

**University Campus Suffolk Ltd  
Annual report and financial statements  
for the year ended 31 July 2013**

**Registered number: 05078498**

# University Campus Suffolk Ltd

Annual report for the year ended 31 July 2013

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# University Campus Suffolk Ltd

## Directors and advisors

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### Directors

Professor E Acton (Chair)  
Professor A Forster (appointed 06 September 2012)  
Professor C Riordan (resigned 05 September 2012)  
Professor M Saks  
Ms C A M Edey  
Mr D Edwards  
Ms D Cadman  
Mr O B Morris  
Professor D J Muller  
Dr N Savvas (appointed 15 October 2013)  
Mr B J Summers  
Dr E A Williams (resigned 30 August 2013)  
Mr R Williams

### Company Secretary

Mr T J Greenacre

### Registered office

Waterfront Building  
Neptune Quay  
Ipswich  
Suffolk  
IP4 1QJ

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3 St James Court  
Whitefriars  
Norwich  
Norfolk  
NR3 1RJ

### Bankers

Barclays Bank plc  
1 Princes Street  
Ipswich  
Suffolk  
IP1 1PB

### Solicitors

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

# University Campus Suffolk Ltd

## Directors' report for the year ended 31 July 2013

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The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2013.

### Business review and principal activities

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

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

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

Since beginning its operations in 2007/08 UCS has significantly grown its student numbers to a total of 4,019 full time equivalents (FTEs) in 2012/13. This total comprises HEFCE-regulated students of 2,906 FTEs, and other student numbers (principally delivered under NHS contracts) of 1,113 FTEs. In 2013/14 UCS predicts its overall student numbers to be maintained at approximately this level

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u> <u>(forecast)</u>
HEFCE FTEs	3,059	2,906	2,897
OTHER FTEs	968	1,113	1,104
TOTAL FTEs	4,027	4,019	4,001

UCS has maintained its successful track record of delivery under its NHS teaching contracts, which cover both pre-registration and post-registration education and training, as well as under its Social Work teaching contract. Seeking new sources of income remains a high priority for UCS, and in 2012/13 income from research, enterprise and consultancy activities was £847k (2012: £1,056k).

UCS continues to explore options for delivering its long term vision to create a high quality higher education campus based around the Ipswich Waterfront. Land owned by UCS presents a range of possibilities for developing academic facilities and student accommodation to meet the future needs of UCS and its students. Within the wider Learning Network, the final phase of development of the higher education facilities at West Suffolk College completed in the summer of 2013.

In planning for 2013/14 and beyond, UCS acknowledges the difficulties associated with predicting the longer term impacts of the Government's funding reforms which were introduced in 2012. The new tuition fee regime places increasing demands upon institutions to demonstrate high quality services and to offer value for money to students and sponsors. UCS continues to develop its strategic plans in the light of these changes, and it regards its ability to respond to changing market conditions as one of the organisation's key strengths.

## University Campus Suffolk Ltd

### Directors' report for the year ended 31 July 2013

During the year the UCS Board agreed that UCS should seek to move towards a new governance structure and start the process of gaining its own degree awarding powers. If successful, the next stage of development would be the award of university title. UCS would then become the first independent university in Suffolk awarding its own degrees. The process of gaining degree awarding powers and university title is likely to take a significant period of time, with completion by the summer of 2015 at the earliest.

#### Directors

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

#### Financial highlights

In 2012/13 UCS generated a surplus of £931k (2012: £1,823k). The net cash inflow in the year from operating activities was £2,157k (2012: £3,200k) and the net cash outflow from capital expenditure was £655k (2012: £1,889k). The overall reduction in net debt in the year was £331k (2012: £118k), resulting in net debt at the year end of £10,392k (2012: £10,723k), comprising cash of £9,871k (2012: £9,777k) and bank debt of £20,263k (2012: £20,500k).

#### Key financial indicators

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

	<b>2013</b>	2012
	<b>£'000</b>	£'000
Total income	37,987	38,782
Surplus before endowment transfers	921	1,822
Surplus before endowment transfers as a proportion of total income	2.4%	4.7%

The decrease in the surplus before endowment transfers as a proportion of total income is largely the result of continued reductions in HEFCE funding per student FTE. These reductions were anticipated within UCS' planned expenditure budgets for the year.

