13 to 27 form part of these accounts

# consolidated cash flow statement

for the year ended 31 July 2005

	Note	2005 Group £000	2004 Group £000
<b>Operating Activities</b>			
Net cash inflow from Operating Activities	24	1,539	7,304
<b>Returns on Investments and Servicing of Finance</b>			
Interest received		273	562
Interest paid		(711)	(580)
Debt charges interest payment		(23)	(24)
Interest paid on finance lease		(982)	(948)
HEFCE interest reimbursement		23	12
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>		<b>(1,420)</b>	<b>(978)</b>
<b>Taxation</b>			
UK corporation and income tax paid		-	-
<b>Capital Expenditure and Financial Investments</b>			
Payments to acquire tangible fixed assets		(10,303)	(12,977)
Receipts from sale of tangible fixed assets		-	-
Deferred capital grants received		2,039	2,295
<b>Net Cash Outflow from Investing Activities</b>		<b>(8,264)</b>	<b>(10,682)</b>
<b>Net Cash Outflow before Financing</b>		<b>(8,145)</b>	<b>(4,356)</b>
<b>Financing</b>			
LEA loan principal payment		(39)	(42)
HEFCE grant reimbursement		39	21
Loan repayments		(631)	(631)
Bank loan		8,500	-
<b>Net Cash Inflow/(Outflow) from Financing</b>		<b>7,869</b>	<b>(652)</b>
<b>Decrease in Cash and Cash Equivalents</b>	26	<b>(276)</b>	<b>(5,008)</b>
<b>Reconciliation of Net Cashflow to Movement in Net Debt</b>			
Decrease in cash in the period		(276)	(5,008)
Cash (inflow)/outflow from (increase)/decrease in debt		(7,830)	673
<b>Change in net debt resulting from cashflows</b>	26	<b>(8,106)</b>	<b>(4,335)</b>
<b>Non-cash movements</b>			
Movement in net debt in the period		(8,213)	(4,462)
Net Debt at 1 August		(13,144)	(8,682)
<b>Net Debt at 31 July</b>	26	<b>(21,357)</b>	<b>(13,144)</b>

The notes on pages 13 to 27 form part of these accounts

## statement of consolidated total recognised gains and losses

for the year ended 31 July 2005

Note	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and taxation	851	1,131	(4,282)	(4,009)
Movement on general endowments	18	2	3	2
Unrealised deficit arising on devaluation of properties	19	-	-	-
Reimbursement of principal of LEA inherited debt payment	19	17	42	42
<b>Total recognised gains/(losses) relating to the year</b>	<b>870</b>	<b>1,151</b>	<b>(4,238)</b>	<b>(3,965)</b>
<b>Reconciliation of movement on reserves &amp; endowments</b>				
Opening reserves and endowments	45,818	44,841	50,056	48,806
Total recognised gains and (losses) for the year	870	1,151	(4,238)	(3,965)
<b>Closing reserves and endowments</b>	<b>46,688</b>	<b>45,992</b>	<b>45,818</b>	<b>44,841</b>

## notes to the accounts

for the year ended 31 July 2005

Note	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>1. Funding Council Grants</b>				
HEFCE recurrent grant	44,088	44,088	41,641	41,641
HEFCE specific grants:				
Capital projects	243	243	1,026	1,026
Other	4,311	4,311	3,931	3,931
Reimbursement of debt charges and inherited liabilities	59	59	38	38
HEFCE deferred capital grants released in year	17	765	396	396
Training Development Agency Grant	3,046	3,046	2,183	2,183
	<b>52,512</b>	<b>52,512</b>	<b>49,215</b>	<b>49,215</b>
<b>2. Academic Fees and Support Grants</b>				
Full-time	8,724	8,724	9,028	9,028
Full-time students charged overseas fees	3,821	3,821	4,366	4,366
Part-time	5,851	5,620	4,871	4,871
NHS Workforce Development Confederation educational contracts	14,035	14,035	12,818	12,818
Other	2,736	2,271	2,585	1,513
	<b>35,167</b>	<b>34,471</b>	<b>33,668</b>	<b>32,596</b>
<b>3. Research Grants and Contracts</b>				
Research Councils and UK based charities	209	179	588	498
Grants and contracts	6,784	6,784	3,999	3,999
	<b>6,993</b>	<b>6,963</b>	<b>4,587</b>	<b>4,497</b>

