

**University Campus Suffolk Ltd
Annual report and financial statements
for the year ended 31 July 2015**

Registered number: 05078498

University Campus Suffolk Ltd

Annual report for the year ended 31 July 2015

Contents

Directors and advisors	1
Strategic report	2
Directors' report	7
Statement of corporate governance and internal control	9
Statement of public benefit	12
Independent auditors' report	15
Income and expenditure account	17
Statement of total recognised gains and losses	18
Balance sheet	19
Cash flow statement	20
Notes to the financial statements	21

University Campus Suffolk Ltd

Directors and advisors

Directors

Professor W Pope (Chair)
Professor E Acton (resigned 28 January 2015)
Professor M Abdel-Maguid
Mr B Adofo (resigned 25 June 2015)
Mr J Bambridge (appointed 23 July 2015)
Ms D Cadman
Professor P Cavenagh
Ms E Hazelgrove (Clegg) (resigned 21 October 2014)
Mr P Clement
Ms C A M Edey (Deputy Chair)
Mr D Edwards
Ms F Hotston Moore
Mr R Lister (Provost and Chief Executive Officer)
Mr O B Morris
Mr M Pendlington
Dr N Savvas
Mr B J Summers
Mr R Williams
Mr P Winter

Company Secretary Mr T J Greenacre

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Bankers Barclays Bank plc
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University Campus Suffolk Ltd

Strategic report for the year ended 31 July 2015

The directors present their strategic report for University Campus Suffolk Ltd for the year ended 31 July 2015.

Business review and principal activities

The principal activity of the company for the year under review was that of higher education, together with such activities as are relevant for its facilitation. Additional activities include the provision of consultancy and applied research services.

One of the distinguishing features of University Campus Suffolk Ltd ("UCS" or "the company") is the Learning Network, with higher education being delivered at Ipswich and four independently operated centres across Suffolk and Norfolk. This allows students to study more closely to their home and increases the range of specialist subjects taught at foundation degree and undergraduate level across the UCS portfolio. Widening participation remains a key theme of the UCS mission and UCS remains committed to offering a broad provision across the whole Learning Network.

Earlier this year, UCS published its '2020 Vision' and strategic plan for 2015-2020. Supported by a range of Key Performance Indicators (KPIs), the plan contains stretching targets which reflect the ambition of the institution. The UCS Board is committed to the delivery of the strategic plan, whilst also being mindful of the challenges and risks that the current sector environment presents. UCS' finance strategy aims to deliver long-term financial sustainability for the institution, whilst supporting the delivery of its overarching strategy. Significant growth in annual income over the period 2015-2020 is planned, largely driven by student number growth, although opportunities to grow income from diverse sources, including from partnership working, will also play an important part.

Higher Education Funding Council for England (HEFCE) funding for UCS is issued jointly to University of East Anglia (UEA) and University of Essex in the form of a ring-fenced grant by reference to its associated student numbers. The grant letter is formally issued to the Vice-Chancellors of both Universities. Under this arrangement UCS receives its HEFCE funding via UEA who act as the banker organisation for the joint venture. The two Universities are jointly responsible to HEFCE for the proper use and allocation of the funding received via each institution's financial memorandum with HEFCE. UCS has a separate financial memorandum with each of the two Universities which mirrors this requirement.

In the early years of its operation between 2007/08 and 2011/12 UCS significantly grew its student numbers. In particular, in the year prior to the introduction of the Government's 2012 tuition fee reforms, UCS experienced a significant increase in its first year intake which was consistent with much of the rest of the higher education sector. The following year saw a widespread falling back in student demand which caused significant volatility in student numbers for many universities.

2014/15 represented the first year in which the vast majority of UCS students were admitted under the new tuition fee regime, and so to a large extent this represented the first steady state year following the reforms. Total student enrolment numbers were 4,053 FTE, which comprised HEFCE regulated students of 3,173 FTE, and other student numbers (principally delivered under NHS contracts) of 880 FTE.

In 2015/16 UCS predicts its total student numbers to be 4,011 FTEs, of which HEFCE-regulated students are expected to be 3,157 FTEs and other students 854 FTEs.

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u> <u>(forecast)</u>
HEFCE FTEs	3,487	3,173	3,157
OTHER FTEs	855	880	854
TOTAL FTEs	4,342	4,053	4,011

Against the backdrop of very substantial changes in the market for HEFCE-regulated students, UCS continues to maintain its successful track record of delivery under its NHS and Social Work teaching contracts, which include both pre-registration and post-registration education and training. Maintaining and increasing both the quality of its delivery and its commission volumes with its NHS partners remains a high priority for UCS. In addition, UCS actively seeks to diversify its income streams, particularly from research, enterprise and consultancy activities. Total income from these sources in 2014/15 was £455k (2013: £847k).

With the support of the UCS Board and its member universities, UCS submitted its application for Teaching Degree Awarding Powers (TDAP) in May 2014. This application was accepted, and the Quality Assurance Agency (QAA) then undertook a full scrutiny of UCS' executive and academic governance during the 2014/15 academic year. The outcome of this review is awaited and, if successful, will be followed by an application for designation for direct HEFCE funding and university title. UCS would then become the first independent university in Suffolk awarding its own degrees.

Financial highlights

In 2014/15 UCS generated a surplus of £346k (2014: £729k deficit); this is significantly above the £23k budgeted break-even surplus that was set for the year. The net cash inflow in the year from operating activities was £1,670k (2014: £1,779k) and the net cash outflow from capital expenditure was £386k (2014: £231k). The overall reduction in net debt in the year was £129k (2014: £335k), resulting in net debt at the year-end of £9,908k (2014: £10,037k). This comprises cash and cash equivalents of £9,804k (2014: £9,977k) and bank debt of £19,712k (2014: £20,014k).

There were no exceptional items in the year. The exceptional items in 2014 of £1,034k relate to the costs of an organisational restructure which took place in early 2014.

Key financial indicators

The company's key financial indicators during the year were as follows:

	2015	2014
	£'000	£'000
Total income	35,805	37,082
Surplus before exceptional items and endowments	346	305
Surplus before exceptional items and endowments as a proportion of total income	1.0%	0.8%
Surplus/(deficit) after exceptional items and endowments	359	(719)
Surplus/(deficit) after exceptional items and endowments as a proportion of total income	1.0%	(1.9)%

	2015	2014
	£'000	£'000
Proportion of income generated from:		
• HEFCE Grants	10%	19%
• Education Contracts	23%	23%
• Tuition Fees	61%	51%
• Research contracts	0%	1%
• Other Income	6%	6%

The decrease in the proportion of income received from HEFCE grants to 10% (2014: 19%) is offset by the increase in the proportion of income generated from tuition fees to 61% (2014: 51%). This is the consequence of the Government's changes to the funding of higher education from 2012/13.

University Campus Suffolk Ltd

Strategic report for the year ended 31 July 2015

	2015	2014
	<u>£'000</u>	<u>£'000</u>
Total balance sheet funds	46,168	47,395

The decrease in total balance sheet funds to £46,168k (2014: £47,395k) is largely the result of the impact of depreciation of our fixed assets and an increase in the pension reserve liability relating to UCS' calculated share of the Local Government Pension Scheme (£592k).