	<b>2013</b>	2012
	<b>£'000</b>	£'000
Proportion of income generated from:		
• HEFCE Grants	25%	36%
• Education Contracts	25%	21%
• Tuition Fees	41%	31%
• Research contracts	1%	1%
• Other Income	8%	11%

The decrease in the proportion of income received from HEFCE grants to 25% (2012: 36%) is offset by the increase in the proportion of income generated from tuition fees to 41% (2012: 31%). This is the consequence of the Government's changes to the funding of higher education from 2012/13.

	<b>2013</b>	2012
	<b>£'000</b>	£'000
Total balance sheet funds	51,106	52,106

The decrease in total balance sheet funds to £51,106k (2012: £52,106k) is the result of the release of deferred capital grants, including those which relate to capital developments in the Learning Network. This was partly offset by an increase in the income and expenditure reserve and a reduction in the pension reserve liability relating to UCS' calculated share of the Local Government Pension Scheme.

#### Financial outlook

The UCS Board has approved a breakeven budget for 2013/14. This is in addition to planned capital expenditure of £500k.

Following the Government's changes to the financing of higher education, many institutions have seen a reduction to the levels of student recruitment that they previously experienced. Whilst the effects of the funding changes continue to emerge on the market, UCS considers it would be imprudent to anticipate a return to significant growth within its budget for 2013/14. However, within its wider strategy, achieving year on year growth in student numbers is a high priority.

UCS has received approval for its 2013/14 Access Agreement from the Office for Fair Access (OFFA). This confirms that UCS's tuition fees for UK and European Union full-time undergraduates will remain unchanged for 2013 entry: £7,500 for Foundation degrees and £8,000 for Bachelor degrees. In 2013/14 UCS plans to spend approximately £2.8m on access and retention measures (2012/13: £2.0m), including a package of financial support which includes fee waivers and bursaries, and continues to undertake non-financial measures such as outreach activity, student retention measures and careers and employability advice.

Within an increasingly competitive market for higher education, the Board has needed to balance the challenges of the financial environment against the need to continue to develop and invest in facilities and services.

In summary, the immediate financial priorities are:

- to continue to grow income whilst acknowledging uncertain market conditions;
- to control and reduce operational costs relative to planned income growth;
- to make provision for strategic investments in services and infrastructure to improve the student experience;
- to generate a sufficient revenue surplus to cover in-year investments and to contribute to reserves;
- to meet the financial performance requirements of UCS' loan facilities.

#### **Principal risks and uncertainties and financial risk management**

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

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

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

#### *Fail to manage the impact of loss or significant reduction in HEFCE funding*

Maintain strong strategic relationship with HEFCE; diversify income streams; engage in robust and flexible financial planning; manage cost effectiveness of activities.

#### *Fail to manage the implications of changes to student fees*

Maintain awareness of government policy on fees; develop scenario plans in response to government policy; review Access Agreement including fee waivers; review marketing and recruitment strategy.

#### *Insufficient accommodation available to support student demand*

Local opportunities to expand the number of student rooms are actively sought, with priority for new students. Longer term, negotiations are to be undertaken with new providers for additional provision.

#### *Loss or significant reduction in NHS funding*

Maintain strong strategic relationship with commissioning bodies; develop cost benefit analysis for cohorts with reduced funding; diversify income streams; consider flexible course provision.

### *Fail to gain additional student numbers*

Regular monitoring of HEFCE guidance/government policy to determine where possible new permitted numbers could be derived; work with academic areas to develop submissions.

### *Fail to recruit sufficient international students*

Develop international recruitment capacity; proactive approach to marketing; develop curriculum attractive to international market; prioritise student accommodation for international students and first year students.

### *Fail to retain sufficient students*

Monitor withdrawals; monitor league tables and HEFCE performance indicators; follow up students who leave; take action in response to student surveys; annual evaluation of effectiveness of student support; consider revisions to course portfolios; improve student engagement.