## notes to the accounts

for the year ended 31 July 2005

Note	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>4. Other Operating Income</b>				
Residences, catering and conferences	4,879	4,824	5,049	4,410
Other services rendered:				
European Social Fund grant	1,147	1,147	1,591	1,591
Knowledge Transfer Scheme	344	344	328	328
Staff secondment income	267	102	421	95
Information and communications technology	11	-	932	-
Other	1,043	1,015	913	735
Release of deferred capital grants (non-funding council) 17	106	106	106	106
Other income:				
Other grant income	688	695	707	700
Gift Aid from subsidiary companies	-	-	-	-
Inter-company sales	-	2,730	-	3,994
Other	3,318	2,402	2,795	1,967
	<b>11,803</b>	<b>13,365</b>	<b>12,842</b>	<b>13,926</b>
<b>5. Interest Receivable &amp; Endowments</b>				
Income from short term investments	21	21	345	345
Other interest receivable	289	1,179	218	918
Endowments (Anglia Trust)	(2)	-	204	-
	<b>308</b>	<b>1,200</b>	<b>767</b>	<b>1,263</b>
<b>6. Staff Costs</b>				
Salaries and wages	46,152	45,085	45,916	44,591
Social security costs	3,591	3,496	3,684	3,598
Pension costs	4,578	4,562	4,700	4,692
	<b>54,321</b>	<b>53,143</b>	<b>54,300</b>	<b>52,881</b>
<b>Emoluments of the Vice Chancellor:</b>	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
	<b>D Tidmarsh</b>	<b>M Malone-Lee</b>	<b>D Tidmarsh</b>	<b>M Malone-Lee</b>
Salary of M Malone-Lee (to 31 May 2004)		-		111
Salary of Professor D Tidmarsh (from 1 June 2004)	157	-	20	-
Benefits in kind	1	-	-	3
	158	-	20	114
Pension contribution	20	-	3	10
	<b>178</b>	<b>-</b>	<b>23</b>	<b>124</b>

The salary and benefits of the Vice Chancellor are shown on the same basis as for higher paid staff. The University's pension contribution to the Teachers' Pension Scheme is paid at the same rate as for other academic staff.



## notes to the accounts

for the year ended 31 July 2005

	2005 Group £000	2004 Group £000
<b>Salary and benefits of other higher paid staff, excluding employer's pension contributions:</b>		
	Number	Number
£70,000-£79,999	3	3
£80,000-£89,999	2	2
£90,000-£99,999	2	1
£100,000-£109,999	1	1
	<b>8</b>	<b>7</b>
<b>The average monthly number of staff (including senior post holders) employed by the University and its subsidiaries during the year, expressed as full time equivalents, was:</b>		
	2005 Number	2004 Number
Teaching departments	991	974
Teaching support services	220	249
Administrative and central services	171	199
Premises	66	61
Other income generating activities	121	140
Catering and residences	39	28
	<b>1,608</b>	<b>1,651</b>
<b>Average staff numbers by major category:</b>		
Academic and Research	707	756
Administrative and Support	901	895
	<b>1,608</b>	<b>1,651</b>
<b>Staff costs for above persons</b>		
	£000	£000
Teaching departments	37,093	36,467
Teaching support services	6,169	6,819
Administrative and central services	6,719	6,687
Premises	1,731	1,563
Other income generating activities	1,790	2,185
Catering and residences	819	579
	<b>54,321</b>	<b>54,300</b>
<b>Staff costs for above persons by major category</b>		
	£000	£000
Academic and Research	31,847	33,128
Administrative and Support	22,474	21,172
	<b>54,321</b>	<b>54,300</b>
<b>Compensation for loss of office payable to senior post-holders/higher paid employees</b>		
	£000	£000
Compensation	-	98
Estimated value of other benefits	-	-

The estimated value of other benefits, including provisions for pension benefits, has been calculated in accordance with Statement of Standard Accounting Practice 24. The Severance payment was approved by the University remuneration committee.

## notes to the accounts

for the year ended 31 July 2005

	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>7. Other Operating Expenses</b>				
Teaching Departments	15,584	15,166	11,651	10,955
Contracted-out Lecturing Services	273	273	229	229
Teaching & Other Support Services	3,276	3,256	3,125	3,109
Administration and Central Services	4,955	4,913	4,758	4,659
Premises	6,487	3,622	6,434	2,867
DDA	-	-	760	760
Other Income Generating Activities	312	211	470	148
Catering and Residences	2,340	1,897	2,445	1,928
Franchised Provision	12,225	12,225	12,062	12,062
Other Payments to Colleges and Institutions	882	882	1,260	1,260
Group Purchases	-	7,567	-	8,091
	<b>46,334</b>	<b>50,012</b>	<b>43,194</b>	<b>46,068</b>
<b>8. Interest Payable</b>				
Bank and other loans wholly repayable within five years	-	-	-	-
Loans not wholly repayable within five years	728	367	567	285
Debt charges	23	23	22	22
Pension Provision Notional Interest	314	312	320	320
Finance lease	1,088	1,088	1,075	1,075
	<b>2,153</b>	<b>1,790</b>	<b>1,984</b>	<b>1,702</b>
<b>9. Exceptional Items</b>				
Restructuring Costs	(1,497)	(1,479)	(3,516)	(3,284)
Sale of Mildmay Hall	1,167	1,167	-	-
	<b>(330)</b>	<b>(312)</b>	<b>(3,516)</b>	<b>(3,284)</b>
<b>10. Surplus/(Deficit) on Continuing Operations for the Year</b>				
University's surplus/(deficit) for the year	1,131		(4,009)	
(Deficit)/surplus generated by subsidiary undertakings and transferred to the University under gift aid	-		-	
Other surpluses/(deficits) generated by subsidiary undertakings				
Anglia Ruskin Enterprise Ltd	31		(312)	
Network Planning & Maintenance Anglia Ltd	(294)		(73)	
Anglia Ruskin Development Ltd	281		288	
Bishop Hall Properties Ltd	71		(204)	
Helmore Management Ltd	-		36	
Anglia Environmental	14		4	
Anglia Trust	(2)		204	
Anglia Distance Learning Ltd (50% holding)	21		21	
Balances eliminated on consolidation	(402)		(237)	
<b>Group surplus/(deficit) for the year</b>	<b>851</b>		<b>(4,282)</b>	
<b>Audit fees for the year include:</b>				
External audit	70		62	
Other services supplied by external audit	8		4	
Internal audit	58		51	
	<b>136</b>		<b>117</b>	