Financial outlook

The UCS Board has approved a breakeven revenue budget for 2015/16. This allows for strategic and infrastructure revenue investments totalling £1,120k. There is planned capital expenditure of £5.5 million in 2015/16 on a major refurbishment of one of the legacy buildings on UCS' estate, the former West Building. This development, which has been renamed the Atrium, will house the Ipswich Waterfront Innovation Centre and is being financially supported by the New Anglia Local Enterprise Partnership. The development is a unique and timely opportunity to capitalise on a partnership of public and private sector stakeholders and is strongly focussed on delivering positive impacts within a locality which is in significant and demonstrable need of economic regeneration.

UCS has ambitious plans for growth within its strategic plan for 2015-2020 but recognises the uncertain market conditions in which it operates. The continuing impact of the removal of the student number cap on recruitment remains unclear and, as a widening participation institution, a significant proportion of UCS' recruitment arises from direct late and clearing applications. Whilst UCS remains confident in its ability to respond effectively to the volatility and increasing competitiveness of the higher education sector, it considers it prudent to anticipate relatively modest growth within its budgets in the short term. However, within its wider strategy, measures to achieve more significant year on year growth in student numbers are a key focus.

In summary, the immediate financial priorities are:

- to generate surpluses which provide sufficient cash to support strategic objectives and provide financial sustainability;
- to achieve a greater return on investment from assets and resources employed;
- to support departments across UCS in achieving income diversification targets
- to provide an effective, efficient and collaborative support service to the institution and its stakeholders in achieving strategic priorities and to individual students when providing support and service on funding and access related issues;
- to maintain robust and rigorous financial controls.

Looking further ahead, UCS has received approval for its 2016/17 Access Agreement from the Office for Fair Access (OFFA). This confirms that UCS's tuition fees for UK and European Union full-time undergraduates will remain at the same level as for the 2015 entry: £8,000 for Foundation degrees and £9,000 for Bachelor degrees. Tuition fees for UK and European Union part-time undergraduates will remain at £7,980 for Foundation degrees and £8,490 for Bachelor degrees

In 2016/17 UCS plans to spend approximately £2m on access and retention measures, including direct financial support in the form of bursaries, and continues to undertake non-financial measures such as student outreach and access activity and student success and progression measures including careers and employability advice. UCS has a history of being one of the highest-spending institutions in the sector on access measures, and it believes that this is a key factor in delivering its success in widening participation in higher education.

Principal risks and uncertainties and financial risk management

UCS has in place a risk register which is regularly reviewed by the UCS Executive and the Audit and Risk Committee. Any changes to existing risks, including the impact, likelihood and mitigating actions taken are reported to the Board. The key risks identified are informed by the UCS strategic plan and are also linked to the internal audit planning process. The risk register includes a system of scoring designed to assess the likelihood and impact of the risks identified. In this way the register identifies for each risk:

- the gross risk (before any mitigating actions are undertaken);
- the mitigating actions identified and the senior manager responsible; and
- the net risk (assuming that such actions are undertaken and successful).

This method allows the Audit and Risk Committee and senior managers to monitor the mitigation required. Outlined below are the key risks together with the mitigating actions identified.

Failure to recruit sufficient home students

Robust digitally focussed marketing is being delivered to a diverse market. Efficient recruitment processes are in place and strategic plans for growth have been developed including assessment of individual subject areas and markets. The portfolio is to be regularly reviewed to ensure provision is attractive and in line with market trends. Improved national reputation, brand and visibility are a continued focus.

Loss or significant reduction in HEFCE grant income

Robust financial management is in place and a financial strategy is being developed to mitigate the impact of potential cuts in funding. A contingency fund provision has been established, with effective cost control and cautious release of investment funds.

Inability to invest in Estates development strategy

Work is underway to consolidate activities and reduce space allowance thereby reducing incremental demand on the estate. The West Building refurbishment has commenced and potential funding streams are being investigated to deliver the development of the waterfront estate.

Inability to invest in Estates infrastructure

Work is underway to consolidate activities to the newer buildings with a rigorous Space Management Policy. A Master Plan has been developed to introduce a robust capital allocation and implementation process. A Strategic Investment Fund, subject to annual budget, has been established.

Failure to generate sufficient funds for strategic investment

Funds are to be maintained through prudent financial management with a robust project appraisal process to prioritise potential investments. Strategic relationships with key funding stakeholders are being maintained with continued monitoring of the external funding environment. UCS is to explore opportunities for commercial and philanthropic funding.

Loss or significant reduction in post-registration health contract income

Opportunities for securing workforce transformation funding are to be maximised to mitigate the impact of the sector reduction in routine funding by maintaining and strengthening partnership working with employers and commissioners. The breadth of expertise available to deliver responsive provision is to be increased, maximising opportunities for developing new income streams. Increased use of e-learning is expected to provide efficient delivery and to improve reach and uptake.

Failure to develop research base

A UCS Research Excellence Framework (REF) Working Group has been established. A range of measures are to be implemented as part of UCS' Strategic Plan, including recruiting Professors, establishing Research Centres, raising the profile of research in the institution and via increasing staff research development.

Failure to recruit sufficient international students

University Campus Suffolk Ltd

Strategic report for the year ended 31 July 2015

UCS prioritises availability of student accommodation for international students. A proactive approach to marketing is being taken and a curriculum attractive to the international market is being developed. Obtaining degree awarding powers or single degree derivation will improve the value of a qualification taken at UCS to international markets. UCS structures and staffing are being developed to provide international recruitment capacity.

Failure to retain sufficient students

A Retention Working Group has been established to monitor retention; as a result there have been further improvements in monitoring of students at risk with scrutiny of information on student withdrawals to identify key areas for focus. A Student Experience Group has also been established. Action plans are being implemented in the 2015/16 academic year.

Inability to invest in IT infrastructure

UCS is to partner with commercial, sector, national and regional organisations to maximise the scope of investments; a Strategic Investment Fund, subject to annual budget has been established.

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2015

The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2015.

Future developments

The directors consider the future developments affecting the company to be covered within the 'Business review and principal activities' section of the Strategic Report on page 2.

Directors

The directors who held office during the year and up to the date of signing the financial statements are listed on page 1 of the annual report.

Financial risk management

The directors consider the key business risks and uncertainties, including financial risks, affecting the Company to be covered within the 'Principal risks and uncertainties and financial risk management' section of the Strategic report on page 5.

Tangible fixed assets

The directors consider that the market value of UCS's tangible fixed assets is not materially different from their book value.

Employee involvement and equal opportunities

UCS is fully committed to a policy that provides all employees with equality of opportunity for employment, career development and selection on the basis of ability, qualifications and suitability for the job. Senior management, managers and employees are required to promote equality of opportunity and to take full account of the policy in their day to day work.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned: UCS is a "two ticks" employer. In the event of members of staff becoming disabled, all reasonable steps are taken to ensure that their employment with UCS continues and that appropriate training and/or reasonable adjustments to their employment conditions are arranged.

Consultation with employees takes place through a number of meetings throughout the year, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the general progress of UCS as a whole.

