

**University Campus Suffolk Ltd
Annual report
for the year ended 31 July 2008**

Registered number: 05078498

University Campus Suffolk Ltd

Annual report for the year ended 31 July 2008

Contents

Directors and advisors	1
Directors' report	2
Statement of corporate governance and internal control	7
Independent auditors' report	10
Income and expenditure account	12
Statement of total recognised gains and losses	13
Balance sheet	14
Cash flow statement	15
Notes to the financial statements	16

University Campus Suffolk Ltd

Directors and advisors

Directors

Professor W D Macmillan (Chair)
Professor C Riordan
Professor R J Anderson
Mr J D Hehir
Mr M J More (resigned 31 March 2008)
Dr A H Rich
Mr B J Summers
Mr S L Holmes
Mr P C Rainbird (resigned 25 June 2008)
Professor D J Muller
Dr E A Williams
Mrs A Hill (appointed 6 November 2008)
Ms C Edey (appointed 6 November 2008)

Company Secretary Mr R A Quinton

Registered office

Waterfront House
Neptune Quay
Ipswich
Suffolk
IP4 1QJ

Independent auditors

PricewaterhouseCoopers LLP
The Atrium
St Georges Street
Norwich
Norfolk
NR3 1AG

Bankers

Barclays Bank plc
1 Princes Street
Ipswich
Suffolk
IP1 1PB

Solicitors

Mills & Reeve LLP
1 St James Court
Whitefriars
Norwich
Norfolk
NR3 1RU

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2008

The directors present their report and the audited financial statements of the company for the year ended 31 July 2008.

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.

The operational activities of University Campus Suffolk Ltd ("UCS") went live on 1 August 2007 with the transfer of academic and support staff under Transfer of Undertakings Protection of Employment Act 1981 ("TUPE") arrangements, and the transfer of Higher Education Funding Council for England ("HEFCE") and Department of Health ("DoH") funded contracts for the education of students, from Suffolk New College. In addition, UCS also acquired the contracted HEFCE student numbers that were formerly directly funded to Otley College and the student numbers allocated to the other colleges in the UCS Learning Network (see below), from the University of East Anglia ("UEA").

HEFCE funding for UCS is issued jointly to University of East Anglia and University of Essex ("the two Universities") by way of a ring-fenced grant, with its associated student numbers. The grant letter is formally issued to the Vice-Chancellors of the two Universities. Under this arrangement UCS does not receive funds directly from HEFCE, as these are channelled via UEA who act as the banker organisation for the joint venture. The two Universities are both jointly responsible to HEFCE for the proper use and allocation of the funding received via their respective financial memorandum with the Funding Council. UCS has a separate financial memorandum with each of the two Universities which mirrors this requirement.

In its first year of full operations, UCS was some thirty-four FTEs below the HEFCE contract level, which is well within the 5% tolerance band operated by HEFCE. It also successfully delivered the contracted student numbers in its National Health Service ("NHS") contracts, and was one of the few higher education providers in the East of England to deliver in full its NHS post-registration education and training contract. In the year, UCS was awarded an additional 480 funded additional student numbers ("ASNs") to support growth. None of these were drawn down in the year and they are therefore available for UCS to draw against in 2008/09.

The year also saw the establishment of the UCS Learning Network, with UCS provision being delivered at five independent 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 is a key theme of the UCS mission, and UCS remains committed to offering a wide range of provision across the centres of the Learning Network, and plans to grow the number of students taught across the network as a whole at the same rate as which it grows the main UCS operations in Ipswich.

One of the major developments for UCS during the year has been the construction of the prestigious Waterfront Building in Ipswich. The building work and associated land purchases have been facilitated by way of capital grants from HEFCE, the East of England Development Agency ("EEDA"), Suffolk County Council ("SCC") and Ipswich Borough Council ("IBC"). The building now gives UCS a home of its own in the centre of Ipswich, and for many will represent the tangible presence of dedicated higher education provision that has previously been missing from the county. The new building opened its doors to students in September 2008 and will continue to be the main focus for student recruitment for the coming years.

Throughout the year, UCS has been successfully working with private sector landlords and developers to ensure that we have sufficient, high quality, accommodation available to all students that require it.

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2008

The UCS accommodation accreditation scheme, run in conjunction with IBC and the police, ensures that students have access to a range of safe, vetted properties, which exceed the minimum standards required and come with the UCS seal of approval.

The first cohorts of students graduated from UCS in October 2008 at a number of celebrations in Ipswich, Bury St Edmunds, Gt. Yarmouth and Lowestoft. This was an opportunity to reflect on the achievements of UCS throughout its first year, and a chance to celebrate our potential as we move forward.

