

**University of Suffolk Ltd
(formerly University Campus Suffolk Ltd)
Annual report and financial statements
for the year ended 31 July 2016**

Registered number: 05078498

University of Suffolk Ltd

Annual report for the year ended 31 July 2016

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 auditor's report	15
Statement of comprehensive income and expenditure	17
Statement of financial position	18
Statement of cash flow	19
Statement of changes in reserves	20
Statement of accounting policies	21
Notes to the accounts	25

University of Suffolk Ltd

Directors and advisors

Directors

Professor W Pope (Chair)
Professor M Abdel-Maguid
Mr J Bambridge (resigned 30 June 2016)
Dr J Barnes (appointed 3 February 2016)
Ms D Cadman
Professor P Cavenagh (resigned 31 July 2016)
Mr P Clement (resigned 31 July 2016)
Ms C A M Edey (Deputy Chair)
Mr D Edwards (Senior Independent Director)
Miss R Gilbey (appointed 5 July 2016)
Ms F Hotston Moore
Mr R Lister (Vice-Chancellor)
Mr O B Morris (resigned 31 July 2016)
Mr M Pendlington
Dr N Savvas (resigned 31 July 2016)
Mr B J Summers (resigned 31 July 2016)
Mr R Williams
Mr P Winter
Mr A F Woodburn (appointed 3 February 2016)

Company Secretary Mr T J Greenacre

Registered office

Waterfront Building
Neptune Quay
Ipswich
Suffolk
IP4 1QJ

Independent auditors

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

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 of Suffolk Ltd

Strategic report for the year ended 31 July 2016

The directors present their strategic report for the University of Suffolk Ltd (formerly University Campus Suffolk Ltd) for the year ended 31 July 2016.

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.

On 1 August 2016 the institution realised its long held ambition to achieve independent status and university title. As the University of Suffolk, the institution now plans to build upon the strengths and values it established as University Campus Suffolk (UCS), and to utilise its new status and widened access to higher education markets for the benefit of all its communities.

One of the distinguishing features of the University of Suffolk Ltd ("the University" or "the company") is its 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 University's portfolio. Widening participation remains a key theme of the University's mission and the University remains committed to offering a broad provision across the whole Learning Network.

Earlier this year, the University published its 'Vision for Change' document which highlights its strategic plan for the next five years. Supported by a range of Key Performance Indicators (KPIs), the plan contains stretching targets which reflect the ambition of the institution. The University's 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. The University's 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 covered by the plan 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.

During 2015/16, Higher Education Funding Council for England (HEFCE) funding earmarked for University Campus Suffolk was 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 was formally issued to the Vice-Chancellors of both Universities. Under this arrangement UCS received its HEFCE funding via UEA who acted as the banker organisation for the joint venture. For the years up to and including 2015/16, 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. This requirement is mirrored by a separate financial memorandum between each of the two Universities and UCS. From 2016/17, the University of Suffolk is designated to receive funding directly from HEFCE.

Total student enrolment numbers for 2015/16 were 4,218 FTEs, which comprised HEFCE regulated students of 3,335 FTEs, and other student numbers (principally delivered under NHS contracts) of 883 FTEs.

In 2016/17 the University predicts its total student enrolments to be 4,227 FTEs, of which HEFCE regulated students are expected to be 3,344 FTEs and other students 883 FTEs.

	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u> <u>(forecast)</u>
HEFCE FTEs	3,173	3,335	3,344
OTHER FTEs	880	883	883
TOTAL FTEs	4,053	4,218	4,227

University of Suffolk Ltd

Strategic report for the year ended 31 July 2016

Against the backdrop of continuing changes in the market for higher education, the University 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 the University. In addition, the institution actively seeks to diversify its income streams, particularly from research, enterprise and consultancy activities. Total income from these sources in 2015/16 was £1,049k (2015: £455k).

Transition to the University of Suffolk

UCS submitted its application for Teaching Degree Awarding Powers (TDAP) in May 2014 and was successfully awarded renewable TDAP in November 2015. Subsequently, the institution applied for designation to become directly funded by HEFCE and for independent university title. Both these processes completed in early 2016, and with effect from 1 August 2016 the institution began trading as the University of Suffolk with indefinite TDAP. All future students enrolled on taught courses will be studying for University of Suffolk awards.

The institution's new independent status and university title offer significant opportunities to highlight the positive impacts that can be achieved by charitable giving to the University. The University of Suffolk Foundation Board has been established to oversee and coordinate the fundraising effort, led by the Deputy Chair of the University Board.

Financial highlights

2015/16 was the University of Suffolk's first year preparing financial statements in accordance with Financial Reporting Standard 102 (FRS102). As a result of the new standard, all prior year numbers have been restated. Details of the impact of the transition to FRS102 are included in note 24 to the accounts.

In 2015/16, the University of Suffolk generated a surplus before non-recurring transition costs of £173k (2015: £3,099k deficit). The deficit for the year is stated after charging £520k (2015: £3,456k) in respect of the movement in the obligation to fund the deficit on the USS pension scheme. In the financial statements £409k has been adjusted in staff costs (2015: £3,394k) and £111k in interest and other finance costs (2015: £62k).

The net cash inflow in the year from operating activities was £3,533k (2015: £1,670k) and the net cash outflow from capital expenditure was £2,672k (2015: £386k). The overall reduction in cash and cash equivalents in the year was £714k (2015: £173k), resulting in a year-end balance of cash and cash equivalents of £9,090k (2015: £9,804k) and bank debt of £19,281k (2015: £19,712k).

There were £449k of non-recurring costs in the year relating to the University's transition to independence (2015: nil).