## notes to the accounts

for the year ended 31 July 2005

		Freehold Land £000	Freehold Buildings £000	Leasehold Land & Buildings £000	Alterations and Improvements £000	Equipment & Other £000	Total £000
<b>11. Fixed Assets</b>							
<b>Group</b>							
<b>Valuation/Cost</b>							
At 1 August 2004	Valuation	12,521	34,243	-	-	1,100	47,864
	Cost	3,059	45,954	8,508	2,329	13,013	72,863
Additions	Cost	-	6,716	-	2,966	709	10,391
Disposals	Valuation	(260)	(440)	-	-	-	(700)
Impairment	Cost	-	(396)	-	-	-	(396)
<b>At 31 July 2005</b>	<b>Valuation</b>	<b>12,261</b>	<b>33,803</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>47,164</b>
	<b>Cost</b>	<b>3,059</b>	<b>52,274</b>	<b>8,508</b>	<b>5,295</b>	<b>13,722</b>	<b>82,858</b>
<b>Depreciation</b>							
At 1 August 2004		-	11,386	1,472	1,967	10,015	24,840
Charge for year		-	1,241	270	59	1,084	2,654
Impairment		-	(40)	-	-	-	(40)
Eliminated on disposal		-	(238)	-	-	-	(238)
<b>At 31 July 2005</b>		<b>-</b>	<b>12,349</b>	<b>1,742</b>	<b>2,026</b>	<b>11,099</b>	<b>27,216</b>
<b>Net Book Value</b>							
At 1 August 2004		15,580	68,811	7,036	362	4,098	95,887
<b>At 31 July 2005</b>		<b>15,320</b>	<b>73,728</b>	<b>6,766</b>	<b>3,269</b>	<b>3,723</b>	<b>102,806</b>
Inherited		10,988	17,932	-	-	-	28,920
Financed by capital grant		-	12,250	-	1,825	3,016	17,091
Other		4,332	43,546	6,766	1,444	707	56,795
		<b>15,320</b>	<b>73,728</b>	<b>6,766</b>	<b>3,269</b>	<b>3,723</b>	<b>102,806</b>
<b>University</b>							
<b>Valuation/Cost</b>							
At 1 August 2004	Valuation	11,248	28,274	-	-	-	39,522
	Cost	-	12,393	8,509	1,832	12,983	35,717
Additions	Cost	-	24	-	2,966	710	3,700
Disposals	Valuation	(260)	(440)	-	-	-	(700)
Impairment	Cost	-	(396)	-	-	-	(396)
<b>At 31 July 2005</b>	<b>Valuation</b>	<b>10,988</b>	<b>27,834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,822</b>
	<b>Cost</b>	<b>-</b>	<b>12,021</b>	<b>8,509</b>	<b>4,798</b>	<b>13,693</b>	<b>39,021</b>
<b>Depreciation</b>							
At 1 August 2004		-	9,104	1,342	1,470	8,909	20,825
Charge for year		-	850	140	59	1,074	2,123
Impairment		-	(40)	-	-	-	(40)
Eliminated on disposal		-	(238)	-	-	-	(238)
<b>At 31 July 2005</b>		<b>-</b>	<b>9,676</b>	<b>1,482</b>	<b>1,529</b>	<b>9,983</b>	<b>22,670</b>
<b>Net Book Value</b>							
At 1 August 2004		11,248	31,563	7,167	362	4,074	54,414
<b>At 31 July 2005</b>		<b>10,988</b>	<b>30,179</b>	<b>7,027</b>	<b>3,269</b>	<b>3,710</b>	<b>55,173</b>
Inherited		10,988	17,639	-	-	-	28,627
Financed by capital grant		-	12,250	-	1,825	3,016	17,091
Other		-	290	7,027	1,444	694	9,455
		<b>10,988</b>	<b>30,179</b>	<b>7,027</b>	<b>3,269</b>	<b>3,710</b>	<b>55,173</b>

### Assets held at valuation

As a consequence of the Education Reform Act 1988, freehold interests in land and buildings occupied by the University previously held by the respective Local Education Authorities were formally transferred to the University effective from 1 April 1989. The aggregate costs of these assets is nil. These assets (excepting those listed below) were last valued by Tim Matthews Associates, Chartered Surveyors & Property Consultants on 31 March 1993. They were valued on the basis of open market value for continuing educational use. The exceptions are Chelmsford Central Campus and Danbury Park Conference Centre which were revalued in July 2000 pending future sale of the properties coincident with relocation to the Rivermead Campus.

### Leasehold Land and Buildings

The charge for depreciation of leasehold land and buildings of £139,749 (2004: £139,749) is in respect of assets held under a finance lease. At 31 July 2005 the net book value of the assets held under a finance lease was £7,027,456 (2004: £7,167,205).