### *Fail to develop additional external income streams*

Establish income diversification targets within School/Department plans; Schools and Central Services to prioritise income generation; regularly monitor progress against targets; develop monitoring of external funding environment.

### *Fail to manage large public sector expenditure cuts*

Close coordination of organisational strategy during planning process; robust and responsive financial planning processes; evaluate options for shared services.

### *Fail to meet requirements of loan facility*

Robust budgetary control; reliable financial planning; regular monitoring of cash flow; maintain good working relationship with bank

### **Tangible fixed assets**

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

### **Employee involvement and equal opportunities**

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

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

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

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

### **Directors' third-party indemnity provision**

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

# University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2013

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## **Disclosure of information to auditors**

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

## **Availability of financial statements on the web site**

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

## **Independent auditors**

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

## **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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 are sufficient to show and explain the company's transactions and 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.

By order of the Board



T J Greenacre

**Company Secretary**



# University Campus Suffolk Ltd

## Statement of corporate governance and internal control

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

UCS is a company limited by guarantee, and is jointly controlled by University of East Anglia and University of Essex. The primary documents of governance are the company's Memorandum and Articles of Association, and the principal statutory body of UCS is its Board of Directors ("the Board"). All full members of the Board are directors of the company under the Companies Act 2006.

Following the agreement for UCS to move towards independence from University of East Anglia and University of Essex, its governance structure will be reviewed in order that UCS may begin the process of applying for its own degree awarding powers. This process will be overseen by the UCS Board. If this application is successful, the institution would then seek the award of university title. The earliest date by which these processes would be complete is expected to be the summer of 2015.

### Principles and ethos of UCS

UCS aims to conduct its activities in accordance with the seven principles set out in the Nolan Committee report on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. UCS is committed to exhibiting best practice in all aspects of corporate governance and applies the principles set out in the UK Corporate Governance Code (2010) issued by the Financial Reporting Council, as applicable to higher education institutions, and specifically complying with guidance issued by the Committee of University Chairs in March 2009.

### UCS Board structure

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

The Nominations Committee makes recommendations for the appointment of directors and external, co-opted members of the Board's sub committees (who are not directors of the company). The committee did not meet during the year as new appointments were discussed and agreed by the Board.

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

# University Campus Suffolk Ltd

## Statement of corporate governance and internal control

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

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

### Statement of internal control

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

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

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

- clear definitions of the responsibilities of, and authority delegated to, heads of academic departments and administrative sections;
- a short and medium term planning process, supplemented by detailed annual income, expenditure and capital budgets;
- regular reviews of key performance indicators and reviews of financial performance involving variance reporting and updates of financial outturns;
- defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval levels set by the Board;
- a professional internal audit team whose annual programme is approved by the Audit and Risk Committee;
- a risk register which is scored according to the likelihood and impact of the key risks, which are informed by the strategic plan and also linked to internal audit planning process.

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

### Proper allocation of funds

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

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

- ensure that funds originating from HEFCE are used only for the purposes for which they have been given and in accordance with their Financial Memoranda with University of East Anglia and University of Essex and any other conditions

## University Campus 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 UCS and to prevent and detect fraud;
- secure the economical, efficient, and effective management of UCS's resources and expenditure.

#### **Going concern**

The directors have prepared projections in support of the company's cash requirements in addition to its on-going compliance with the terms of its bank facilities. These projections include the directors' best estimate of the impact of the government's plans for the higher education sector which came into effect in 2012/13.

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

By order of the Board



T J Greenacre  
Company Secretary

# University Campus Suffolk Ltd

## Statement of public benefit

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

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

### **Background**

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

### **Vision and Mission**

UCS seeks to be a fully functioning, cohesive, student-centred higher education institution. Its high quality and innovative teaching and learning focused on vocationally relevant areas aim to be cost effective and underpinned by selected nationally and internationally recognised research and scholarship.

UCS's mission is to be a distinctive, sustainable, 'can do', connected university provider that strives for the highest standards in teaching and learning, research and enterprise, and works flexibly with a network of partners to fulfil mutual objectives at local, regional, national and international level.