Looking forward, UCS plans to deliver ambitious growth during 2008/09, with a target of increasing its contracted HEFCE numbers by 13% compared to the launch of UCS in 2007. We hope that 2008/09 will also see the NHS contracts, both pre-registration and post-registration, retained at their current student levels and delivered in full to the satisfaction of the East of England Strategic Health Authority.

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 highlights

In its first year of operations, UCS generated a surplus before exceptional items of £1,138k. However after allowing for the exceptional costs associated with the transfer of pension commitments from Suffolk New College, the final outturn for the year is a deficit of £619k. Further details of the exceptional items are provided in note 9 of the financial statements.

Key performance indicators

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

	2008	2007
	£'000	£'000
Total income	23,952	1,922
Surplus before exceptional items	1,138	-
Deficit after exceptional items	619	-
Net assets	41,831	12,959
Proportion of income generated from		
• HEFCE Contract	41%	100%
• Strategic Health Authority ("SHA") Contracts	28%	-
• Tuition Fees	22%	-
• Other Income	9%	-
• Surplus before exceptional items as a proportion of total income	4.8%	-

The directors are expecting a further operational deficit in 2008/09 as UCS builds up the critical mass of students required to support the infrastructure of UCS, but expect this to turn into year on year operational surpluses with effect from the 2009/10 financial year. This will put UCS on a firm financial footing to allow it to grow and develop into a prosperous and sustainable higher education institution.

Principal risks and uncertainties and financial risk management

UCS has undertaken work during the year to develop and embed a system of internal control, including financial, operational and risk management, which is designed to protect its assets and reputation. An internal audit provider was appointed in June 2008 which will be integral to the strengthening and development of internal controls procedures.

UCS has in place a risk register which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on UCS and the actions being taken to reduce and mitigate the risks, and prioritises them in order of urgency. The internal audit work plan has been developed in parallel to the risk register and the prioritisation of the plan is consistent with the scoring system in the register.

Outlined below is a description of the principal risk factors that affect the company.

Student Recruitment

As a new institution, UCS is dependent upon growing its student base to reach a critical mass of students. Failure to maintain a sufficiently attractive offer to prospective students and therefore meet student number targets will impact on UCS ability to secure future ASN funding from HEFCE. This, and the failure to meet other contracted student numbers may lead to short-term revenue problems, and longer term strategic finance issues.

This risk is mitigated in a number of ways:

- Frequent and continual review of the offer to students to ensure that they remain attractive to prospective students;
- Short-term and targeted marketing based upon recruitment information and market information;
- Appropriate contingency planning in financial modelling to allow for minor fluctuations in actual levels of student recruitment compared to planned levels.

Availability of capital funding to support growth

In order to continue to grow, UCS will need to secure future capital funding from both the public sector, and from further bank debt. There is a risk that changes to the political landscape in Suffolk and/or nationally may impact on the levels of funding available to UCS, and therefore its trajectory for growth.

This risk is mitigated in a number of ways:

- UCS officers and directors are working closely with a variety of public sector agencies to build a funding consortium to secure the capital funds required to commence phase II of the planned building programme;
- UCS is working hard to raise its national profile, both to achieve growth in its student numbers, and to generate greater political support for the UCS initiative.

Employer involvement

In order to reduce its reliance on its key HEFCE and SHA contracts, UCS is looking to expand its market engagement with employers in terms of continuing professional development ("CPD") activity and "third stream" activities such as knowledge transfer, applied research and consultancy. There is a potential risk that UCS fails to engage employers in these activities and therefore fails to diversify its income streams.

This risk is mitigated in the following ways:

- UCS has secured additional HEFCE funding to develop a corporate enterprise agenda to develop an offer appropriate to businesses in the sub-regional area (east of the East of England);
- Developing close links with major employers to develop targeted CPD activity for their staff;
- Establishing links with business support agencies such as Business Link, Chamber of Commerce, small business organisations, etc.

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2008

Exposure to credit and liquidity risk

Credit risk is the risk that one party to a contract will cause a financial loss for that other party by failing to discharge its obligations. UCS policies are aimed at minimising such losses, and a credit control policy is being implemented to ensure that debts are chased in a robust and timely manner.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. UCS aims to mitigate liquidity risk by managing cash generation by its operations, and continuing to develop relationships with funding partners and contingency plans.