## notes to the accounts

for the year ended 31 July 2005

	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>12. Investments</b>				
Anglia Ruskin Enterprise Ltd (formerly APU Enterprises Ltd)	-	500	-	500
Anglia Ruskin Development Ltd (formerly Anglia Polytechnic University Development Ltd)	-	7,048	-	7,048
Helmore Management Limited	-	-	-	5,635
Other investments at cost:				
CVCP	33	33	33	33
Other	3	3	3	3
	<b>36</b>	<b>7,584</b>	<b>36</b>	<b>13,219</b>
Investment in joint venture				
Share of gross assets	234	-	181	-
Share of gross liabilities	(100)	-	(18)	-
	<b>134</b>	<b>-</b>	<b>163</b>	<b>-</b>

The University holds all the issued share capital of its subsidiary companies as follows:

Anglia Ruskin Enterprise Ltd	- 100 £1 ordinary shares
Anglia Ruskin Development Ltd	- 7,048,000 £1 ordinary shares

Anglia Ruskin Enterprise Ltd carries out trading activities on the premises owned by the University. The main activity of the other subsidiaries relates to property ownership, maintenance and management.

The investment in joint venture companies is as follows:

Anglia Distance Learning Ltd	- 2 £1 ordinary shares representing 50% of the share capital
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The principal activity of Anglia Distance Learning Ltd is the provision of continuing professional development courses for health science professionals.

The University is the parent company of Rectory Lane Properties Ltd, a company limited by guarantee, which has been dormant since its incorporation on 20 May 1999.

The University is the parent company of Anglia Environmental, a company limited by guarantee.

Anglia Environmental sources finance from companies deriving benefit from landfill tax legislation to fund and carry out research in the field of waste management.

Anglia Ruskin Development Ltd holds all the issued share capital of its subsidiary company as follows:

Bishop Hall Properties Ltd	- 2,600,040 £1 ordinary shares
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Anglia Ruskin Enterprise Ltd holds all the issued share capital of its subsidiary company as follows:

Network Planning and Maintenance Anglia Ltd	- 2 £1 ordinary shares
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The University held £5,635,002 £1 ordinary shares of Helmore Management Limited, until this company was dissolved on 27 April 2005. This represented a 100% holding of the issued share capital of this company.

The University and ultimate parent body of the group changed its name from Anglia Polytechnic University to Anglia Ruskin University on 29 September 2005.

### 13. Debtors

Amounts falling due within one year:

Trade debtors	3,255	2,947	2,533	2,102
Workforce Development Confederation	1,197	1,197	-	-
Other Debtors	55	55	36	36
Debtors from within group	-	423	-	359
Prepayments and accrued income	1,393	1,357	1,667	1,575
Asset Sale - Mildmay Hall	1,650	1,650	-	-
Taxation	-	1	-	36
Loans to subsidiary companies	-	11,600	-	8,000
	<b>7,550</b>	<b>19,230</b>	<b>4,236</b>	<b>12,108</b>
Provision for bad debts	675	652	628	590
	<b>6,875</b>	<b>18,578</b>	<b>3,608</b>	<b>11,518</b>

Amounts falling due in more than one year:

Debtors from within group	-	295	-	530
Convertible loan stock in subsidiary companies	-	28,390	-	21,727
	<b>6,875</b>	<b>47,263</b>	<b>3,608</b>	<b>33,775</b>

## notes to the accounts

for the year ended 31 July 2005

Note	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>14. Creditors: Amounts falling due within one year</b>				
Secured bank loans	631	319	631	319
Payments received on account	443	443	443	443
Trade creditors	3,086	2,723	2,042	1,751
Creditors in respect of fixed asset additions	963	-	875	7
Funding Council	2,958	2,958	3,042	3,042
Other creditors	656	5,852	1,781	6,032
Social Security and other taxation payable	3,847	1,290	1,752	1,166
Accruals and deferred income	8,010	7,562	7,755	6,604
Notschool project deferred income	352	352	3,171	3,171
LEA debt charges	37	37	39	39
Creditors from within the group	-	1,079	-	997
	<b>20,983</b>	<b>22,615</b>	<b>21,531</b>	<b>23,571</b>
<b>15(a). Creditors: Amounts falling due after one year</b>				
Secured bank loans	18,619	13,736	10,750	5,555
LEA debt charges	348	348	385	385
	<b>18,967</b>	<b>14,084</b>	<b>11,135</b>	<b>5,940</b>
Obligations under finance leases	10,290	10,290	10,183	10,183
VAT repayable under the capital goods scheme	105	-	210	-
	<b>29,362</b>	<b>24,374</b>	<b>21,528</b>	<b>16,123</b>
<b>15(b). Creditors: Amounts falling due after more than one year</b>				
Secured loans and LEA debt charges:				
Amounts due between 1 and 2 years	668	356	668	356
Amounts due between 2 and 5 years	1,988	1,052	1,988	1,052
Amounts due in more than 5 years	16,311	12,676	8,479	4,532
	<b>18,967</b>	<b>14,084</b>	<b>11,135</b>	<b>5,940</b>

Bank loans have been secured by way of first legal charges against University and subsidiary owned property. £1,187,500 is repayable in 50 equal quarterly instalments at a variable interest rate of 0.75% above Libor and £3,445,000 is repayable in 65 equal quarterly instalments at a variable interest rate of 0.9% above Libor. £1,750,000 is repayable in 70 equal instalments at a variable interest rate of 0.75% above Libor. £4,368,000 is repayable in 78 equal quarterly instalments at a variable interest rate of 0.55% above Libor. The University has a £17,000,000 revolving credit facility, £8,500,000 drawn down as at the 31 July 2005. Interest is repayable quarterly in arrears at a margin of 50 basis points.