Consultative meetings include formal consultation with trade union representatives, periodic attendance by senior managers at local team meetings, and project specific group work. UCS undertakes a biennial staff survey which seeks the views of staff about a wide range of issues affecting their employment; results and subsequent action plans are published widely.

Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year, and at the date of approval of the financial statements.

Disclosure of information to auditors

Each of the directors in office confirm that, so far as they are aware, at the date of signing these financial statements there is no relevant audit information of which the company's auditors are unaware. They also confirm that they have taken all steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2015

Independent auditors

KPMG LLP was appointed as auditor during the year. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Statement of Recommended Practice: Accounting for Further and Higher Education. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Availability of financial statements on the web site

The annual financial statements are available on the UCS website. The maintenance and integrity of the UCS website is the responsibility of the Board. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board and signed by its order by



Mr T J Greenacre
Company Secretary

14/10/15

The following statement is given to assist readers of the financial statements in gaining an understanding of the governance structures of UCS and to summarise UCS's arrangements for implementation of best practice for internal control and risk management. This statement covers the full financial year and up to the date of approval of the financial statements.

UCS is a company limited by guarantee, and is jointly controlled by University of East Anglia and University of Essex. The primary documents of governance are the company's Memorandum and Articles of Association, and the principal statutory body of UCS is its Board of Directors ("the Board"). All full members of the Board are directors of the company under the Companies Act 2006. The Articles of Association require that at least half of the Board shall be independent directors, and provide for UCS staff and student representation on the Board

Following the submission of its application for Teaching Degree Awarding Powers (TDAP) in May 2014, UCS has subsequently completed the scrutiny period performed by the Quality Assurance Agency (QAA) of UCS' executive and academic governance and is awaiting the outcome of that review. If successful, together with the subsequent intention to apply for designation for direct HEFCE funding and university title, UCS would become a fully independent university.

Principles and ethos of UCS

UCS is committed to the highest standards of governance, which is vital to achieving the organisation's vision and strategic objectives. Throughout its governance and management, the institution subscribes to the Nolan principles which are the basis for the ethical standards expected in public life. UCS also wholeheartedly subscribes to the values and primary elements of the 'Higher Education Code of Governance' which was published by the Committee of University Chairs (CUC) in December 2014.

UCS Board structure

The Board normally meets four times a year and has three sub-committees: Nominations Committee; Remuneration Committee; and Audit and Risk Committee. The actual number of meetings of the board during the year under review was five. Each of the Committees is formally constituted with written terms of reference, specified membership and delegated powers. Day to day management of UCS is the responsibility of the UCS Executive which is headed by the Provost and Chief Executive Officer. The Provost and Chief Executive Officer is an ex-officio director of the company.

The Nominations Committee makes recommendations for the appointment of directors and external, co-opted members of the Board's sub committees (who are not directors of the company). The committee met twice during the year.

The Remuneration Committee determines the annual remuneration and conditions of senior staff, including the Provost and Chief Executive Officer. The Remuneration Committee is also responsible for recommending general changes in pay and conditions to the Board. The committee met three times during the year.

The Audit and Risk Committee met four times during the year. Its main duties include:

- To prepare an annual report for submission to the Board on the work of the Audit and Risk Committee, including an opinion on the effectiveness of internal control, the arrangements in place to promote economy, efficiency and effectiveness and value for money and assurances over the processes for risk management and data quality.
- To advise the Board on risk management through the review of the risk register and other activities.
- To review the effectiveness of financial and other internal control systems, including oversight of the institution's policy on fraud and irregularity and anti-bribery.
- To monitor the effectiveness of internal and external audit, and co-ordinate the activity of the internal and external auditors.

University Campus Suffolk Ltd

Statement of corporate governance and internal control

- To make recommendations to the Board on the appointment of the External Auditor and, if necessary, on their dismissal.
- To approve the External Auditor's report on the nature and scope of the audit and to receive and consider the External Auditor's management letter in connection with the audit of the Financial Statements and the management response.
- To advise on the appointment of the Internal Auditor and, if necessary, on their dismissal.
- To approve the internal audit programme with reference to the risk register, and to review the work of the Internal Auditor and receive an annual report prepared by the Internal Auditor.

Academic authority for UCS is controlled by the Joint Academic Committee (JAC) which is not a sub-committee of the UCS Board, and reports to the Senates of the two partner universities, University of East Anglia and University of Essex. The Senates of the partner universities are responsible for the promotion of academic work both in teaching and research, for the regulation of educational arrangements and for the maintenance of academic discipline.

Statement of internal control

The Board is responsible for the company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

As part of the process for identifying, evaluating and managing UCS's significant risks, a comprehensive review of the risk register is undertaken by the Audit and Risk Committee and the UCS Executive, and the outcomes reported to the Board for review and action where necessary.

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

- clear definitions of the responsibilities of, and 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 key performance indicators and reviews of financial performance 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 appraisal and review according to approval levels set by the Board;
- a professional internal audit team whose annual programme is approved by the Audit and Risk Committee;
- a risk register which is scored according to the likelihood and impact of the key risks, which are informed by the strategic plan and also linked to internal audit planning process.

University Campus Suffolk Ltd

Statement of corporate governance and internal control

As part of the review of the effectiveness of the system of internal controls, plans are put in place to address any weaknesses identified and ensure continuous improvement of the system of internal controls as necessary. The effectiveness of the system of internal controls is reviewed at least annually by the Audit and Risk Committee.

Proper allocation of funds

The directors have chosen to provide comfort to the Councils of the two partner universities, University of East Anglia and University of Essex, confirming, that, in all material respects, income ultimately derived from Higher Education Funding Council for England, other income received for specific purposes, and income from other restricted funds administered by UCS have been applied only for the purposes for which they were received.

To enable them to provide this comfort, the directors have taken reasonable steps to:

- ensure that funds originating from HEFCE are used only for the purposes for which they have been given and in accordance with their Financial Memoranda with University of East Anglia and University of Essex and any other conditions that University of East Anglia and University of Essex may prescribe from time to time;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of UCS and to prevent and detect fraud;
- secure the economical, efficient, and effective management of UCS's resources and expenditure.

Going concern

The directors have prepared projections in support of the company's cash requirements in addition to its on-going compliance with the terms of its bank facilities. The directors have given this matter careful consideration and, cognisant of the above matters, the Board is satisfied that UCS has adequate resources to continue in operation for at least twelve months from the date of this report. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Approved by the Board and signed by its order by



Mr T J Greenacre
Company Secretary

14/10/15

University Campus Suffolk Ltd

Statement of public benefit

UCS is a company limited by guarantee, and is jointly controlled by University of East Anglia and University of Essex. UCS is an exempt charity under the terms of Charities Act 2011, as are both controlling institutions.

In setting and reviewing UCS's objectives and activities, the Board has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. This statement recognises the reporting requirements introduced by the Higher Education Funding Council for England (HEFCE) as the principal regulator of English higher education institutions under the Charities Act 2011.

Background

UCS was founded in 2007, building on the de-merger of Suffolk College and the wider network of colleges in Suffolk and Great Yarmouth – from which UCS emerged as the higher education delivery vehicle. It consists of the Ipswich hub together with the UCS Learning Network comprising Great Yarmouth College, Lowestoft College, Suffolk New College and West Suffolk College.