Fixed assets

The directors consider that the market value of UCS' tangible fixed assets is not significantly 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. In the event of members of staff becoming disabled every effort is made to ensure that their employment with UCS continues and that appropriate training is arranged.

Environmental policy

UCS ensures that it complies with legislation and best practice. It continually reviews its environmental performance across the range of its activities, and the capital development of the campus site and office buildings has been planned with the aim of minimising UCS' carbon footprint. The new Waterfront Building has been designed with environmental and sustainability considerations in mind and was successful in achieving a rating of "Excellent" using the Building Research Establishment Environmental Assessment Method ("BREEAM").

Disclosure of information to auditors

The directors 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 auditor 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.

Availability of financial statements on the web site

The annual financial statements are available on the UCS web site. The maintenance and integrity of the UCS web site 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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, will be proposed at the Annual General Meeting.

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2008

Statement of directors' responsibilities

In accordance with the Companies Act 1985, the Board is responsible for the administration and management of the affairs of UCS, including running an effective system of internal controls, and is required to present audited financial statements for each financial year.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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. The directors confirm that they have complied with the above requirements in preparing the financial statements.

In preparing these financial statements directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable it to ensure that financial statements are prepared in accordance with the Companies Act 1985, the Statement of Recommended Practice: Accounting for Further and Higher Education, and other relevant accounting standards.

By order of the Board



R.A Quinton
Company Secretary
6 November 2008

University Campus Suffolk Ltd

Statement of corporate governance and internal control

The following statement is given to assist readers of the financial statements in gaining an understanding of the governance structures of UCS and to indicate UCS' arrangements for implementation of best practice for internal control and risk management.

UCS is a company limited by guarantee, and is jointly owned 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 Acts.

Principles and ethos of UCS

UCS aims to conduct its activities in accordance with the seven principles set out in the Nolan Committee report on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. UCS is committed to exhibiting best practice in all aspects of corporate governance and applies the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 2006, as applicable to higher education institutions, and specifically complying with guidance issued by the Committee of University Chairmen in November 2004.

UCS Board structure

The Board meets four times a year and has several sub-committees including the Planning and Resources Committee, Remuneration Committee, Nominations Committee and the Audit Committee. All these Committees are formally constituted with written terms of reference, specified membership and delegated powers. Day to day management of UCS is the responsibility of the Executive Team which is headed by the Pro Vice-Chancellor and Chief Executive Officer. The Pro Vice-Chancellor and Chief Executive Officer is the only executive director of the company.

In respect of development, strategic management and financial responsibilities, the Board receives advice from the Planning and Resources Committee. The Committee met three times during the year.

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

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

The Audit Committee met three times during the year. Its main responsibilities include:

- reporting to the Board annually on the effectiveness of the internal control system and the pursuit of value for money, together with an opinion on risk management;
- advising on the appointment of the internal auditor and approving the internal audit plan;
- receipt of an annual report from the internal auditor, which includes an opinion of the effectiveness of the UCS system of internal control, and reports on each assignment including recommendations;
- advising the Board as necessary on the appointment of external auditors, receiving their reports and reviewing their performance and effectiveness.

University Campus Suffolk Ltd

Statement of corporate governance and internal control

Academic authority for UCS is controlled by the Joint Academic Committee (JAC) which 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.

The process for identifying, evaluating and managing UCS' significant risks is developing and will be regularly reviewed by the Board and adapted in the light of experience.

The key elements of UCS' 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 Committee;
- a risk register which contains weightings (of likelihood and impact) linked to the strategic plan which also informs the internal audit planning process.

Proper allocation of funds

The directors have chosen to provide non-statutory 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 and Learning and Skills Council grants, and income for specific purposes and 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 from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memoranda with University of East Anglia and University of Essex and any other conditions that the Funding Council 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' resources and expenditure.

University Campus Suffolk Ltd

Statement of corporate governance and internal control

Going concern

The Board is satisfied that UCS 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.

By order of the Board



R.A Quinton
Company Secretary
6 November 2008

University Campus Suffolk Ltd

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

We have audited the financial statements of University Campus Suffolk Ltd for the year ended 31 July 2008 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and the statement of corporate governance and internal control. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

University Campus Suffolk Ltd

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company at 31 July 2008, and of the deficit of income less expenditure, recognised gains and losses and cashflows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Statement of Recommended Practice: Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice, and;
- the information given in the directors' report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Norwich

27 November 2008

University Campus Suffolk Ltd

Income and expenditure account for the year ended 31 July 2008

	Note	2008 £'000	2007 £'000
Income			
Funding body grants	2	9,799	1,830
Tuition fees and education contracts	3	12,430	-
Other income	4	1,487	-
Investment income	5	236	92
Total income		23,952	1,922
Expenditure			
Staff costs	6	10,936	857
Other operating expenses	8	11,013	1,009
Depreciation	10	791	56
Interest and other finance costs	7	74	-
Total expenditure		22,814	1,922
Surplus before exceptional items and taxation		1,138	-
Exceptional items			
Pension liabilities incurred on transfer of employment contracts	9	(1,757)	-
Deficit after exceptional items and before taxation		(619)	-
Taxation		-	-
Deficit for the year deducted from general reserves	16	(619)	-

All items of income and expenditure arise from continuing operations.