The finance lease is repayable by quarterly instalments which escalate on an annual basis by 3.5%. Due to interest accruing on the finance lease the outstanding liability will continue to increase until 2008. Consequently as at 31 July 2005 the outstanding liability is considered to be repayable after more than five years.

	Pension Provision £000
<b>16. Provision for Liabilities and Charges</b>	
<b>Group and University</b>	
At 1 August 2004	4,896
Utilised in year	(422)
Charge to income and expenditure account	314
<b>At 31 July 2005</b>	<b>4,788</b>

The pension provision is a SSAP 24 provision in respect of enhanced pension entitlements of staff taking early retirement from 1989 to date. The provision also includes accrued liabilities in respect of strain placed on TPS funds. (see note 27 for further details)

## notes to the accounts

for the year ended 31 July 2005

Note	Funding Councils £000	Other £000	Total £000
<b>17. Deferred Capital Grants</b>			
<b>Group and University</b>			
At 1 August 2004			
Equipment	2,005	-	2,005
DDA - Alterations & Improvements	-	-	-
Hunter 2	5,073	-	5,073
Major works	724	-	724
Inherited liabilities - residence related rents	1,007	-	1,007
The Ashcroft International Business School	-	5,194	5,194
Poor Estates	1,256	-	1,256
<b>Total</b>	<b>10,065</b>	<b>5,194</b>	<b>15,259</b>
Grant for year			
DDA - Alterations & Improvements	1,120	-	1,120
Equipment	1,583	-	1,583
<b>Total</b>	<b>2,703</b>	<b>-</b>	<b>2,703</b>
Released to income and expenditure account			
Equipment	(572)	-	(572)
DDA - Alterations & Improvements	-	-	-
Hunter 2	(152)	-	(152)
Major works	(19)	-	(19)
Inherited liabilities - residence related rents	(22)	-	(22)
The Ashcroft International Business School	-	(106)	(106)
Poor Estates	-	-	-
<b>Total</b>	<b>(765)</b>	<b>(106)</b>	<b>(871)</b>
	1 & 4		
At 31 July 2005			
Equipment	3,016	-	3,016
DDA - Alterations & Improvements	1,120	-	1,120
Hunter 2	4,921	-	4,921
Major works	705	-	705
Inherited liabilities - residence related rents	985	-	985
The Ashcroft International Business School	-	5,088	5,088
Poor Estates	1,256	-	1,256
<b>Total</b>	<b>12,003</b>	<b>5,088</b>	<b>17,091</b>
	<b>Specific</b>	<b>General</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>18. Endowments</b>			
<b>Group</b>			
At 1 August 2004			
	428	19	447
Movement on income	16	5	21
Movement on expenditure	(18)	(4)	(22)
<b>At 31 July 2005</b>	<b>426</b>	<b>20</b>	<b>446</b>
Representing:			
Prize funds	2	6	8
Other funds	424	14	438
	<b>426</b>	<b>20</b>	<b>446</b>
<b>University</b>			
At 1 August 2004			
	2	19	21
Movement on income	-	6	6
Movement on expenditure	-	(4)	(4)
<b>At 31 July 2005</b>	<b>2</b>	<b>21</b>	<b>23</b>
Representing:			
Prize funds	2	6	8
Other funds	-	15	15
	<b>2</b>	<b>21</b>	<b>23</b>

## notes to the accounts

for the year ended 31 July 2005

Note	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>19. Revaluation Reserve</b>				
<b>Revaluations:</b>				
At 1 August	38,401	37,993	38,401	37,993
Realised in year	20 (462)	(462)	-	-
<b>At 31 July</b>	<b>37,939</b>	<b>37,531</b>	<b>38,401</b>	<b>37,993</b>
<b>Reimbursement of principal LEA inherited debt payment by Funding Council:</b>				
At 1 August	3,923	3,923	3,881	3,881
Received in year	17	17	42	42
<b>At 31 July</b>	<b>3,940</b>	<b>3,940</b>	<b>3,923</b>	<b>3,923</b>
<b>Contributions to depreciation:</b>				
At 1 August	12,367	12,262	11,754	11,660
Transferred to income and expenditure account	592	582	613	602
<b>At 31 July</b>	<b>12,959</b>	<b>12,844</b>	<b>12,367</b>	<b>12,262</b>
<b>Net Revaluation Reserve:</b>				
<b>At 31 July</b>	<b>28,920</b>	<b>28,627</b>	<b>29,957</b>	<b>29,654</b>
<b>20. Income and Expenditure Account</b>				
Balance brought forward	15,414	15,166	19,287	18,573
Retained surplus/(deficit) for the year	853	1,131	(4,486)	(4,009)
Transfer from revaluation reserve	19 1,055	1,045	613	602
<b>Balance carried forward</b>	<b>17,322</b>	<b>17,342</b>	<b>15,414</b>	<b>15,166</b>
<b>21. Lease Obligations</b>				
<b>Operating Leases</b>				
Operating lease commitments in respect of properties and equipment on leases expiring:				
Within one year	401	392	501	501
Between one and five years	293	287	313	313
Over five years	737	1,300	611	1,161
	<b>1,431</b>	<b>1,979</b>	<b>1,425</b>	<b>1,975</b>
<b>22. Capital Commitments</b>				
Commitments contracted at 31 July	2,277	-	13,833	-
Authorised but not contracted at 31 July	24,304	-	23,650	-
	<b>26,581</b>	<b>-</b>	<b>37,483</b>	<b>-</b>