Key financial indicators

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

	2016	2015
	£'000	£'000
Total income	37,384	35,479
Surplus/(deficit) before transition costs	173	(3,099)
Surplus/(deficit) before transition costs as a proportion of total income	0.5%	(8.7%)
Movement in the obligation to fund the deficit on the USS pension scheme	520	3,456
Deficit after transition costs	(277)	(3,099)
Deficit after transition costs as a proportion of total income	(0.7%)	(8.7%)

University of Suffolk Ltd

Strategic report for the year ended 31 July 2016

	2016	2015
	<u>£'000</u>	<u>£'000</u>
Proportion of income generated from:		
• HEFCE Grants	9%	10%
• Education Contracts	21%	23%
• Tuition Fees	63%	61%
• Research contracts	1%	0%
• Other Income	6%	6%
	2016	2015
	<u>£'000</u>	<u>£'000</u>
Total balance sheet funds	8,476	9,821

The decrease in total balance sheet funds to £8,476k (2015 restated: £9,821k) is largely the result of the recognition of an additional provision relating to the Universities Superannuation Scheme and an increase in the pension reserve liability relating to the University's calculated share of the Local Government Pension Scheme.

Financial outlook

The University Board has approved a breakeven revenue budget for 2016/17. This allows for strategic and infrastructure revenue investments totalling £1,000k. During 2016/17 the planned major refurbishment of one of the University's legacy buildings, the former West Building, will complete. This development, renamed the Atrium, will be the focus for the University's STEM activities, as well as housing the Ipswich Waterfront Innovation Centre which 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.

The University has ambitious plans for growth within its strategic plan but recognises the uncertain market conditions in which it operates. The continuing impact of the removal of the student number cap on student recruitment and other significant factors, such as the UK's planned exit from the European Union, remain unclear. As a widening participation institution, a significant proportion of the University's recruitment arises from direct late and clearing applications, and the institution has until now regarded the European Union as a potential area of growth. Whilst the University 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 institution's 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 the University 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, the University has received approval for its 2017/18 Access Agreement from the Office for Fair Access (OFFA). This confirms that the University's tuition fees for UK and European Union full-time undergraduates for the 2017 entry will be £8,220 for

Foundation degrees and £9,250 for Bachelor degrees. Tuition fees for UK and European Union part-time undergraduates will be £8,220 (pro-rata) for Foundation degrees and £8,724 (pro-rata) for Bachelor degrees

In 2017/18 the University plans to spend approximately £2.1m 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.

Principal risks and uncertainties and financial risk management

The University has in place a risk register which is regularly reviewed by the Executive Committee 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 University's 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

Following independence, increased competition is expected both in the local market and more generally following the outcome of the referendum on EU membership. 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.

Inability to invest in Estates development strategy resulting in shortfall of suitable academic accommodation to cater for planned increase in student numbers

Work is underway to consolidate activities and reduce space allowance thereby reducing incremental demand on the estate. The Atrium refurbishment will be completed during the coming year and potential funding streams are being investigated to deliver the development of the waterfront estate.

Independent status brings increased sector compliance and regulatory requirements

There will be increased direct external accountability and scrutiny following independence. A high level of experience was gained in the application process and the majority of accountabilities and processes are already established. The institution has demonstrated compliance with expectations of the QAA and HEFCE and a range of Public Sector Regulatory Bodies. Work is underway to embed robust processes and continually review effectiveness and to ensure the staff base is adequate to meet compliance requirements.

Failure to maintain the Network structure

Work is underway to bring together shared academic disciplines across the Network. A new Collaboration Agreement is in place and work is underway to strengthen strategic and operational relationships between the partner colleges and the centre at all levels.

Reduction in income from pre-registration health courses following changes in funding regime

Student loans will replace current funding arrangements. There is pressure on placement availability and some uncertainty surrounding continued level of demand. The institution intends to sustain and continue to improve performance against commissioner KPI's which includes attrition, outturn and student satisfaction scores. It also intends to continue to build

University of Suffolk Ltd

Strategic report for the year ended 31 July 2016

on its improved reputation and continually develop partnership working with commissioners and employers. The University will monitor and plan for changes in pre-registration funding and will ensure key risks are communicated through national consultation.

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. The University is actively exploring opportunities for commercial and philanthropic funding, including the establishment of the University of Suffolk Foundation Board to maximise the potential for charitable giving to the institution.

Inadequate due-diligence related to partners, particularly international

A robust scrutiny of all proposals including due diligence checks, business case and financial review is carried out prior to Board level approval. The International Committee scrutinises all new international partner proposals. Work is underway to maintain awareness of risks related to partnerships, particularly in view of new independent status and increased opportunities.

Failure of any aspect of on-line assessment

Work is underway with academic staff and partners to ensure the curriculum develops employability in graduates. The Learning and Teaching Strategy places graduate employability as a priority for 2017/18. The employability strategy for the University will be developed through the work of the Learning and Teaching Strategy – Employability Task and Finish Group and through the task group reviewing HEAR and extracurricular activities.

Failure to meet requirements of loan facility

An impact analysis has been completed following the implementation of FRS102 accounting changes. In common with other institutions in the sector the reduced balance sheet total is of concern particularly in view of uncertainty regarding pension liability calculation. Budgetary pressure is anticipated in the medium term but this will be mitigated by robust financial control and review of resource allocation. Reliable financial planning and regular monitoring of cash flow will be maintained along with a strong working relationship with the company's bankers.

Failure to maintain cash flow

Robust financial forecasting will be maintained in a climate of extreme budgetary pressure and uncertainty with regular monitoring. Work is underway to investigate alternative funding arrangements in view of limited cash availability and to monitor the impact of potential reduced balance sheet total on future financing assessments.

Loss of UK Border Agency (UKBA) Highly Trusted Sponsor (HTS) status

Robust procedures to monitor international student attendance and achievement are in place. Extensive staff training has been given and will be maintained on an ongoing basis.

Failure to meet external quality standards

Regular monitoring occurs in implementing Quality Frameworks and associated processes across Faculties and Centres. Issues that arise through monitoring are identified and addressed.