There is no difference between the deficit for the year stated above, and the historical cost equivalent.

University Campus Suffolk Ltd

Statement of total recognised gains and losses for the year ended 31 July 2008

	Note	2008 £'000	2007 £'000
Deficit for the year after taxation		(619)	-
Actuarial loss in pension scheme	24	<u>(18)</u>	<u>-</u>
Total gains and losses recognised since last annual report		<u>(637)</u>	<u>-</u>
Opening reserves		-	-
Total recognised losses for the year (as above)		<u>(637)</u>	<u>-</u>
Closing reserves		<u>(637)</u>	<u>-</u>

University Campus Suffolk Ltd

Balance sheet as at 31 July 2008

	Note	2008 £'000	As restated 2007 £'000
Fixed assets			
Tangible assets	10	<u>48,149</u>	<u>12,959</u>
Current assets			
Debtors	11	5,843	3,965
Cash at bank and in hand		<u>4,375</u>	<u>3,008</u>
		10,218	6,973
Creditors: amounts falling due within one year	12	<u>(6,753)</u>	<u>(6,973)</u>
Net current assets		<u>3,465</u>	<u>-</u>
Total assets less current liabilities		51,614	12,959
Creditors: amounts falling due after more than one year	13	(8,000)	-
Provisions for liabilities	14	<u>(955)</u>	<u>-</u>
Net assets excluding pension liability		42,659	12,959
Pension liability	24	<u>(828)</u>	<u>-</u>
Net assets including pension liability		<u>41,831</u>	<u>12,959</u>
Represented by:			
Deferred capital grants	15	<u>42,468</u>	<u>12,959</u>
Reserves			
Income and expenditure account excluding pension reserve		191	-
Pension reserve		<u>(828)</u>	<u>-</u>
Reserves	16	<u>(637)</u>	<u>-</u>
Total funds		<u>41,831</u>	<u>12,959</u>

The financial statements were approved by the Board of Directors on 6 November 2008 and were signed on its behalf by:



Professor R J Anderson
Pro vice-chancellor and Chief executive officer



Professor Colin Riordan
Acting Chair of board of directors

University Campus Suffolk Ltd

Cashflow Statement for the year ended 31 July 2008

	Note	2008 £'000	2007 £'000
Cash inflow from operating activities	17	<u>3,446</u>	<u>2,930</u>
Returns on investments and servicing of finance			
Interest received		236	93
Interest paid		<u>(64)</u>	-
Net cash inflow from returns on investments and servicing of finance		<u>172</u>	<u>93</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(35,231)	(12,994)
Deferred capital grants received		<u>24,980</u>	<u>12,946</u>
Net cash outflow from capital expenditure		<u>(10,251)</u>	<u>(48)</u>
Cash (outflow)/inflow before financing		(6,633)	2,975
Financing			
New bank loans		<u>8,000</u>	-
Increase in cash in the year	18	<u>1,367</u>	<u>2,975</u>
Reconciliation of net cash flow to movement in net funds/(debt)		£'000	£'000
Increase in cash in the year		1,367	2,975
Cash outflow from increase in debt		<u>(8,000)</u>	-
Movement in net debt		<u>(6,633)</u>	<u>2,975</u>
Net funds at 1 August		<u>3,008</u>	<u>33</u>
Net funds at 31 July	18	<u>(3,625)</u>	<u>3,008</u>

– 1 Statement of accounting policies

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards. The accounting policies set out below have been applied consistently to all periods 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 to the Companies Act 1985 and also with the Statement of Recommended Accounting Practice (SORP): Accounting for Further and Higher Education dated July 2007.

Income recognition

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

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

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

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

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

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 the 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 25 to the financial statements.

Taxation

UCS 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 Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, UCS is exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 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)

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. 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 property	2-2.5%
Fixtures, fittings and equipment	12.5% - 25%

Freehold land 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.

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, contingent liabilities and contingent assets

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.