These capital commitments will be met by a combination of capital receipts, loans and the University's own resources.

## notes to the accounts

for the year ended 31 July 2005

### 23. Contingent Liabilities

#### Financial Support

The University has, to the extent permitted by law, agreed to meet any remaining liabilities incurred in the ordinary course of business of its subsidiary companies, should any of the companies discontinue to trade. Such support is confirmed on an annual basis.

The University has specifically guaranteed a bank loan of £150.0k from Lloyds TSB bank to the Students' Union.

The University has also specifically guaranteed bank loans of £5.3m from TSB and £2.5m from Barclays Bank to Anglia Ruskin Development Ltd.

Note	2005 Group £000	2004 Group £000
<b>24. Reconciliation of Consolidated Operating Surplus to Net Cash from Operating Activities</b>		
Surplus/(Deficit) before tax	853	(4,486)
Depreciation (Note 11)	2,654	2,269
Deferred capital grants released to income	(871)	(502)
Investment income	(310)	(563)
HEFCE reimbursement of debt charges	(23)	(22)
Interest payable	1,816	1,665
Debt charges - interest element	23	22
Decrease in stocks	1	-
(Increase)/Decrease in debtors	(2,588)	1,616
(Decrease)/Increase in creditors and accruals	(756)	7,290
Increase in provisions	(108)	(54)
Decrease/(Increase) in investment assets	29	(21)
Movement on Fixed Assets to I&E	819	90
<b>Net cash inflow from operating activities</b>	<b>1,539</b>	<b>7,304</b>

### 25. Cash Flow Relating to Exceptional Items

	2005 Group £000	2005 University £000	2004 Group £000	2004 University £000
<b>Restructuring Costs &amp; Sale of Mildmay Hall</b>				
Provision as at 1 August	3,074	2,902	398	376
Income and expenditure charge	9	1,497	3,516	3,284
Operating cash outflow	(2,233)	(2,043)	(840)	(758)
<b>Provision as at 31 July</b>	<b>2,338</b>	<b>2,338</b>	<b>3,074</b>	<b>2,902</b>

The figures above are in respect of restructuring costs. In addition to these, the sale of Mildmay Hall has also been treated as an exceptional item within these financial statements, as noted within note 9. However, there are no cashflow consequences of this disposal during the year. The disposal proceeds were not received by 31 July 2005 and, consequently, the proceeds that fell due at the Balance Sheet date have been accounted for within debtors.

	At 1 Aug £000	Cashflow £000	Non-cash movements £000	At 31 July £000
<b>26. Analysis of Net Debt</b>				
<b>Group</b>				
Cash in hand and at bank	8,844	(276)	-	8,568
Debt due after one year	(21,318)	(8,500)	561	(29,257)
Debt due within one year	(670)	670	(668)	(668)
	(21,988)	(7,830)	(107)	(29,925)
	<b>(13,144)</b>	<b>(8,106)</b>	<b>(107)</b>	<b>(21,357)</b>



# notes to the accounts

for the year ended 31 July 2005

## 27. Pension Arrangements

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Essex County Council Local Government Pension Scheme (LGPS), which are of the defined benefit type.

### TPS

The TPS is an unfunded scheme. Contributions on a 'pay-as-you-go' basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard (FRS) 17 Retirement Benefits, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The University has set out below the information available on the scheme and the implications for the University in terms of the anticipated contribution rates.

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

Latest actuarial valuation	31 March 2001
Actuarial method	prospective benefits
Investment returns per annum	7.0%
Salary scale increases per annum	5.0%
Pension increase per annum	3.5%
Value of notional assets at date of last valuation (the Account) (estimated future contributions together with notional investments held at 31 March 2001)	£142,880 million
Value of notional liabilities at date of last valuation (pensions currently in payment and the estimated estimated future costs of benefits)	£142,880 million
Balance of Scheme assets and liabilities at 31 March 2001	£Nil
Proportion of members' accrued benefits covered by the notional value of the assets	100%

The total in the Account as at 31 March 2001 has been determined as the difference between the scheme liabilities and the value of future scheme contributions. From that date the Account will be credited with a rate of return which is equivalent to it assuming that the balance in the Account is invested in notional investments producing that rate of return

The University's contribution rate rose from 8.35% to 13.5% commencing 1 April 2003 so as to cover the deficit over remaining service lives. The rates of contribution for members of the scheme has stayed at 6%.