Vision and Mission

UCS is a cohesive, self-critical and student-centred academic community. Its high quality and innovative teaching and learning focused on niche-based academic disciplines aim to be cost effective and underpinned by selected nationally and internationally recognised research and scholarship in targeted areas.

UCS's mission is to have established a reputation and brand as an innovative and flexible market-centred provider with high-quality teaching, underpinned by widespread scholarly activity and research in focused areas. Its role as a community impact university will be to have a clear, measurable impact on the economic, cultural and educational lives of the communities it serves.

Values

The values of University Campus Suffolk are:

- To be a beacon for aspiration and achievement.
- To actively serve and be accountable to our communities.
- To excel in meeting the expectations of our students.
- To provide a great working environment.
- To drive a spirit of exploration, innovation and creativity.
- To be enterprising and entrepreneurial.
- To consistently maintain the highest ethical standards and uphold academic freedom.
- To be inclusive; valuing the contribution of every member of the institution.
- To relish challenge and enjoy success.
- To work with strategic partners for long-term mutual benefit.

Access and widening participation

UCS is dedicated to serving its communities by being a beacon for aspiration and achievement. It maintains its commitment to widening participation and to making higher education accessible to all within the local community. The Learning Network is key in meeting this commitment, allowing the local provision of education and widening the range of subjects available. UCS is involved with a number of outreach activities which aim to widen participation and encourage more people to consider higher education.

Schools and Colleges Liaison

The student recruitment team at UCS works with schools and colleges to inform students about the higher education opportunities available to them. They go into schools to deliver presentations and workshops, or advise students individually. A range of on-campus visits to UCS (including conferences on Health, Arts, Business and Social Sciences) as well as residential visits over the summer are also held to give potential applicants a 'taste' of university life.

Widening Participation

UCS seeks to raise the awareness, aspirations and attainment of young people from under-represented groups in higher education. Activities are aimed particularly at young people from disadvantaged social and economic backgrounds and people with disabilities. A number of widening participation events are held which include residential and non-residential summer schools.

National Network for Collaborative Outreach scheme (NNCO)

The NNCO will deliver a nationally co-ordinated approach to working with schools, universities and colleges to help people access higher education. Local and regional providers of higher education have come together to form the networks, ensuring comprehensive coverage across England.

Thirty-five local networks will cover the whole of England. Each network will appoint a single point of contact to help teachers and advisers find out about higher education outreach activity in their area and to provide general advice about progression into higher education. The local networks will host web-sites with information about outreach activity, and signpost other information to support schools and colleges as they prepare their students for higher education. The networks are funded by the Department for Business, Innovation and Skills and managed by HEFCE.

UCS has been appointed the lead institution to receive funding for the Suffolk and Norfolk Collaborative Network.

Bursaries and Fee Waivers

UCS currently offers a generous financial support scheme to full-time students from low income households. The university access regulator OFFA approves UCS's proposals for a package of financial support measures to assist students from low income backgrounds and has recently agreed the 2016/17 access agreement.

Community engagement

UCS has at the heart of its mission a responsibility to be a model for a new type of university – embedded, influential and a focus of societal and economic change in all the communities it serves. Its network is reaching out to communities locally and across the globe connecting with people and organisations to create relationships, collaborations and partnerships that can make a real difference.

The UCS Strategic Plan states:

“UCS has at the heart of its mission, a responsibility to be a model for a new type of civic university – embedded, influential and a focus of societal and economic change in all of the communities it serves.”

UCS promotes research and scholarship across the institution, informing its learning and teaching and enterprise initiatives. It also promotes and disseminates the impact of its research externally through effective public engagement with business, public bodies and local communities.

Sustainability policy

UCS's sustainability policy statement is as follows:

“At UCS, we believe that sustainability means helping to improve the quality of life for all, whilst minimising negative impacts, and maximising positive impacts, on society, the economy and the environment.

As a new, vibrant, forward thinking higher education institution, UCS supports learning, research and enterprise that benefits stakeholders in our region and around the world. Whilst UCS enriches society intellectually and supports the growth of a sustainable economy, both as an employer and by enhancing graduate employability, such a large organisation inevitably has an impact on the environment.

University Campus Suffolk Ltd

Statement of public benefit

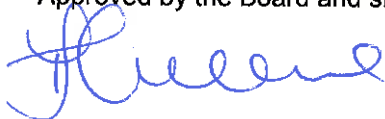
UCS therefore sets objectives and targets to ensure continuous improvement in its environmental and energy management systems. UCS is committed to the prevention of pollution and complies with all legal requirements and with other requirements relevant to its activities. UCS supports the purchase of energy-efficient products and services and ensures that its activities are designed to improve energy performance and minimise carbon emissions."

The UCS Sustainability Policy covers the following aspects of the organisation's work:

- Energy - reducing consumption and sourcing responsibly
- Waste - minimising waste, recycling and disposing of it carefully
- Water - saving water use and harvesting it where possible
- Purchasing - buying our supplies and equipment carefully
- Campus development - constructing and refurbishing our buildings sustainably
- Transport - helping students and staff to travel in sustainable ways
- Regulations - meeting our legal obligations related to sustainability

In 2011, UCS partnered with the Carbon Trust to develop its Carbon Management Plan which aims to realise substantial carbon and cost savings to assist in the delivery of UCS' sustainability strategy.

Approved by the Board and signed by its order by



Mr T J Greenacre
Company Secretary

14/10/15

University Campus Suffolk Ltd

Independent auditors' report to the members of University Campus Suffolk Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY CAMPUS SUFFOLK LTD

We have audited the financial statements of University Campus Suffolk Ltd for the year ended 31st July 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Accounting Policies and the related notes. 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).

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8 the Directors of the company are responsible for the preparation of financial statements and for being satisfied that they 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the company as at 31st July 2015 and of the company's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education and the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

University Campus Suffolk Ltd

Independent auditors' report to the members of University Campus Suffolk Ltd

- the Company financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

S Beavis

Stephanie Beavis
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
6 Lower Brook Street, Ipswich, IP4 1AP

15 October 2015

University Campus Suffolk Ltd

Income and expenditure account for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000 Restated
Income			
Funding body grants	2	3,605	6,920
Tuition fees and education contracts	3	29,947	27,556
Research grants and contracts	4	129	287
Other Income	5	2,073	2,277
Endowment and investment income	6	51	42
Total income		35,805	37,082
Expenditure			
Staff costs	7	15,476	16,255
Other operating expenses	9	16,260	16,647
Depreciation	9	2,475	2,631
Interest and other finance costs	8	1,248	1,244
Total expenditure	9	35,459	36,777
Surplus before exceptional items and taxation		346	305
Exceptional items	10	-	(1,034)
Surplus/(deficit) after exceptional items and before taxation		346	(729)
Taxation		-	-
Surplus/(deficit) after taxation		346	(729)
Transferred from endowment funds		13	10
Surplus/(deficit) for the financial year	19	359	(719)

All items of income and expenditure arise from continuing operations.