Accounting for retirement benefits

The company contributes to the Universities Superannuation Scheme (USS) and the Local Government Superannuation 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 FRS17 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.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

– 1 Statement of accounting policies (continued)

The amounts charged to the income and expenditure account are as follows. The current 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 discounts on the scheme's liabilities, is shown within interest payable or other 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. Further details regarding the scheme are contained in note 24 to the financial statements.

Accounting for enhanced pension liabilities

Enhanced pension contribution 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 UCS' liabilities. The actuarial valuations are updated at each balance sheet date. The amounts charged to the income and expenditure account are as follows. The impact of the unwinding of the discounts on the liabilities is shown within interest payable or other income. Actuarial gains and losses, where material to the financial statements, are recognised immediately in the statement of total recognised gains and losses. The initial recognition of the liability has been recognised as an exceptional item within the income and expenditure account (see note 9 to the financial statements for further details).

Comparatives

The comparatives in relation to current and non-current deferred capital grants have been restated in order to comply with the provisions of the SORP. The impact of this is to increase net assets as at 31 July 2007 by £56,000. There is no impact on the income and expenditure account.

	2008 £'000	2007 £'000
2 Funding body grants		
Recurrent grants		
Higher Education Funding Council for England – via University of East Anglia	9,623	1,830
Specific grants		
Teaching Quality Enhancement Fund	89	-
Other grants	3	-
	92	-
Deferred capital grants released in year		
Equipment	84	-
Total funding body grants	9,799	1,830
3 Tuition fees and education contracts	2008	2007
	£'000	£'000
Tuition fees		
Full-time home and EU students	3,839	-
Full-time international students	112	-
Part-time students	1,421	-
	5,372	-
Education contracts		
Strategic Health Authorities	6,753	-
General Social Care Council	201	-
Other contracts	104	-
	7,058	-
Total tuition fees and education contracts	12,430	-

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

	2008 £'000	2007 £'000
4 Other income		
Deferred capital grants released in year	707	-
Other income	780	-
	<u>1,487</u>	<u>-</u>

	2008 £'000	2007 £'000
5 Investment income		
Interest receivable from short term investments	<u>236</u>	<u>92</u>

	2008 £'000	2007 £'000
6 Staff costs		
Wages and salaries	8,988	705
Social security costs	698	61
Other pension costs (note 24)	1,250	91
Total	<u>10,936</u>	<u>857</u>

Emoluments of the Pro Vice-Chancellor and Chief

Executive Officer

	£	£
Salary	133,843	133,983
Pension contributions to USS	16,429	15,752
	<u>150,272</u>	<u>149,735</u>

The only director to receive any emoluments from the company was the Pro Vice-Chancellor and Chief Executive Officer.

Retirement benefits are accruing to 1 director (2007: 1) under the Universities Superannuation Scheme (USS).

There are no other members of staff with an annual salary in excess of £100,000 (excluding employer's pension contributions).

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

	2008 Number	2007 Number
Academic departments	211	-
Academic services	51	-
Administration and central services	47	25
Premises	6	-
	<u>315</u>	<u>25</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

				2008 £'000	2007 £'000		
7	Interest and other finance costs						
	Bank loans			64	-		
	Other finance costs (note 24)			10	-		
				<u>74</u>	<u>-</u>		
8	Analysis of total expenditure by activity	Staff Costs	Dep'n	Other Operating Expenses	Interest Payable	2008 Total	2007 Total
		£000	£000	£000	£000	£000	£000
	Academic departments	7,538	101	1,459	-	9,098	-
	Academic services	1,434	-	1,069	-	2,503	-
	Administration and central services	1,747	647	3,703	74	6,171	1,922
	Premises	192	43	482	-	717	-
	Other	25	-	4,300	-	4,325	-
	Year ended 31 July 2008	<u>10,936</u>	<u>791</u>	<u>11,013</u>	<u>74</u>	<u>22,814</u>	<u>1,922</u>
	Year ended 31 July 2007	857	56	1,009	-	1,922	

Other operating expenses include:		2008 £'000	2007 £'000
External auditors' remuneration in respect of audit fees		31	7
External auditors' remuneration in respect of other services		16	3
		<u>47</u>	<u>10</u>

9 Exceptional items		2008 £'000	2007 £'000
FRS17 opening deficit transferred from Suffolk New College		802	-
Provision for enhanced pensions transferred from Suffolk New College		955	-
		<u>1,757</u>	<u>-</u>

FRS17 opening deficit transferred from Suffolk New College

Staff transferred from Suffolk New College under TUPE arrangements during the year. UCS was required to account for the defined benefit obligations under the Local Government Scheme in accordance with FRS 17, "Retirement Benefits", as at the date of transfer. The FRS17 pension scheme deficit as at the date of transfer, amounting to £802k, has been recognised as an exceptional item.