The total Teachers Pension Scheme cost for the Group was £3,026,323 (2004: £3,185,283)

Further information regarding the SSAP 24 provision in respect of the TPS scheme is provided within note 16 to these financial statements.

### LGPS

The LGPS is a funded scheme, with the assets held in a separately administered fund.

The pension costs are assessed in accordance with the advice of independent qualified actuaries, Watson Wyatt, using the projected unit method. The latest actuarial valuations of the LGPS are as at 31 March 2004 and updated to 31 July 2005. The total contributions made for the year ended 31 July 2005 were £2,528,015 (2004:£2,478,562), of which employers' contributions totalled £1,535,708 (2004:£1,507,746) and employees' contributions totalled £992,307 (2004:£970,816).

The agreed rates for future years are 9.24% (2004:9.48%) for employers and 6% (2004:6%) for employees.

## notes to the accounts

for the year ended 31 July 2005

### 27. Pension Arrangements ...

Under the transitional arrangements of FRS17, no provision has been made by the University for its share of the surplus/deficit of the scheme. If provision were made, the following entries would be made:

	2005 £000	2004 £000
<b>Balance Sheet Presentation</b>		
Net Assets excluding FRS17 pension liability	64,014	61,077
Net pension liability	(20,927)	(18,049)
Net Assets including FRS 17 pension liability	43,087	43,028
<b>Reserves Note</b>		
Income and Expenditure account excluding FRS 17 pension liability	17,352	15,414
Pension Reserve	(20,927)	(18,049)
Income and Expenditure account including FRS 17 pension liability	(3,575)	(2,635)

#### (a) The assets in the scheme and the expected rate of return

	Long term rate of return expected at 31 July 2005	Value at 31 July 2005 £000	Long term rate of return expected at 31 July 2004	Value at 31 July 2004 £000	Long term rate of return expected at 31 July 2003	Value at 31 July 2003 £000
Equity	7.50%	27,761	7.50%	20,356	8.00%	17,024
Gilts	4.40%	4,455	5.00%	2,533	4.70%	2,425
Other bonds	5.00%	1,989	5.70%	2,921	5.40%	2,300
Property	6.50%	4,693	6.50%	3,636	6.70%	2,875
Cash	4.75%	875	4.50%	358	3.50%	375
Total Market value of assets	6.85%	<u>39,773</u>	6.95%	<u>29,804</u>	7.22%	<u>24,999</u>
Present value of scheme liabilities		(60,700)		(47,853)		(42,508)
<b>Deficit in scheme</b>		<b><u>(20,927)</u></b>		<b><u>(18,049)</u></b>		<b><u>(17,509)</u></b>

## notes to the accounts

for the year ended 31 July 2005

### 27. Pension Arrangements ...

#### (b) Actuarial assumptions

A full actuarial valuation was carried out at 31 March 2004 and updated to 31 July 2005 by a qualified actuary. The major assumptions used by the actuary were:

At 31 July	2005	2004	2003
Rate of increase in salaries	4.20%	4.60%	4.30%
Rate of increase in pension payments	2.70%	2.80%	2.50%
Discount rate	5.00%	5.70%	5.40%
Inflation assumptions	2.70%	2.80%	2.50%
Investment returns per annum	6.85%	6.95%	7.22%

#### (c) Movement in surplus during the year

	2005 £000	2004 £000
Deficit in scheme at the beginning of the year	(18,049)	(17,509)
Movements in the year:		
Current service costs	(2,566)	(2,496)
Contributions	2,179	1,878
Curtailment cost	(83)	(27)
Other finance charge	(654)	(485)
Actuarial (loss)/gain	(1,754)	590
<b>Deficit in scheme at end of year</b>	<b>(20,927)</b>	<b>(18,049)</b>

## notes to the accounts

for the year ended 31 July 2005

### 27. Pension Arrangements ...

#### (d) History of experience gains and losses

	2005 £000	2004 £000	2003 £000	2002 £000
Difference between the expected and actual return on scheme assets:				
Amount	4,514	590	(428)	(4,812)
Percentage of the scheme assets	11.30%	1.98%	1.71%	22.11%
Experience gains and losses on scheme liabilities				
Amount	(631)	-	-	-
Percentage of the present value of the scheme liabilities	1.04%	0.00%	0.00%	0.00%
Total amount recognised in statement of total recognised gains and losses				
Amount	(1,754)	590	(4,435)	(4,813)
Percentage of the present value of the scheme liabilities	2.89%	1.23%	10.43%	14.10%
<b>(e) Analysis of amounts that would be charged to operating profit under full adoption of FRS 17</b>				
Current service costs	2,566	2,496		
Curtailment Cost	83	27		
	<u>2,649</u>	<u>2,523</u>		
<b>(f) Analysis of amounts that would be credited to other finance income under full adoption of FRS 17</b>				
Expected return on pension scheme assets	2,145	1,890		
Interest on pension scheme liabilities	(2,799)	(2,375)		
	<u>(654)</u>	<u>(485)</u>		
<b>(g) Analysis of the amount that would go through the statement of total recognised gains and losses under full adoption of FRS 17</b>				
Actual return less expected return on pension scheme assets	4,514	590		
Experience gains and losses arising on the scheme liabilities	(631)	-		
Changes in assumptions underlying the present value of the scheme liabilities	(5,637)	-		
	<u>(1,754)</u>	<u>590</u>		

# notes to the accounts

for the year ended 31 July 2005

## 27. Pension Arrangements ...

### Early retirement costs met by the University

The University holds a SSAP 24 provision in respect of enhanced pension entitlements of staff taking early retirement. Interest has been charged to the income and expenditure account, as disclosed within note 8. The provision is released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

The calculation of the cost of early retirement charged to the income and expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 4.5% in excess of price inflation.