Risk of insufficient data protection through lack of user awareness; potential of fines and reputational damage

Data Protection and user awareness training has been strengthened across the institution to help staff and students understand their responsibilities in relation to the Data Protection Act.

University of Suffolk Ltd

Directors' report for the year ended 31 July 2016

The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2016.

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 the company's tangible fixed assets is not materially different from their book value.

Employee involvement and equal opportunities

The University 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: the University 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 the University 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 the company 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. The University 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

University of Suffolk Ltd

Directors' report for the year ended 31 July 2016

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.

Independent auditors

KPMG LLP was appointed as auditor in 2015. 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 University of Suffolk website. The maintenance and integrity of the University 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

University of 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 the University and to summarise the institution'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.

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

Prior to 1 August 2016, whilst known as University Campus Suffolk, the company was jointly controlled by University of East Anglia and University of Essex.

Principles and ethos of the University

The University of Suffolk 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. The University 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.

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 seven. Each of the Committees is formally constituted with written terms of reference, specified membership and delegated powers. Day to day management of the University is the responsibility of the Executive Committee which is headed by the Vice-Chancellor and Chief Executive Officer. The Vice-Chancellor 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 three times during the year.

The Remuneration Committee determines the annual remuneration and conditions of senior staff, including the 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 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.
- 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.

University of Suffolk Ltd

Statement of corporate governance and internal control

- 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 the University is controlled by the Senate. The Senate is 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.

Prior to 1 August 2016, academic authority for University Campus Suffolk was controlled by the Joint Academic Committee (JAC) which was not a sub-committee of the UCS Board, but reports to the Senates of the two partner universities, University of East Anglia and University of Essex.

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 the University's significant risks, a comprehensive review of the risk register is undertaken by the Audit and Risk Committee and the Executive Committee, and the outcomes reported to the Board for review and action where necessary.

The key elements of the University'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.

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 the institution 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

University of Suffolk Ltd

Statement of corporate governance and internal control

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 the institution and to prevent and detect fraud;
- secure the economical, efficient, and effective management of the institution'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 the University 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

University of Suffolk Ltd

Statement of public benefit

The University of Suffolk is a company limited by guarantee and is an exempt charity under the terms of the Charities Act 2011.

Prior to 1 August 2016, trading as University Campus Suffolk, the company was a company limited by guarantee, and was jointly controlled by University of East Anglia and University of Essex. UCS was an exempt charity under the terms of Charities Act 2011, as were both controlling institutions.

In setting and reviewing the University'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

The University of Suffolk 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. The University of Suffolk Learning Network comprises Great Yarmouth College, Lowestoft College, Suffolk New College and West Suffolk College.

Vision and Mission

The University of Suffolk 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.

The University of Suffolk'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, positive impact on the economic, cultural and educational lives of the communities it serves.

Values

The values of the University of 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

The University of Suffolk 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. The University is involved with a number of outreach activities which aim to widen participation and encourage more people to consider higher education.

University of Suffolk Ltd

Statement of public benefit

Schools and Colleges Liaison

The student recruitment team of the University 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 the University (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

The University of Suffolk 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 delivers 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 cover the whole of England. Each network appoints 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 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 Education and managed by HEFCE.

The University is appointed the lead institution to receive funding for the Suffolk and Norfolk Collaborative Network.

Bursaries and Fee Waivers

The University of Suffolk currently offers a generous financial support scheme to full-time students from low income households. The university access regulator OFFA approves the University's proposals for a package of financial support measures to assist students from low income backgrounds. The University has recently agreed the 2017/18 access agreement which plans for total expenditure of £2,144k (2016/17: £2,129k) to be allocated to access, student success, and progression expenditure and student financial support measures.

Value for money

The Board has an explicit duty imposed by the Memorandum of Assurance and Accountability with HEFCE to ensure the proper use and allocation of funding received and delivery of value for money. To comply with the HEFCE Audit Code of Practice within the Memorandum of Assurance and Accountability, the institution's Audit & Risk Committee was presented with a comprehensive report on value for money by the Executive Committee, to facilitate its annual report to the University of Suffolk Board on conclusions on the adequacy and effectiveness of the University's arrangements.

The University seeks to deliver value for money across all its activities and to all of its stakeholders. A particularly high level of focus is given to the services and experience the institution offers to students and the report to the Audit & Risk Committee provided reassurance that value for money received by students continues to be of highest priority at the University. In addition, the quality of teaching and learning and student lifecycle support including graduate employability and the drive towards a high level of student satisfaction is reflected in the Key Performance Indicators set by the Board.

University of Suffolk Ltd

Statement of public benefit

Community engagement

The University of Suffolk 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 University's 'Vision for Change' document states:

“The University of Suffolk will be a key contributor to its local communities. We will focus on curriculum areas that are applied, transformational and closely aligned to regional economic priorities, with demonstrable market and employer demand. We will sustain, extend and embed our responsibility to widen access and raise aspiration across the region.”

The University 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

The University of Suffolk's sustainability policy statement is as follows:

“At the University of Suffolk, 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, the University supports learning, research and enterprise that benefits stakeholders in our region and around the world. Whilst the University 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.

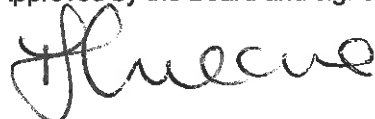
The University therefore sets objectives and targets to ensure continuous improvement in its environmental performance. The University is also committed to the prevention of pollution and complies with, and where possible strives to exceed, all legal and other requirements relevant to its activities.”

The University 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, the University 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 the institution's sustainability strategy.