Provision for enhanced pensions transferred from Suffolk New College

In accordance with the transfer of business contract UCS has also assumed an element of the 'enhanced pension' liability payable to Suffolk New College pensioners, whereby, an element of the costs attributable to the enhanced pensions for those members listed in the transfer agreement shall be borne by UCS.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

10 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or fair value				
At 1 August 2007	6,250	328	6,446	13,024
Additions – inherited assets	-	750	-	750
Additions - other	9,738	2,010	23,483	35,231
At 31 July 2008	15,988	3,088	29,929	49,005
Accumulated depreciation				
At 1 August 2007	-	65	-	65
Charge for the year	28	763	-	791
At 31 July 2008	28	828	-	856
Net book value				
At 31 July 2008	15,960	2,260	29,929	48,149
At 31 July 2007	6,250	263	6,446	12,959

At 31 July 2008, freehold land and buildings and assets in the course of construction included £19,017,000 (2007: £6,250,000) in respect of freehold land which is not depreciated.

	2008 £'000	2007 £'000
11 Debtors		
Trade debtors	737	-
Amounts owed by related parties	3,702	109
Other debtors	474	3,856
Prepayments and accrued income	930	-
	5,843	3,965

Amounts owed by related parties are unsecured, interest free and are repayable on demand (see note 22 to the financial statements for further details).

	2008 £'000	As restated 2007 £'000
12 Creditors: amounts falling due within one year		
Trade creditors	1,670	117
Amounts due to related parties	512	-
Taxation and social security payable	242	31
Other creditors	255	-
Accruals and deferred income	4,074	6,825
	6,753	6,973

Amounts due to related parties are unsecured, interest free and are repayable on demand (see note 22 to the financial statements for further details).

The prior year comparatives have been restated to follow the current year basis of allocation of deferred capital grants. See note 1 to the financial statements for further details.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

	2008 £'000	2007 £'000
13 Creditors: amounts falling due after more than one year		
Unsecured loans, due in more than five years	<u>8,000</u>	<u>-</u>

On 9 July 2008 UCS entered into a £14,000,000 banking 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 which bears interest at a fixed rate of 5.09%. The loan is repayable in quarterly instalments from 15 October 2008 through to October 2038, with no capital being repaid until January 2013. As at 31 July 2008, £8,000,000 of the facility had been drawn down.

Of the £14,000,000 facility, an amount of £10,000,000 has been guaranteed by the University of East Anglia and the University of Essex in equal proportion.

Maturity profile	2008 £'000	2007 £'000
Amounts falling due:		
Between two and five years	36	-
In more than five years	7,964	-
	<u>8,000</u>	<u>-</u>

	Enhanced pension contributions £'000
14 Provision for liabilities	
At 1 August 2007	-
Utilised in year	-
Charged to income and expenditure account in year	955
At 31 July 2008	<u>955</u>

This provision is for the discounted value of liabilities for future enhanced pension benefits payable over the lifetime of the recipients (see note 9 to the financial statements).

	Funding council £'000	Other £'000	Total (restated) £'000
15 Deferred capital grants			
At 1 August 2007 (restated)	11,675	1,284	12,959
Prior year unmatched grant income transferred from creditors: amounts falling due within one year	-	5,223	5,223
Cash received and receivable	3,350	21,727	25,077
Released to income and expenditure account	(84)	(707)	(791)
At 31 July 2008	<u>14,941</u>	<u>27,527</u>	<u>42,468</u>

The prior year comparatives have been restated to follow the current year basis of allocation of deferred capital grants (see note 1 to the financial statements for further details).

16 Movement in income and expenditure account (including pension reserve)	£'000
At 1 August 2007	-
Deficit for the year	(619)
Actuarial loss on pension scheme	(18)
At 31 July 2008	<u>(637)</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

17 Reconciliation of deficit to net cash inflow from operating activities	2008	2007
	£'000	£'000
Deficit before taxation	(619)	-
Interest receivable	(236)	(93)
Deferred capital grant released	(791)	(56)
Depreciation and amounts written off fixed assets	791	56
Interest payable	74	-
Increase in debtors	(1,781)	(2,512)
Increase in creditors	5,003	5,535
Increase in provisions	955	-
Receipt of donated equipment	(750)	-
Pension costs less contributions payable	800	-
Net cash inflow from operating activities	<u>3,446</u>	<u>2,930</u>

18 Analysis of changes in net debt	At 1 August 2007	Cash flow	At 31 July 2008
	£'000	£'000	£'000
Cash at bank and in hand	3,008	1,367	4,375
Debt due after one year	-	(8,000)	(8,000)
	<u>3,008</u>	<u>(6,633)</u>	<u>(3,625)</u>

19 Capital and other commitments	2008	2007
	£'000	£'000
Provision has not been made for the following capital commitments at 31 July 2008		
Commitments contracted for	<u>4,797</u>	<u>23,970</u>

20 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.