There is no difference between the results stated above, and their historical cost equivalents.

University Campus Suffolk Ltd

Statement of total recognised gains and losses for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Surplus/ (deficit) for the financial year (before endowment transfer)		346	(729)
Actuarial loss in respect of pension scheme	26	(592)	(1,516)
Total gains and losses recognised since last annual report		<u>(246)</u>	<u>(2,245)</u>
Opening reserves and endowments		2,162	4,407
Total recognised gains and losses for the year (as above)		<u>(246)</u>	<u>(2,245)</u>
Closing reserves and endowments		<u>1,916</u>	<u>2,162</u>

University Campus Suffolk Ltd

Balance sheet as at 31 July 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	11	<u>64,149</u>	<u>65,372</u>
Endowment assets	12	<u>131</u>	<u>144</u>
Current assets			
Debtors	13	2,272	800
Cash at bank and in hand		<u>9,673</u>	<u>9,833</u>
		11,945	10,633
Creditors: amounts falling due within one year	14	<u>(5,514)</u>	<u>(4,137)</u>
Net current assets		<u>6,431</u>	<u>6,496</u>
Total assets less current liabilities		70,711	72,012
Creditors: amounts falling due after more than one year	15	(19,281)	(19,708)
Provisions for liabilities	16	<u>(1,185)</u>	<u>(1,324)</u>
Net assets excluding pension liability		50,245	50,980
Pension liability	26	<u>(4,077)</u>	<u>(3,585)</u>
Net assets including pension liability		<u>46,168</u>	<u>47,395</u>
Represented by:			
Deferred capital grants	17	<u>44,252</u>	<u>45,233</u>
Endowment funds	18	<u>131</u>	<u>144</u>
Reserves			
Income and expenditure account excluding pension reserve		5,862	5,603
Pension reserve		<u>(4,077)</u>	<u>(3,585)</u>
Income and expenditure account including pension reserve	19	<u>1,785</u>	<u>2,018</u>
Total funds		<u>46,168</u>	<u>47,395</u>

The financial statements on pages 17 to 35 were approved by the Board of Directors on and were signed on its behalf by:


 Professor W Pope
 Chair of Board of Directors

14/10/15


 Mr R Lister
 Provost and Chief Executive
 Officer and Board Member

14/10/15

Registered Number: 05078498

University Campus Suffolk Ltd

Cash flow statement for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Cash inflow from operating activities	20	<u>1,670</u>	<u>1,779</u>
Returns on investments and servicing of finance			
Interest received		48	25
Interest paid		<u>(1,203)</u>	<u>(1,218)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(1,155)</u>	<u>(1,193)</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(870)	(449)
Deferred capital grants received		484	218
Net cash outflow from capital expenditure		<u>(386)</u>	<u>(231)</u>
Cash inflow before financing		<u>129</u>	<u>355</u>
Financing			
Bank loan repaid		(302)	(249)
(Decrease)/increase in cash in the year	21	<u>(173)</u>	<u>106</u>
Reconciliation of net cash flow to movement in net debt		£'000	£'000
(Decrease)/increase in cash in the year		(173)	106
Cash outflow from decrease in debt		302	249
Movement in net debt		<u>129</u>	<u>355</u>
Net debt at 1 August		(10,037)	(10,392)
Net debt at 31 July	21	<u>(9,908)</u>	<u>(10,037)</u>

1 Statement of accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis, in accordance with the historical cost convention and in accordance with United Kingdom Accounting Standards. The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Format of financial statements

The financial statements contain information about University Campus Suffolk Ltd ("UCS") as an individual company and do not include those of the students' union, as it is a separate entity in which the company has no financial interest, no control or significant influence over policy decisions. The financial statements have been prepared to conform with the Companies Act 2006, the Higher Education Funding Council for England (HEFCE) Accounts direction to higher education institutions, and also with the Statement of Recommended Accounting Practice (SORP): Accounting for Further and Higher Education dated July 2007, the use of which has been mandated by the terms of the funding arrangements in place between UCS, University of East Anglia, University of Essex and the Higher Education Funding Council for England.

Going concern

The directors have prepared projections in support of the company's cash requirements in addition to its on-going compliance with the terms of its bank facilities.

The financial position of the Company is set out in the strategic report.

The directors have given this matter careful consideration and the Board is satisfied that UCS has adequate resources to continue in operation for at least twelve months from the date of this report. For this reason the going concern basis continues to be adopted in the preparation of the financial statements

Income recognition

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

Tuition fees and income from education contracts are stated gross and credited to the income and expenditure account over the period in which students are studying. Bursaries are accounted for gross as expenditure and not deducted from income.

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

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

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

Income from restricted endowments is expended in accordance with the restrictions of the endowment.

Agency arrangements

Funds that UCS receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of UCS where it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. Disclosures in relation to these arrangements are included in the note 27 to the financial statements.

Taxation

UCS is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the test set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, UCS is exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and section 471, and 478-488 CTA 2010 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. UCS receives no similar exemption in respect of value added tax. Irrecoverable value added tax on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Gifts in kind, including donated tangible fixed assets

Gifts in kind are reflected in 'other income' or 'deferred capital grants' as appropriate.

1 Statement of accounting policies (continued)

Accounting for charitable donations

Unrestricted charitable donations 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.

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

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 institution;
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income;
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.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Donated tangible fixed assets are included at deemed cost based on a valuation at the date of donation.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, over the expected useful economic lives of the assets in equal annual instalments at the following principal rates:

Freehold buildings	2.0% - 2.5%
Building refurbishments	12.5% - 25%
Fixtures, fittings and equipment	12.5% - 25%
Computer equipment	25%

Freehold land, heritage assets, and assets in the course of construction are not depreciated.

Inherited fixed assets

Assets inherited from Suffolk New College are stated in the balance sheet at their fair value on transfer based on depreciated replacement cost.

Acquisition with the aid of specific grants

Where assets are acquired with the aid of specific grants, they are capitalised and depreciated. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related assets on a basis consistent with the depreciation policy. In accordance with the provisions of the SORP, deferred capital grants are accounted for as part of total funds.

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previous standard of performance is recognised in the income and expenditure account in the period it is incurred. The company has a planned maintenance programme, which is reviewed on an annual basis.

Provisions

Provisions are recognised in the financial statements when the company 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.

1 Statement of accounting policies (continued)

Accounting for retirement benefits

The company contributes to the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS). Both schemes are defined benefit schemes, but the USS scheme is a multi-employer scheme and it is not possible to identify the assets of the scheme which are attributable to UCS. In accordance with FRS 17 this scheme is accounted for on a defined contribution basis and contributions to this scheme are included as expenditure in the period in which they are payable.

UCS is able to identify its share of assets and liabilities of the LGPS and thus fully adopts FRS 17 "Retirement benefits". Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated in accordance with FRS 17 requirements at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

The amounts charged to the income and expenditure account are as follows. The current and past service costs and gains and losses on settlements and curtailments are included as part of staff costs. The expected return on assets, net of the impact of the unwinding of the discount on the scheme's liabilities, is shown within interest payable or other finance income. Actuarial gains and losses, including differences between expected and actual return on assets, are recognised immediately in the statement of total recognised gains and losses.