Approved by the Board and signed by its order by



Mr T J Greenacre
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO BOARD OF DIRECTORS OF UNIVERSITY OF SUFFOLK LTD

We have audited the financial statements of University of Suffolk Ltd (formerly University Campus Suffolk Ltd) for the year ended 31 July 2016 set out on pages 17 to 36. 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) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Board of Directors, 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 Board of Directors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8 the Board of Directors (who are the Directors of the company for the purposes of company law) is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2016 and of the Company's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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:

University of Suffolk Ltd

Independent Auditor's Report

- 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
- 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 (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 13/10/16

University of Suffolk Ltd
Statement of Comprehensive Income and Expenditure
Year ended 31 July 2016

	Notes	2016 £'000	Restated 2015 £'000
Income			
Tuition fees and education contracts	1	31,382	29,947
Funding body grants	2	3,509	3,482
Research grants and contracts	3	214	129
Other income	4	2,218	1,870
Investment income	5	44	50
Total income before endowments and donations		37,367	35,478
Donations and endowments	6	17	1
Total income		37,384	35,479
Expenditure			
Staff costs	7	16,835	18,909
Other operating expenses		17,414	16,261
Non-recurring transition costs	9	449	-
Other operating expenses	9	16,965	16,261
Total other operating expenses		17,414	16,261
Depreciation	12	1,953	1,954
Interest and other finance costs	8	1,459	1,454
Total expenditure	9	37,661	38,578
Deficit before other gains, losses and share of operating surplus/deficit of joint ventures		(277)	(3,099)
Share of operating surplus/(deficit) in associate	13	-	-
Deficit for the year		(277)	(3,099)
Actuarial loss in respect of pension schemes		(1,068)	(448)
Total comprehensive income for the year		(1,345)	(3,547)
Represented by:			
Restricted comprehensive income for the year		(8)	(13)
Unrestricted comprehensive income for the year		(1,337)	(3,534)
		(1,345)	(3,547)

All items of income and expenditure relate to continuing activities.

The deficit for the year is stated after charging £520k (2015 restated: £3,456k) for the movement in the obligation to fund the deficit on the USS pension scheme: £409k has been adjusted in staff costs (2015 restated: £3,394k) and £111k in interest and other finance costs (2015 restated: £62k).

University of Suffolk Ltd
Statement of Financial Position
Year ended 31 July 2016

	Notes	2016 £'000	Restated 2015 £'000
Non-current assets			
Tangible fixed assets	12	69,898	66,420
Investment in associate	13	-	-
Current assets			
Trade and other receivables	10	1,332	2,272
Cash and cash equivalents	17	9,090	9,804
		<u>10,422</u>	<u>12,076</u>
Less: Creditors: amounts falling due within one year	11	<u>(7,878)</u>	<u>(7,097)</u>
Net current assets		<u>2,544</u>	<u>4,979</u>
Total assets less current liabilities		72,442	71,399
Creditors: amounts falling due after more than one year	14	(51,820)	(50,784)
Provisions			
Other provisions	15	(6,939)	(6,717)
Pension provisions	23	(5,207)	(4,077)
Total net assets		<u>8,476</u>	<u>9,821</u>
Restricted Reserves			
Income and expenditure reserve - restricted reserve	16	123	131
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		8,353	9,690
		<u>8,476</u>	<u>9,821</u>
Total Reserves		<u>8,476</u>	<u>9,821</u>

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


Professor W Pope
Chair of Board of Directors


Mr R Lister
Vice-Chancellor

Date: 12/10/16

Registered Number: 05078498

University of Suffolk Ltd
Statement of Cash Flow
Year ended 31 July 2016

	Notes	2016 £'000	<i>Restated</i> 2015 £'000
Cash flow from operating activities			
Surplus for the year		(277)	(3,099)
Adjustments			
Depreciation	12	1,953	1,954
Decrease/(increase) in debtors	10	937	(1,469)
Increase in creditors	11/14	753	914
Increase in pension liability	23	(63)	(211)
Decrease in other provisions	15	72	3,317
Adjustment for investing or financing activities			
Investment income	5	(44)	(51)
Interest payable	8	1,459	1,454
Capital grant income		(1,257)	(1,139)
Net cash inflow from operating activities		<u>3,533</u>	<u>1,670</u>
Cash flows from investing activities			
Capital grant receipts		2,689	484
Payments made to acquire fixed assets		(5,361)	(870)
Net cash outflow from investing activities		<u>(2,672)</u>	<u>(386)</u>
Cash flows from financing activities			
Interest paid		(1,191)	(1,203)
Interest received		47	48
Repayments of amounts borrowed		(431)	(302)
Net cash outflow from financing activities		<u>(1,575)</u>	<u>(1,457)</u>
Decrease in cash and cash equivalents in the year		<u>(714)</u>	<u>(173)</u>
Cash and cash equivalents at beginning of the year	17	9,804	9,977
Cash and cash equivalents at end of the year	17	9,090	9,804

University of Suffolk Ltd
Statement of Changes in Reserves
Year ended 31 July 2016

	Note	Income and expenditure account		Total £'000
		Restricted	Unrestricted	
		£'000	£'000	
As originally stated at 1 August 2014		144	47,251	47,395
FRS102 adjustments				
Deferred capital grant adjustment	24	-	(45,233)	(45,233)
I&E reserve adjustment	24	-	11,206	11,206
Restated balance at 1 August 2014		144	13,224	13,368
Surplus/(deficit) from the income and expenditure statement		(13)	(3,086)	(3,099)
Other comprehensive income		-	(448)	(448)
Total comprehensive income for the year		(13)	(3,534)	(3,547)
Balance at 1 August 2015		131	9,690	9,821
Surplus/(deficit) from the income and expenditure statement		(8)	(269)	(277)
Other comprehensive income		-	(1,068)	(1,068)
Total comprehensive income for the year		(8)	(1,337)	(1,345)
Balance at 31 July 2016		123	8,353	8,476

University of Suffolk Ltd

Statement of accounting policies for the year ended 31 July 2016

Basis of preparation

These financial statements are prepared on a going concern basis, in accordance with the historical cost convention and in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and FRS 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102). The University of Suffolk Ltd ("the University" or "the company") is a company domiciled in the UK. The currency used in the financial statements is pound sterling and the figures have been rounded to the nearest thousand, unless otherwise stated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS102, the company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

Format of financial statements

The financial statements contain information about the University of Suffolk Ltd 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 2015, the use of which has been mandated by the terms of the funding arrangements in place between the University of Suffolk, 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 the University 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

Grant funding including funding council block grant, research grants from government sources, and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

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.