21 Post balance sheet events

On 9 September 2008, the company was gifted a plot of land on the Ipswich waterfront by Ipswich Borough Council ("IBC"). This land has been gifted to UCS to allow the development of "phase II" of the capital building programme.

The value of land transferred to UCS from IBC has been estimated by a qualified chartered surveyor to be £9.32m. The land is subject to a legal charge in favour of IBC. This legal charge will reduce proportionately as UCS develops the site for permitted use as set out in the transfer documentation. Once UCS has developed 90% of the site the legal charge will be fully satisfied.

IBC has an option to repurchase, for the sum of £1, any part of the site that remains undeveloped after the "long-stop" date in the agreement of 31 March 2013. The directors currently believe that this option will not be exercised.

22 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.

University of East Anglia

During the period, UCS purchased goods and services to the value of £668,000 (2007: £392,000) from University of East Anglia ("UEA"). At 31 July 2008, the outstanding balance was £3,000 (2007: £nil). In addition, UCS provided services to UEA to the value of £46,000 (2007: £nil) during the period. At 31 July 2008, amounts owed by UEA amounted to £2,000 (2007: £109,000).

University of Essex

During the period, UCS purchased goods and services to the value of £349,000 (2007: £18,600) from University of Essex. At 31 July 2008, the outstanding balance was £154,000 (2007: £nil). In addition, UCS provided services to University of Essex to the value of £2,000 (2007: £nil). At 31 July 2008, amounts owed by University of Essex amounted to £600 (2007: £nil).

Suffolk New College

During the period, UCS purchased services to the value of £1,737,000 (2007: £199,800) from Suffolk New College. At 31 July 2008 the outstanding balance was £354,000 (2007: £185,000). In addition UCS purchased land and buildings from Suffolk New College during the year to the value of £12,660,000 (2007: £6,000,000).

Sales transactions to Suffolk New College for the period totalled £359,000 (2007: £nil). At 31 July 2008 the amounts owed by Suffolk New College amounted to £177,000 (2007: £35,000).

West Suffolk College

During the period, purchase transactions totalled £2,193,000 (2007: £nil). At 31 July 2008 the outstanding balance on the purchase ledger was £nil (2007: £nil). In addition, sales transactions for the period totalled £2,000 (2007: £nil). At 31 July 2008, the outstanding balance on the sales ledger was £2,000 (2007: £nil).

Ipswich Borough Council

During the period, purchase transactions totalled £248,000 (2007: £24,000). There was no balance outstanding at 31 July 2008 (2007: £nil). Sales transactions to Ipswich Borough Council for the period totalled £51,000 (2007: £nil). There was no outstanding balance at 31 July 2008 (2007: £nil).

Suffolk County Council

During the period, purchase transactions totalled £399,000 (2007: £211,000). At 31 July 2008 the outstanding balance on the purchase ledger was £1,500. Sales transactions for the period totalled £235,000 (2007: £nil). There was no outstanding balance at 31 July 2008 (2007: £nil). In addition, Suffolk County Council provided capital grants during the year totalling £7,701,000 (2007: £4,255,000). Of these, £3,520,000 was outstanding at 31 July 2008 (2007: £1,686,000).

23 Ultimate controlling undertaking

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

24 Pension commitments

The principal pension scheme for the company's staff is the Universities Superannuation Scheme (USS), a defined benefit scheme.

Some administrative staff transferred under TUPE to UCS from Suffolk New College have retained membership in the Local Government Pension Scheme (LGPS) administered by Suffolk County Council. This is a defined benefit scheme which is closed to new entrants.

Universities Superannuation Scheme (USS)

UCS participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme UCS is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits," accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the rate of return on assets would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to service and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum.