Accounting for enhanced pension obligations

Liabilities in respect of enhanced pension obligations are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to UCS's liabilities. The actuarial valuations are updated at each balance sheet date. Movements in the liability are recognised in the income and expenditure account in the period in which they arise.

Exceptional items

Exceptional and non-recurring costs are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of UCS's underlying financial performance. Transactions which may give rise to exceptional and non-recurring costs are principally restructuring related costs.

	2015 £'000	2014 £'000 Restated
2 Funding body grants		
Recurrent grants		
Higher Education Funding Council for England ("HEFCE") – via University of East Anglia	3,046	6,326
Deferred capital grants released in year		
Buildings	408	407
Equipment	151	187
	559	594
Total funding body grants	3,605	6,920

The prior year has been restated to re-allocate HEFCE National Scholarship Programme ("NSP") funding from other operating expenses to HEFCE grant income. In 2014, £341k of HEFCE funding was included within other operating expenses.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2015

3 Tuition fees and education contracts	2015 £'000	2014 £'000 Restated
Tuition fees		
Full-time home and EU students	18,903	16,294
Full-time international students	420	329
Part-time students	2,481	2,351
	<u>21,804</u>	<u>18,974</u>
Education contracts		
Health Education East of England	7,874	8,301
Health and Care Professions Council	211	229
Other contracts	58	52
	<u>8,143</u>	<u>8,582</u>
Total tuition fees and education contracts	<u>29,947</u>	<u>27,556</u>

The prior year has been restated to re-align fee waiver expenditure with the related tuition fees. In 2014, £718k of fee waiver expenses were shown within other operating expenses.

4 Research grants and contracts	2015 £'000	2014 £'000
Deferred capital grants released in the year	42	125
Other grants and contracts	87	162
	<u>129</u>	<u>287</u>

5 Other income	2015 £'000	2014 £'000
Deferred capital grants released in year	864	965
Other income	1,209	1,312
	<u>2,073</u>	<u>2,277</u>

6 Endowment and investment income	2015 £'000	2014 £'000
Income from deposits	51	42

7 Staff costs	2015 £'000	2014 £'000
Wages and salaries	12,518	13,161
Social security costs	909	990
Other pension costs (note 16 and note 26)	2,048	2,104
	<u>15,476</u>	<u>16,255</u>

Staff costs relate to staff directly employed by University Campus Suffolk Ltd. Staff employed in the Learning Network colleges to deliver Higher Education are disclosed in the financial statements of the respective colleges.

Directors' remuneration	£'000	£'000
Aggregate emoluments	268	129
Loss of office	-	17
Pension contributions to USS	39	21
	<u>307</u>	<u>167</u>

Staff costs (continued)

In 2015 the above emoluments comprise those paid to the Provost and Chief Executive Officer and two other Board members. In 2014 the above emoluments were paid to the Provost and Chief Executive Officer and two other Board members for part of the year.

Emoluments of the Provost

	2015 £'000	2014 £'000
Salary and benefits	120	119
Pension contributions	17	17
Loss of office	-	17
	<u>137</u>	<u>153</u>

There were no other members of staff with an annual salary over £100,000 (excluding employer's pension contributions) (2014: 1 other member of staff with an annual salary in the band of £110,000 to £119,999). Retirement benefits are accruing to 3 directors (2014: 3) under the Universities Superannuation Scheme ("USS").

The average monthly number of employees including directors employed during the year was:

	2015 Number	2014 Number
Academic departments	194	206
Academic services	102	102
Administration and central services	87	94
Premises	18	22
	<u>401</u>	<u>424</u>

In addition to the above employee numbers, UCS employed an average of 63 casual staff during the year (2014: 70).

8 Interest and other finance costs

	2015 £'000	2014 £'000
Bank loans	1,199	1,217
Other finance costs	49	27
	<u>1,248</u>	<u>1,244</u>

9 Analysis of total expenditure by activity

	Staff costs £'000	Dep'n £'000	Other operating expenses £'000	Interest and other finance costs £'000	2015 Total £'000	2014 Total Restated £'000
Academic departments	8,610	36	8,963	-	17,609	18,457
Academic services	3,054	-	1,478	-	4,532	4,154
Administration and central services	3,220	375	2,955	-	6,550	7,102
Research	-	42	-	-	42	125
Premises	592	2,022	2,491	1,199	6,304	6,367
Other	-	-	373	49	422	572
Year ended 31 July 2015	<u>15,476</u>	<u>2,475</u>	<u>16,260</u>	<u>1,248</u>	<u>35,459</u>	<u>36,777</u>
Year ended 31 July 2014 (restated)	16,255	2,631	16,647	1,244	36,777	

The prior year has been restated to re-allocate fee waiver expenditure and NSP funding to related income. In 2014, a net cost of £377k of fee waivers and NSP funding were included within other operating expenses.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2015

	2015 £'000	2014 £'000
Other operating expenses include:		
External auditors' remuneration		
- Audit of company	40	40
- Audit related assurance services	-	3
- Other non-audit services	-	-
Internal auditors' remuneration	<u>24</u>	<u>28</u>
10 Exceptional items	2015 £'000	2014 £'000
Cost of restructure	<u>-</u>	<u>1,034</u>

During the prior year the company underwent a non-recurrent staff restructure exercise: the exceptional cost relates to settlement payments made to staff affected

11 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 1 August 2014	74,097	9,586	186	83,869
Transfers	-	13	(13)	-
Additions	298	451	503	1,252
At 31 July 2015	<u>74,395</u>	<u>10,050</u>	<u>676</u>	<u>85,121</u>
Accumulated depreciation				
At 1 August 2014	9,764	8,734	-	18,498
Charge for the year	2,021	453	-	2,474
At 31 July 2015	<u>11,785</u>	<u>9,187</u>	<u>-</u>	<u>20,972</u>
Net book value				
At 31 July 2015	<u>62,610</u>	<u>863</u>	<u>676</u>	<u>64,149</u>
At 31 July 2014	<u>64,333</u>	<u>853</u>	<u>186</u>	<u>65,372</u>

At 31 July 2015, freehold land and buildings and assets in the course of construction included £18,029k (2014: £18,029k) in respect of freehold land which is not depreciated and £239k (2014: £239k) in respect of heritage assets which are not depreciated.

	2015 £'000	2014 £'000
12 Endowment assets		
At 1 August	144	154
New endowments received	-	-
Decrease in cash balances	(13)	(10)
At 31 July	<u>131</u>	<u>144</u>
Represented by:		
Cash at bank held for endowment funds	<u>131</u>	<u>144</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2015

	2015 £'000	2014 £'000
13 Debtors		
Trade debtors	1,364	240
Amounts owed by related parties	107	46
Other debtors	-	12
Prepayments and accrued income	801	502
	<u>2,272</u>	<u>800</u>

Amounts owed by related parties are unsecured, interest free and are repayable on demand (see note 24 to the financial statements for further details).