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

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

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

University of Suffolk Ltd

Statement of accounting policies for the year ended 31 July 2016

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital
4. 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.

Gifts in kind, including donated tangible fixed assets

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

Agency arrangements

Funds that the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University 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 22 to the financial statements.

Long-term loans

Loans are initially recognised at transaction price including transaction costs and subsequently measured at amortised cost using the effective interest method.

Taxation

The University 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, the University 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. The University 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.

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.

Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Under first-time adoption to FRS102, the University has elected to use this fair value as deemed cost.

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.

Where parts of a fixed asset have different estimated useful lives, they are accounted for as separate items of fixed assets.

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 government 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.

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.

Accounting for retirement benefits

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

USS

The USS scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and 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 Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

LGPS

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 Comprehensive Income.

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 the University'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.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

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 the University's underlying financial performance. Transactions which may give rise to exceptional and non-recurring costs are principally restructuring related costs.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

University of Suffolk Ltd

Statement of accounting policies for the year ended 31 July 2016

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Income and Expenditure.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time. The University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to 2015 SORP has affected the reported financial position and financial performance of the results of the University is provided in note 24.

The University has applied first time adoption requirements. Application of first time adoption grants certain exemption from the full requirements of 2015 SORP in the transition period. The University has elected to use the fair value or revaluation of tangible fixed assets as deemed cost. At 1 August 2014, fair value has been used for deemed cost for certain properties measured at fair value.

Notes to the Accounts

for the year ended 31 July 2016

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£'000	£'000
1 Tuition fees and education contracts		
Tuition fees		
Full-time home and EU students	20,297	18,903
Full-time international students	376	420
Part-time students	2,752	2,481
	<u>23,425</u>	<u>21,804</u>
Education contracts		
Health Education East of England	7,706	7,874
Health and Care Professions Council	185	211
Other contracts	66	58
	<u>7,957</u>	<u>8,143</u>
	<u>31,382</u>	<u>29,947</u>
2 Funding body grants		
	Year Ended 31 July 2016	<i>Restated</i> Year Ended 31 July 2015
	£'000	£'000
Recurrent grant		
Higher Education Funding Council - via University of East Anglia	2,867	3,046
Deferred capital grants released in the year		
Buildings	552	285
Equipment	90	151
	<u>642</u>	<u>436</u>
Total funding body grants	<u>3,509</u>	<u>3,482</u>
3 Research grants and contracts		
	Year Ended 31 July 2016	Year Ended 31 July 2015
	£'000	£'000
Deferred capital grants released in the year	42	42
Other grants and contracts	214	87
	<u>214</u>	<u>129</u>
4 Other income		
	Year Ended 31 July 2016	<i>Restated</i> Year Ended 31 July 2015
	£'000	£'000
Deferred capital grants released in the year	615	661
Other income	1,603	1,209
	<u>2,218</u>	<u>1,870</u>
5 Investment income		
	Year Ended 31 July 2016	Year Ended 31 July 2015
	£'000	£'000
Income from deposits	44	50
6 Donations and endowments		
	Year Ended 31 July 2016	Year Ended 31 July 2015
	£'000	£'000
Unrestricted donations	17	1

Notes to the Accounts for the year ended 31 July 2016

	Notes	Year Ended 31 July 2016	<i>Restated</i> Year Ended 31 July 2015
7 Staff costs			
Staff Costs :		£'000	£'000
Salaries		13,173	12,558
Social security costs		1,049	909
		<u>14,222</u>	<u>13,467</u>
Movement on USS provision		409	3,394
Other pension costs		2,204	2,048
Total		<u>16,835</u>	<u>18,909</u>
Emoluments of the Vice-Chancellor:		£'000	£'000
Salary and benefits		130	120
Performance-related pay		20	-
Pension contributions to USS		18	17
		<u>168</u>	<u>137</u>

There were no other members of staff with an annual salary over £100,000 (excluding employer's pension contributions) (2015: no other member). Retirement benefits are accruing to 3 directors (2015: 3) under the Universities Superannuation Scheme ("USS").

Average staff numbers by major category :	No.	No.
Academic departments	200	194
Academic services	110	102
Administration and central services	90	87
Premises	21	18
	<u>421</u>	<u>401</u>

In addition to the above employee numbers, the University employed an average of 92 casual staff during the year (2015: 63).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Key management personnel at the University of Suffolk are members of the Executive Committee and remunerated members of the Board. Compensation consists of salary and benefits excluding any employer's pension contribution.

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£'000	£'000
Key management personnel compensation	<u>629</u>	<u>605</u>

	Year Ended 31 July 2016	<i>Restated</i> Year Ended 31 July 2015
	£'000	£'000
8 Interest and other finance costs		
Loan interest	1,184	1,199
Net charge on pension schemes	275	255
	<u>1,459</u>	<u>1,454</u>

Notes to the Accounts for the year ended 31 July 2016

9 Analysis of total expenditure by activity	Non-recurring costs £'000	Staff costs £'000	Dep'n £'000	Other operating expenses £'000	Interest and other finance costs £'000	<i>Restated</i>	
						Year ended 31 July 2016	Year ended 31 July 2015
						Total £'000	Total £'000
Academic departments	-	9,160	181	9,318	-	18,659	19,519
Academic services	-	3,213	-	1,556	-	4,769	5,209
Administration and central services	-	3,724	237	2,767	-	6,728	7,265
Research	-	-	-	-	-	-	42
Premises	-	678	1,535	2,312	1,184	5,709	5,915
Other	449	60	-	1,012	275	1,796	628
Year ended 31 July 2016	449	16,835	1,953	16,965	1,459	37,661	38,578
Year ended 31 July 2015 (<i>restated</i>)	-	18,909	1,954	16,261	1,454	38,578	

The non-recurring costs relate to costs incurred by the University to transition to an independent University. The costs were a mixture of project management costs and non-recurring branding, signage and website costs which related solely to the independence project.