In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to service and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down 3 years
Post-retirement mortality	PA92 (c=2020) for all retired and non-retired members

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvement in mortality rates. The assumed life expectation on retirement aged 65 are:

Males	19.8 years
Females	22.8 years

24 Pension commitments (continued)

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pension Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the funding level of the scheme has undergone considerable volatility. The actuary has estimated that the funding level has increased to 91% at 31 March 2007 but that at 31 March 2008 it had fallen back to 77%. This fluctuation in the scheme's funding level is due to a combination of the volatility of the investment returns on the scheme's assets in the period since 31 March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme's liabilities. These estimated funding levels are based on the funding levels at 31 March 2005, adjusted to reflect the fund's actual investment performance and changes in gilt yields (i.e. the valuation rate of interest). On the FRS17 basis, using an AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

The contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the UCS contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on UCS' future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Changes in assumption	Impact on scheme liabilities
Rate of return on investments	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.7 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.5 billion
Rate of mortality	More prudent assumption	Increase by £0.8 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would, as an alternative, be possible to select investments producing income flows broadly similar to the estimated liability cash flows.

The total contribution to USS was £935,821 (2007: £90,950). The contribution rate payable was 14% of pensionable salaries.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

24 Pension commitments (continued)

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

	Long-term return	31 July 2008 Fund value £'000	Long-term return	1 August 2007 Fund value £'000
Equities	7.8%	1,614	8.0%	1,449
Bonds	5.7%	469	5.2%	432
Properties	5.7%	248	6.0%	226
Cash	4.8%	56	5.1%	51
		<u>2,387</u>		<u>2,158</u>

The following amounts at 31 July 2008 were measured in accordance with the requirements of FRS17.

	2008 £'000	2007 £'000
Analysis of the amount shown in the balance sheet		
Fair value of employer assets	2,387	-
Present value of funded obligations	(3,215)	-
Deficit in the scheme - net pension liability	<u>(828)</u>	<u>-</u>
Amount charged to staff costs in profit and loss account		
Current service cost	254	-
Past service cost	60	-
Total operating charge	<u>314</u>	<u>-</u>
Analysis of the amount charged to other finance costs		
Expected return on pension scheme assets	173	-
Interest on pension scheme liabilities	(183)	-
Total other finance costs	<u>(10)</u>	<u>-</u>
Analysis of the amount that is recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension assets	(356)	-
Experience losses arising on scheme liabilities	(6)	-
Changes in assumptions underlying the present value of the scheme liabilities	344	-
Actuarial loss recognised in STRGL	<u>(18)</u>	<u>-</u>
Deficit in scheme at beginning of the year (upon transfer of employees)	(802)	-
Movement in year:		
Total operating charge	(314)	-
Total other finance costs	(10)	-
Contributions	316	-
Actuarial loss	(18)	-
Deficit in the scheme at the end of the year	<u>(828)</u>	<u>-</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

24 Pension commitments (continued)

	2008 £'000
Analysis of the movement in the present value of scheme liabilities	
At the beginning of year (upon transfer of employees)	2,960
Current service cost	254
Interest cost	183
Contributions by scheme participants	96
Actuarial gains	(338)
Past service costs	60
At end of the year	<u>3,215</u>

	2008 £'000
Analysis of the movement in the fair value of scheme assets	
At the beginning of year	2,158
Expected return on assets	173
Contributions by scheme participants	96
Contributions by the employer	316
Actuarial losses	(356)
At end of the year	<u>2,387</u>

	2008
History of experience gains and losses	
Difference between the expected and actual return on scheme assets:	
- amount (£'000)	(356)
- % of scheme assets	14.9%
Experience gains and losses arising on scheme liabilities:	
- amount (£'000)	(6)
- % of the present value of scheme liabilities	0.2%
Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses:	
- amount (£'000)	(18)
- % of the present value of scheme liabilities	0.6%

Defined benefit scheme assets do not include any of UCS' own financial instruments or any property controlled by UCS.

The estimation of the contribution for the defined benefit scheme for the year to 31 July 2009 is £224,000.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2008

25	2008
	£'000
<i>Access to Learning Funds (ALF)</i>	
Funding received from HEFCE	129
Funds transferred from other companies	11
Interest received	1
Amounts disbursed to students	(119)
Fund administration costs	(4)
Excess of income over expenditure	<u><u>18</u></u>

ALF grants are 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. No such funds were received or disbursed in the prior year.

ITT Bursaries

Funding received	98
Amounts disbursed to students	(95)
Excess of income over expenditure	<u><u>3</u></u>

Amounts shown above as excess of income over expenditure are included in the balance sheet as at 31 July 2008 as cash and creditors falling due within one year. No such funds were received or disbursed in the prior year.