A requirement for the employer to meet the cost of the strain placed upon the funds from early retirements was introduced from 1 April 1996 for the LGPS and 1 July 1997 for the TPS. In the case of the latter, a provision is also made under SSAP 24 for liabilities accrued in this respect. Liabilities incurred in this regard for the LGPS fund are paid in the year they are accrued.

	2005 £000	2004 £000
<b>28. Opportunity Bursaries and Hardship Funds</b>		
Funding Council Grants	1,306	1,237
Interest earned	12	6
	1,318	1,243
Disbursed to students	1,297	1,256
Balance brought forward	4	17
Balance carried forward	-	4
<b>Balance repayable to HEFCE</b>	<b>25</b>	<b>-</b>
<b>29. ITT Training Bursaries</b>		
Funding Council Grants	909	1,212
Disbursed to students	901	1,143
<b>Balance repayable to Training &amp; Development Agency</b>	<b>8</b>	<b>69</b>

## 30. Bursaries

The University is the paying agent on behalf of NHS Executive in respect of grants made available solely for students studying for nursing. The grants are related disbursements and are therefore excluded from the income and expenditure account.

## 31. Restatement of 2004 Accounts

The 2004 accounts have been restated where applicable for reasons of comparability.

## 32. Post Balance Sheet Events

The Privy Council agreed a change of name for the Corporation from Anglia Polytechnic University to Anglia Ruskin University effective from 29th September 2005.

The University acquired all of the share capital in the Homerton School of Health Studies Ltd on the 20th October 2005.

The Board of Anglia Polytechnic University Development Ltd approved its name change to Anglia Ruskin Development Ltd on 18th October 2005 and was given approval by Companies House on 2nd December 2005.

The Board of APU Enterprises Ltd approved its name change to Anglia Ruskin Enterprise Ltd on 2nd November 2005 and was given approval by Companies House on 2nd December 2005.

# governors, senior staff of the university and advisers

Chancellor  
Lord Ashcroft KCMG

## Board of Governors

Chairman  
Mr Colin Day (i)  
Deputy Chairman  
Mr Alex Tweedie

## Governors

Dr Joan Adams (from September 2004)  
Ms Kate Barker  
Ms Scilla Beamond (until April 2005)  
Mr Chris Collins (until April 2005)  
Mrs Lesley Dobree (until September 2004)  
Mr Peter Gillard  
Mr Greg Grant  
Ms Trisha Gupta  
Mr Andy Hayman  
Mrs Shirley Jamieson  
Mrs Judith Judd (iii)  
Prof Peter Matthews (ii)  
Mr George Miall  
Mrs Celia Miller (until April 2005)  
Mr Jafar Mirza  
Prof Adrian Moore  
Dr Chris Nicholls  
Mr David Priest  
Mr Andi Thwaites (from September 2004)  
Prof David Tidmarsh  
Mr Ross Tuckley (until 31 August 2004)  
Mrs Jennifer Warren

Clerk to the Board of Governors  
Mr Stephen Bennett

Deputy Clerk to the Board of Governors  
Mr Chris Hackett

- i) Chairman of Management Board
- ii) Chairman of Audit & Compliance Committee
- iii) Chairman of Joint Welfare and Student Affairs Committee

## Senior staff of the University

Vice Chancellor  
Prof David Tidmarsh  
Deputy Vice Chancellor  
Prof Tony Powell (until 31 December 2004)  
Secretary & Clerk  
Mr Stephen Bennett  
Director of Finance  
Mr Rex Smith  
Pro Vice Chancellor (Planning and Essex)  
Prof Robin Smith (until 30 September 2004)  
Pro Vice Chancellor (Staffing and Cambridge)  
Ms Helen Valentine  
Pro Vice Chancellor (Corporate Development)  
Prof Peter Creamer (from 1 September 2004)  
Pro Vice Chancellor (Quality and Enhancement)  
Mrs Lesley Dobree (from 20 September 2004)

## Advisers to the University

### Auditors

Scrutton Bland Accountants  
18 Sir Isaac's Walk  
Colchester  
Essex CO1 1JL

### Bankers

Barclays Bank PLC  
2 High Street  
Chelmsford  
Essex CM1 1BG

### Principal Solicitors

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

## Registered Office

Anglia Ruskin University Higher Education Corporation  
Bishop Hall Lane  
Chelmsford  
Essex CM1 1SQ



Cambridge Campus

**East Road**

**Cambridge**

**CB1 1PT**

Chelmsford Campus

**Bishop Hall Lane**

**Chelmsford**

**CM1 1SQ**

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