Other operating expenses include:	<i>Restated</i>	
	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
External auditors remuneration in respect of audit services	40	40
External auditors remuneration in respect of non-audit services	7	-
Operating lease rentals		
Other	95	97
10 Trade and other receivables	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Trade receivables	791	1,363
Prepayments and accrued income	478	801
Amounts due from related parties	63	108
	1,332	2,272

Amounts due from related parties are unsecured, interest free and are repayable on demand (see note 25 to the financial statements for further details).

11 Creditors : amounts falling due within one year	<i>Restated</i>	
	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Secured loans (note 14)	468	431
Trade payables	506	691
Capital payables	295	384
Amounts due to related parties	641	202
Social security and other taxation payable	349	305
Accruals and deferred income	4,023	3,324
Other payables	409	501
Deferred capital grants	1,187	1,259
	7,878	7,097

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Research grants received on account	188	75
Other income	380	672
	568	747

Notes to the Accounts for the year ended 31 July 2016

12 Fixed Assets

	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage assets £'000	Total £'000
Cost					
At 1 August 2014 (<i>Restated</i>)	66,529	9,675	677	239	77,120
Additions	-	691	4,740	-	5,431
Transfers	-	106	(106)	-	-
At 31 July 2015	66,529	10,472	5,311	239	82,551
Depreciation					
At 1 August 2015 (<i>Restated</i>)	1,795	8,905	-	-	10,700
Charge for the year	1,536	417	-	-	1,953
Disposals	-	-	-	-	-
At 31 July 2016	3,331	9,322	-	-	12,653
Net book value					
At 31 July 2016	63,198	1,150	5,311	239	69,898
At 31 July 2015 (<i>Restated</i>)	64,734	770	677	239	66,420

At 31 July 2016, freehold land and buildings included £13.6m (2015 - £13.6m - restated) in respect of freehold land and is not depreciated.

Heritage assets

The heritage asset relates to an art installation commissioned and installed by the University in 2011/12. The total cost of £239k has been capitalised and funded by £90k of grant funding. The asset is not depreciated.

13 Investment in associate

The University holds 49 £1 shares in Eastern HE Cost Sharing Limited ("EHCS"), a subsidiary of University of Essex. The University has a contract with EHCS to provide internal audit services and has been doing so with effect from the 2015/16 financial year.

14 Creditors : amounts falling due after more than one year

	Year ended 31 July 2016 £'000	<i>Restated</i> Year ended 31 July 2015 £'000
Deferred capital grant	33,007	31,503
Secured loans (see below)	18,813	19,281
	51,820	50,784
Analysis of secured and unsecured loans:		
Due within one year or on demand (Note 11)	468	431
Due between one and two years	494	468
Due between two and five years	1,641	1,557
Due in five years or more	16,678	17,256
Due after more than one year	18,813	19,281
Total secured loans	19,281	19,712
Secured loans repayable by 2038	19,281	19,712

Included in loans are the following:

Lender	Amount borrowed £'000	Term	Interest rate %	Borrower
Barclays Bank plc	12,500	30 years	5.09	University
Barclays Bank plc	8,000	30 years	4.37	University
Total	20,500			

Notes to the Accounts for the year ended 31 July 2016

15 Provisions for liabilities

	Other provisions £'000	Obligation to fund deficit on USS Pension £'000	Pension enhancement on termination £'000	Other pension liabilities £'000	Total Provisions £'000
At 1 August 2015 (<i>restated</i>)	107	5,532	862	216	6,717
Utilised in year	(73)	(28)	(9)	(216)	(326)
Additions in 2015/16	-	548	-	-	548
At 31 July 2016	34	6,052	853	-	6,939

Other provisions

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

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. More detail on the USS deficit is included in Note 23.

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination, are as follows:

	Year ended 31 July 2016	Year ended 31 July 2015
	%	%
Discount rate	2.30	3.50
Inflation	1.30	1.70

Other pension liabilities

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 arrangement to retire at 55.

16 Restricted reserves

Reserves with restrictions are as follows:

	Year ended 31 July 2016	Year ended 31 July 2015
Donations	Total	Total
£'000	£'000	£'000
Balances at 1 August	131	144
Investment income	1	1
Expenditure	(9)	(14)
Total restricted comprehensive income for the year	(8)	(13)
At 31 July	123	131

	Year ended 31 July 2016	Year ended 31 July 2015
	Total	Total
	£'000	£'000
Analysis of restricted funds /donations by type of purpose:		
Legacies	123	131
	123	131

17 Cash and cash equivalents

	At 1 August 2015 £'000	Cash Flows £'000	At 31 July 2016 £'000
Cash and cash equivalents	9,804	(714)	9,090

Notes to the Accounts for the year ended 31 July 2016

18 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Commitments contracted for	1,051	533
	<u>1,051</u>	<u>533</u>

The above capital commitments relate to campus development projects.

19 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.

20 Lease obligations

Total rentals payable under operating leases:

	Computer equipment £'000	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Payable during the year	95	95	99
Future minimum lease payments due:			
Not later than 1 year	15	15	95
Later than 1 year and not later than 5 years	80	80	-
Later than 5 years	-	-	-
Total lease payments due	<u>95</u>	<u>95</u>	<u>95</u>

21 Events after the reporting period

On 1 August 2016 University Campus Suffolk became an independent University and began trading under the name University of Suffolk.

22 Amounts disbursed as agents

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Access to Learning Funds (ALF)		
Funding received from HEFCE	-	-
Brought forward from previous year	-	18
Amount disbursed to students	-	(18)
Excess of income over expenditure	<u>-</u>	<u>-</u>

Direct funding for the ALF grants was withdrawn with effect from the beginning of the 2014-15 financial year.