	2015 £'000	2014 £'000
14 Creditors: amounts falling due within one year		
Bank loans (note 15)	431	306
Trade creditors	819	422
Capital creditors	384	2
Amounts due to related parties	74	12
Taxation and social security payable	305	439
Other creditors	501	423
Accruals and deferred income	3,000	2,533
	<u>5,514</u>	<u>4,137</u>

Amounts due to related parties are unsecured, interest free and are repayable on demand (see note 24 to the financial statements for further details).

	2015 £'000	2014 £'000
15 Creditors: amounts falling due after more than one year		
Bank loans	<u>19,281</u>	<u>19,708</u>

On 9 July 2008 UCS entered into a loan facility agreement with Barclays Bank plc. The facility comprised a revolving facility which bore interest at 6.07%. On 15 October 2008, the amounts drawn down under the revolver facility were converted into a term loan of £12,500,000 which bears interest at a fixed rate of 5.09%. The loan is repayable in quarterly instalments commencing in October 2012 through to October 2038.

On 27 April 2010, UCS entered into an additional loan facility of £8,000,000 with Barclays Bank plc. The loan bears interest at a fixed rate of 4.37%. The loan is repayable in quarterly instalments commencing in July 2015 through to October 2039.

Both loans are secured by a first legal charge dated 31st July 2014 on the company's property, the James Hehir building, Duke Street, Ipswich. Until this point £18,000,000 of the loans were guaranteed by the University of East Anglia and University of Essex in equal proportion.

Maturity profile	2015 £'000	2014 £'000
Amounts falling due:		
In under one year	431	306
Between one and two years	468	437
Between two and five years	1,557	1,947
In more than five years	17,256	17,322
	<u>19,712</u>	<u>20,012</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2015

16 Provisions for liabilities	Other provisions	Other pension liabilities	Enhanced pension contributions	Total
	£'000	£'000	£'000	£'000
At 1 August 2014	243	208	873	1,324
Utilised for the year	(254)	-	(66)	(320)
Transferred from creditors	95			95
Charged to the Income and Expenditure Account	23	8	55	86
At 31 July 2015	107	216	862	1,185

The provision for enhanced pension obligations is for the discounted value of liabilities for future enhanced pension benefits payable over the lifetime of the recipients.

The other pension liabilities relates to the company's estimated future liability for payments due to Universities Superannuation Scheme (USS) in respect of special class members that are entitled under TUPE arrangements to retire at 55.

Other provisions relate to ongoing obligations in respect of in-year redundancies.

17 Deferred capital grants	Funding council	Other	Total
	£'000	£'000	£'000
At 1 August 2014	14,282	30,951	45,233
Grants receivable	467	17	484
Released to income and expenditure account	(559)	(906)	(1,465)
At 31 July 2015	14,190	30,062	44,252

18 Endowment funds	Restricted Expendable	
	2015	2014
	£'000	£'000
At 1 August	144	154
Expenditure	(13)	(10)
At 31 July	131	144
Represented by:		
Capital	131	144

The endowment funds above represent two donations received for the benefit of the UCS history department.

19 Movement in income and expenditure account (including pension reserve)	£'000
At 1 August 2014	2,018
Surplus for the financial year	359
Actuarial loss on pension scheme (note 26)	(592)
At 31 July 2015	1,785

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2015

20 Reconciliation of surplus to net cash inflow from operating activities	2015 £'000	2014 £'000
Surplus/(deficit) after exceptional items	346	(729)
Endowment income and interest receivable	(51)	(42)
Deferred capital grant released	(1,465)	(1,684)
Depreciation and amounts written off fixed assets	2,475	2,631
Interest payable	1,199	1,217
(Increase)/decrease in debtors	(1,469)	61
Increase in creditors	874	218
(Decrease)/increase in provisions	(139)	67
Pension costs less contributions payable	(100)	40
Net cash inflow from operating activities	<u>1,670</u>	<u>1,779</u>

21 Analysis of changes in net debt	At 1 August 2014 £'000	Cash flow £'000	Non-cash movement £'000	At 31 July 2015 £'000
Cash at bank and in hand	4,833	(160)	-	4,625
Cash equivalents	5,000			5,048
Cash at bank held for endowment funds	144	(13)	-	131
	<u>9,977</u>	<u>(173)</u>	<u>-</u>	<u>9,804</u>
Debt due within one year	(306)	302	(427)	(431)
Debt due after one year	(19,708)	-	427	(19,281)
	<u>(10,037)</u>	<u>129</u>	<u>-</u>	<u>(9,908)</u>

Non-cash movements comprise changes between categories of borrowings.

22 Capital and other commitments

As of 31 July 2015, there were capital commitments amounting to £533,396 for campus development works. There were no unprovided capital commitments at 31 July 2014.

23 Capital and reserves

The company has no share capital as it is limited by guarantee. All members of the company undertake to contribute such a sum as is required, not exceeding £1, to the assets of the company should it be wound up whilst they are a member or within one year after they cease to be a member.

24 Disclosure of related party transactions

Due to the nature of the company's operations and the composition of the Board of Directors, being drawn from the senior employees of the member Universities, partner colleges and local authorities, it is inevitable that transactions will take place with organisations in which a Director may have an interest. All transactions involving organisations in which a Director may have an interest, including those identified below are carried out at arms-length and in accordance with the company's usual procurement procedures.

24 Disclosure of related party transactions (continued)

University of East Anglia

During the year, purchase transactions with University of East Anglia ("UEA") totalled £444,754 (2014: £410,511). At 31 July 2015, the outstanding balance was £8,038 (2014: £nil). In addition, UCS provided services to UEA to the value of £111,913 (2014: £4,750) during the year.

University of Essex

During the year, purchase transactions with University of Essex totalled £575,538 (2014: £192,983). At 31 July 2015, the outstanding balance was £1,012 (2014: £nil). In addition, UCS provided services to University of Essex to the value of £7,144 (2014: £1,000).

Suffolk New College

During the year, purchase transactions with Suffolk New College totalled £595,604 (2014: £452,734). At 31 July 2015, the outstanding balance was £67,435 (2014: £nil). Sales transactions to Suffolk New College for the year totalled £21,609 (2014: £11,297). At 31 July 2015 the outstanding balance was £nil (2014: £1,969).

West Suffolk College

During the year, purchase transactions totalled £3,550,513 (2014: £3,485,518). At 31 July 2015, the outstanding balance was £747 (2014: £nil). In addition, sales transactions for the year totalled £63,057 (2014: £23,759). At 31 July 2015 the outstanding balance was £45,534 (2014: £nil).

Great Yarmouth College

During the year, purchase transactions totalled £1,155,064 (2014: £1,118,058). At 31 July 2015 the outstanding balance due to Great Yarmouth College was £31,571 (2014: £11,250). In addition, sales transactions for the year totalled £9,203 (2014: £21,069).

Lowestoft College

During the year, purchase transactions totalled £1,305,247 (2014: £1,236,088). At 31 July 2015 the outstanding balance was £53,225 (2014: £nil). In addition, sales transactions for the year totalled £6,420 (2014: £7,274).

Easton & Otley College

During the year, purchase transactions totalled £443,791 (2014: £624,964). At 31 July 2015 the outstanding balance due to Easton & Otley College was £672.00 (2014: £nil). In addition, sales transactions for the year totalled £55,547 (2014: £82,507). At 31 July 2015 the amounts owed by Easton & Otley College amounted to £15,917 (2014: £4,893).