	£'000	£'000
FE Initial Teacher Training Bursaries (ITT)		
Funding received from BIS	45	64
Brought forward from previous year	9	-
Amount disbursed to students	(42)	(55)
Excess of income over expenditure	<u>12</u>	<u>9</u>
Subject Knowledge Enhancement Bursaries (SKE)		
Funding received from NCTL	7	7
Brought forward from previous year	-	-
Amount disbursed to students	(7)	(7)
Excess of income over/(under) expenditure	<u>-</u>	<u>-</u>

Notes to the Accounts for the year ended 31 July 2016

23 Pension Schemes

University of Suffolk 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 costs for the year	Year Ended	Restated
	31 July 2016	Year Ended 31 July 2015
	£'000	£'000
USS contributions paid	1,779	1,632
LGPS including FRS 102 adjustments	317	409
LGPS Funding Strategy	131	131
	2,227	2,172

(i) The Universities Superannuation Scheme

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. From 1 April 2016, the contribution percentage was increased from 16% to 18%. 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 FRS102(28) "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the University recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account. The deficit liability is disclosed in note 15 to the accounts. There is no liability towards any other scheme member's deficit contributions.

The total cost charged to the profit and loss account is £1,779k (2014: £1,632k). 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 latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme as a whole have been produced using the following assumptions:

	2016	2015
Discount rate	3.60%	3.30%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.20%	2.20%

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	98% of S1NA ["light"] YoB tables - no age rating
Female members' mortality	99% of S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males current aged 65 (years)	24.3	24.2
Females current aged 65 (years)	26.5	26.4
Males current aged 45 (years)	26.4	26.3
Females current aged 45 (years)	28.8	28.7
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

Notes to the Accounts

for the year ended 31 July 2016

23 Pension Schemes (continued)

(ii) 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. The 2016 valuation has recently been finalised, therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2013 and updated to 31 July 2016 by a qualified independent actuary.

Under the definitions set out in FRS 102, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified the company's share of its assets and liabilities as at 31 July 2016. 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 102 at 31 July 2016 and 31 July 2015 were:

	2016	2015
	%	%
Future pension increases	1.9	2.6
Future salary increases	3.9	4.5
Discount rate	2.4	3.6

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

	2016	2015
	Years	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 value of assets in the LGPS scheme and percentage of the total plan assets were:

	31 July 2016		31 July 2015	
	% of total	Fund value £'000	% of total	Fund value £'000
Equities	69	6,066	69	5,304
Bonds	20	1,758	20	1,538
Properties	10	879	10	769
Cash	1	88	1	77
		<u>8,791</u>		<u>7,688</u>

Notes to the Accounts for the year ended 31 July 2016

23 Pension Schemes (continued)

(ii) Local Government Pension Scheme (LGPS) (continued)

	2016 £'000	2015 £'000
Analysis of the movement in the present value of scheme liabilities		
At the beginning of the year	11,765	10,385
Current service cost	336	304
Past service cost (including curtailments)	-	13
Interest cost	427	417
Contributions by scheme participants	78	76
Changes in financial assumptions	1,673	893
Other experience	(67)	(38)
Benefits paid	(214)	(285)
At the end of the year	13,998	11,765

	2016 £'000	2015 £'000
Analysis of the movement in the fair value of scheme assets		
At the beginning of the year	7,688	6,800
Interest income on plan assets	281	276
Contributions by scheme participants	78	76
Contributions by the employer	399	431
Benefits paid	(214)	(285)
Return on assets excluding amounts included in net interest	559	390
At the end of the year	8,791	7,688

Changes in the fair value of plan assets, defined benefit obligation and net liability is:

	2016 £'000	2015 £'000
Opening position	(4,077)	(3,585)
Current service cost	(336)	(304)
Past service cost	-	(13)
Interest income on plan assets	281	276
Interest cost on defined benefit obligation	(427)	(417)
Total defined benefit cost recognised in income (or expenditure)	(482)	(458)
Employer contributions	399	431
Expected closing position	(4,160)	(3,612)
Changes in financial assumptions	(1,673)	(893)
Other experience	67	38
Return on assets excluding amounts included in net interest	559	390
Total remeasurements recognised in Other Comprehensive Income (OCI)	(1,047)	(465)
Fair value of plan assets	8,791	7,688
Present value of funded liabilities	(13,998)	(11,765)
Closing position	(5,207)	(4,077)

Defined benefit scheme assets do not include any of the University's own financial instruments or any property controlled by the University. The estimation of the employer contribution for the defined benefit scheme for the year to 31 July 2017 is £399k.

Notes to the Accounts for the year ended 31 July 2016

24 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out pages 21 to 24 of the accounts have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 April 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position and financial performance is set out in the following tables.