Suffolk Union Services Ltd

During the year, purchase transactions totalled £24,369 (2014: £28,563). At 31 July 2015 the outstanding balance due to Suffolk Union Services Ltd was £3,061 (2014: £1,405). There were no sales transactions for the year (2014: £ nil).

Ipswich Borough Council

During the year, purchase transactions totalled £212,068 (2014: £192,845). At 31 July 2015 the outstanding balance was £408 (2014: £nil). Sales transactions for the year totalled £33,027 (2014: £46,375). At 31 July 2015 the amounts owed by Ipswich Borough Council amounted to £1,200 (2014: £35,000).

Suffolk County Council

During the year, purchase transactions totalled £149,344 (2014: £108,885). At 31 July 2015 the outstanding balance was £36,260 (2014: £nil). Sales transactions for the year totalled £141,889 (2014: £135,399). At 31 July 2015 the amounts owed by Suffolk County Council amounted to £45,349 (2014: £3,652).

Investment in associate

During the year the company purchased 49 £1 shares in Eastern HE Cost Sharing Limited ("EHCS"), a subsidiary of University of Essex. UCS has contracted with EHCS to provide internal audit services with effect from the 2015/16 financial year.

25 Ultimate controlling undertaking

The company is jointly controlled by the University of East Anglia and the University of Essex.

26 Pension commitments

UCS's employees belong to two principal pension schemes: the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS), which is administered by Suffolk County Council. Both are defined-benefit schemes.

Total pension cost for the year	2015	2014
	£'000	£'000
USS contributions paid	1,632	1,675
Local Government Pension Scheme	265	314
Local Government Pension Scheme Funding Strategy	131	44
Charged to the income and expenditure account	2,028	2,033

Universities Superannuation Scheme (USS)

The company 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 company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company 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 FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £1,632k (2014: £1,675k). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which required schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

26 Pension commitments (continued)

Universities Superannuation Scheme (USS) (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS17 liabilities	£67.6bn	£55.5bn
FRS17 deficit	£18.6bn	£13.9bn
FRS17 funding level	72%	75%

Local Government Pension Scheme (LGPS)

The LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. A full actuarial valuation was carried out at 31 March 2010 and updated to 31 July 2014 by a qualified independent actuary.

Under the definitions set out in FRS 17, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, however, the actuary of the scheme has identified the company's share of its assets and liabilities as at 31 July 2015. The contribution payable by the employer was set at 19.5% of pensionable salaries from August 2007. This was increased with effect from April 2013 to 22.5%.

The pension scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

The material assumptions used by the actuary for the purposes of FRS 17 at 31 July 2015 and 31 July 2014 were:

	2015	2014
	%	%
Future pension increases	2.6	2.7
Future salary increases	4.5	4.5
Expected return on assets	3.6	5.8
Discount rate	3.6	4.0

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

26 Pension commitments (continued)
Local Government Pension Scheme (LGPS) (continued)

The assumed life expectations on retirement aged 65, based on standard mortality tables, are:

	2015 Years	2014 Years
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.9	26.9

The assets in the LGPS scheme and the expected rate of return were:

	Long-term return	31 July 2015 Fund value £'000	Long-term return	31 July 2014 Fund value £'000
Equities	3.6%	5,304	6.7%	4,692
Bonds	3.6%	1,538	3.8%	1,360
Properties	3.6%	769	4.7%	680
Cash	3.6%	77	3.6%	68
		<u>7,688</u>		<u>6,800</u>

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS 17.

	2015 £'000	2014 £'000
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Analysis of the amount shown in the balance sheet

Fair value of employer assets	7,688	6,800
Present value of funded obligations	<u>(11,765)</u>	<u>(10,385)</u>
Deficit in the scheme - net pension liability	<u>(4,077)</u>	<u>(3,585)</u>

Amount charged to staff costs in profit and loss account

Current service cost	304	314
Total operating charge	<u>304</u>	<u>314</u>

Analysis of the amount charged to other finance costs

Expected return on pension scheme assets	403	323
Interest on pension scheme liabilities	<u>(417)</u>	<u>(350)</u>
Total other finance costs	<u>(14)</u>	<u>(27)</u>

Analysis of the amount that is recognised in the statement of total recognised gains and losses (STRGL)

	2015 £'000	2014 £'000
Actual return less expected return on pension assets	263	810
Changes in assumptions underlying the present value of the scheme liabilities	<u>(855)</u>	<u>(2,326)</u>
Actuarial (losses)/gains recognised in STRGL	<u>(592)</u>	<u>(1,516)</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2015

26 Pension commitments (continued) Local Government Pension Scheme (LGPS) (continued)

	2015 £'000	2014 £'000
Analysis of the movement in the present value of scheme liabilities		
At the beginning of year	10,385	7,499
Current service cost	304	314
Interest cost	417	350
Contributions by scheme participants	76	96
Actuarial losses	855	2,326
Losses on curtailments	13	9
Benefits paid	(285)	(209)
At end of the year	11,765	10,385
	2015 £'000	2014 £'000
Analysis of the movement in the fair value of scheme assets		
At the beginning of year	6,800	5,470
Expected return on assets	403	323
Contributions by scheme participants	76	96
Contributions by the employer	431	310
Benefits paid	(285)	(209)
Actuarial gains	263	810
At end of the year	7,688	6,800

The actual return on scheme assets in the year was £666k (2014: £1,133k).

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Amounts for current and previous years:				
Defined benefit obligation	(11,765)	(10,385)	(7,499)	(6,780)
Plan assets	7,688	6,800	5,470	4,424
Deficit	(4,077)	(3,585)	(2,029)	(2,356)
Experience adjustments on plan assets	263	810	566	(235)
Experience adjustments arising on scheme liabilities	-	-	-	(34)
Total amount recognised in statement of total recognised gains and losses	(592)	(1,516)	393	(848)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £3,156k. Defined benefit scheme assets do not include any of UCS's own financial instruments or any property controlled by UCS. The estimation of the employer contribution for the defined benefit scheme for the year to 31 July 2016 is £478k.

27 Amounts disbursed as agents

	2015 £'000	2014 £'000
Access to Learning Funds (ALF)		
Funding received from HEFCE	-	216
Brought forward from previous year	18	12
Amounts disbursed to students	(18)	(210)
Excess of income over expenditure	<u>-</u>	<u>18</u>
	2015 £'000	2014 £'000
FE Initial Teacher Training Bursaries (ITT)		
Funding received from BIS	64	-
Brought forward from previous year	-	-
Amounts disbursed to students	(55)	-
Excess of income over expenditure	<u>9</u>	<u>-</u>
	2015 £'000	2014 £'000
Subject Knowledge Enhancement Bursaries (SKE)		
Funding received from NCTL	7	-
Brought forward from previous year	-	-
Amounts disbursed to students	(7)	-
Excess of income over expenditure	<u>-</u>	<u>-</u>

ALF grants are amounts available solely to assist students, UCS acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account. Direct funding for the ALF grants was withdrawn with effect from the beginning of the 2014/15 financial year.