Notes	1 August 2014			31 July 2015			
	Effect of transition			Effect of transition			
	2007 SORP	to 2015 SORP	2015 SORP	2007 SORP	to 2015 SORP	2015 SORP	
	£'000	£'000	£'000	£'000	£'000	£'000	
Non-current assets							
Tangible fixed assets	a	65,372	1,750	67,122	64,149	2,271	66,420
Endowment assets	b	144	(144)	-	131	(131)	-
Current assets							
Trade and other receivables		800	-	800	2,272	-	2,272
Cash and cash equivalents		9,833	144	9,977	9,673	131	9,804
		10,633	144	10,777	11,945	131	12,076
Less: Creditors: amounts falling due within one year	c	(4,137)	(1,423)	(5,560)	(5,514)	(1,583)	(7,097)
Net current (liabilities)/assets		6,496	(1,279)	5,217	6,431	(1,452)	4,979
Total assets less current liabilities recorded within other Comprehensive Income.		72,012	327	72,339	70,711	688	71,399
Creditors: amounts falling due after more than one year	d	(19,708)	(32,277)	(51,985)	(19,281)	(31,503)	(50,784)
Provisions							
Provisions for liabilities	e	(1,324)	(2,076)	(3,400)	(1,185)	(5,532)	(6,717)
Other pension liability		(3,585)	-	(3,585)	(4,077)	-	(4,077)
Total net assets		47,395	(34,027)	13,368	46,168	(36,347)	9,821
Deferred capital grants		45,233	(45,233)	-	44,252	(44,252)	-
Restricted Reserves							
Income and expenditure reserve - endowment reserve		144	(144)	-	131	(131)	-
Income and expenditure reserve - restricted reserve		-	144	144	-	131	131
Unrestricted Reserves							
Income and expenditure reserve - excluding pension reserve		5,603	11,206	16,809	5,862	7,905	13,767
Pension reserve		(3,585)	-	(3,585)	(4,077)	-	(4,077)
		2,162	11,206	13,368	1,916	7,905	9,821
Non-controlling interest		-	-	-	-	-	-
Total Reserves		47,395	(34,027)	13,368	46,168	(36,347)	9,821

Notes to the reconciliation of reserves

- Upon transition to FRS102, the University elected to measure certain items of property, plant and equipment at their fair value which was used as the assets deemed cost.
- Endowments were released to restricted reserves accordance to the new requirements of FRS102.
- Creditors under one year is made up of a employee leave liability and an element of deferred capital grants that are due to be released with the next 12 months.
- Creditors falling due after more than one year relate to deferred capital grants.
- The additional pension liability relates to the USS pension deficit recover plan required to be brought onto balance sheet under FRS102.

Notes to the Accounts for the year ended 31 July 2016

24 Transition to FRS102 and the 2015 SORP (cont)

Reconciliation of the comparative information presented in these financial statements for the year ended 31 July 2015

	Notes	2007 SORP £'000	STRGL Items* £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000
Income					
Tuition fees and education contracts		29,947	-	-	29,947
Funding body grants	a	3,605	-	(123)	3,482
Research grants and contracts		129	-	-	129
Other income	b	2,073	-	(203)	1,870
Investment income		50	-	-	50
Total income before donations and endowments		35,804	-	(326)	35,478
Donations and endowments		1	-	-	1
Total income		35,805	-	(326)	35,479
Expenditure					
Staff costs	b	15,476	-	3,433	18,909
Other operating expenses		16,261	-	-	16,261
Depreciation	c	2,474	-	(520)	1,954
Interest and other finance costs	d	1,248	-	206	1,454
Total expenditure		35,459	-	3,119	38,578
Surplus before tax		346	-	(3,445)	(3,099)
Taxation		-	-	-	-
Surplus after tax		346	-	(3,445)	(3,099)
Transferred from endowment funds	e	13	-	(13)	-
Surplus for the year		359	-	(3,458)	(3,099)
Transfer to endowment funds		(13)	13	-	-
Actuarial (loss)/gain in respect of pension schemes		-	(592)	144	(448)
Total comprehensive income for the year		346	(579)	(3,314)	(3,547)

* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the statement of Comprehensive Income (SoCI). This column should not include recognition of valuation changes arising from the adoption of the 2015 SORP. These are included within the effect of transition to 2015 SORP column.

Notes to the reconciliation of surplus/(deficit)

a) The useful economic life of the assets relating to historical capital grants increased, therefore deferred capital grant income has decreased as it is released over a longer period.

b) The movements in the USS deficit recovery plan provision and a holiday accrual provision have been recorded in staff costs.

c) Some buildings are being depreciated over a longer useful economic life, therefore depreciation costs have decreased.

d) The additional charge relates to finance charges on the USS deficit recovery plan and a change in the discount rate on the LGPS pension scheme under FRS 102.

e) Endowments were released to restricted reserves accordance to the new requirements of FRS102.

Notes to the Accounts for the year ended 31 July 2016

25 Related parties

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. No balances with related parties are secured or provided for.

	Sales transactions £'000	Receivables balance outstanding £'000	Purchase transactions £'000	Payables balance outstanding £'000
Year ending 31 July 2016				
Great Yarmouth College	31	20	1,195	11
Ipswich Borough Council	386	3	194	5
Ipswich Central Management	-	-	-	-
Lowestoft College	25	14	1,424	5
Otley College	10	-	2	2
Suffolk County Council	141	-	145	71
Suffolk New College	3	-	505	72
Student's Union	2	-	32	9
University Of East Anglia	119	26	442	7
University of Essex	7	-	388	377
West Suffolk College	24	-	3,660	82
	<u>748</u>	<u>63</u>	<u>7,987</u>	<u>641</u>
Year ending 31 July 2015				
Great Yarmouth College	9	-	1,155	32
Ipswich Borough Council	33	1	212	-
Ipswich Central Management	-	-	-	-
Lowestoft College	6	-	1,305	53
Otley College	56	16	444	1
Suffolk County Council	142	45	149	36
Suffolk New College	-	-	596	67
Student's Union	22	-	24	3
University Of East Anglia	112	-	445	8
University of Essex	7	-	576	1
West Suffolk College	63	46	3,551	1
	<u>450</u>	<u>108</u>	<u>8,457</u>	<u>202</u>

26 Accounting estimates and judgements

Universities Superannuation Scheme (USS)

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

In addition, because the USS scheme is in deficit and a funding plan has been agreed section 28 of FRS 102 requires individual employers to recognise a liability for the contributions payable that arise from the agreement to fund the scheme (to the extent that they relate to the deficit) and the resulting expense in profit and loss. A deficit modeller was utilised to produce the provision estimate with a discount rate at the end of 31 July 2016 of 2%.

27 Ultimate controlling undertaking

The company is jointly controlled by the University of East Anglia (UEA) and the University of Essex (Essex). From 1 August 2016 the University of Suffolk ceased to be controlled by UEA and Essex.