### **Values**

The values of University Campus Suffolk are:

- To place students at the centre of its activities
- To be open and accessible to all who can benefit from higher education
- To pursue an equality and diversity agenda
- To be an active, responsive and positive influence on its local communities
- To recognise, respect and suitably reward staff and students
- To support a spirit of exploration, investigation and innovation
- To be prepared to take risks, responsibly and with appropriate mitigation
- To seek continuous improvement and enhancement in all its activities
- To consistently maintain high ethical standards.

### **Access and widening participation**

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

### ***Schools and Colleges Liaison***

The student recruitment team at UCS works with schools and colleges to inform students about the higher education opportunities available to them.

### *Widening Participation*

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

### *Leap*

The Leap project was formed in 2007 by UCS, Suffolk Learning and Skills Council, Suffolk County Council and the East of England Development Agency. The aim of Leap is to make access to education and skills as local as possible in response to the rural nature of the county and recognising the problems of transport to education provision.

Leap delivers free and impartial, high quality information, advice and guidance to everyone seeking education or training opportunities. Leap also works with businesses wanting to improve the skills of their workforce.

### *Bursaries and Fee Waivers*

UCS currently offers a generous bursary scheme to full-time students from low income households. With the introduction of the revised tuition fee arrangements from 2012/13, the university access regulator OFFA has approved UCS's proposals for a substantial package of fee waivers to assist students from low income backgrounds.

### **Community engagement**

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

The UCS Strategic Plan states:

"We will act as a transformational presence, deeply embedded, highly visible and engaged with our local communities and driving real measurable change through our cultural, economic and social activity in the region."

The UCS Community Engagement Office consolidates and promotes all of the existing community engagement activity and works with the communities served to develop further connections.

### **Sustainability policy**

UCS's sustainability policy statement is as follows:

'As a young, vibrant, forward thinking higher education institution, UCS is committed to continuous improvement in the sustainability of all of its activities. UCS does not merely comply with statutory requirements, but consistently aims to achieve the highest standards of sustainability excellence. UCS also seeks to ensure that it has a positive impact on society, on the economy and on the environment, and promotes sustainability with all of its stakeholders.'

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

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

In 2011, UCS partnered with the Carbon Trust to develop its Carbon Management Plan which aims to realise substantial carbon and cost savings in the period to 2015 and beyond.

## University Campus Suffolk Ltd

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

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We have audited the financial statements of University Campus Suffolk Ltd for the year ended 31 July 2013 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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 directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2013 and of its surplus and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.


## University Campus Suffolk Ltd

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

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
**Christopher Maw (Senior Statutory Auditor)**  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Norwich

17 October 2013

## University Campus Suffolk Ltd

### Income and expenditure account for the year ended 31 July 2013

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	Note	2013 £'000	2012 £'000
<b>Income</b>			
Funding body grants	2	9,665	14,064
Tuition fees and education contracts	3	25,061	20,151
Research grants and contracts	4	290	444
Other Income	5	2,923	4,065
Endowment and investment income	6	48	58
<b>Total income</b>		<b>37,987</b>	<b>38,782</b>
<b>Expenditure</b>			
Staff costs	7	15,817	14,488
Other operating expenses	9	17,145	17,861
Depreciation	9	2,793	3,328
Interest and other finance costs	8	1,311	1,283
<b>Total expenditure</b>	9	<b>37,066</b>	<b>36,960</b>
<b>Surplus before taxation</b>		<b>921</b>	<b>1,822</b>
<b>Taxation</b>	1	<b>-</b>	<b>-</b>
<b>Surplus after taxation</b>		<b>921</b>	<b>1,822</b>
Transferred from endowment funds		10	1
<b>Surplus for the financial year retained</b>	18	<b>931</b>	<b>1,823</b>

All items of income and expenditure arise from continuing operations.

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



## University Campus Suffolk Ltd

### Statement of total recognised gains and losses for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Surplus for the financial year (before endowment transfer)		921	1,822
Actuarial gain/(loss) in respect of pension scheme	25	393	(848)
New endowments	17	-	41
<b>Total gains and losses recognised since last annual report</b>		<b>1,314</b>	<b>1,015</b>
Opening reserves and endowments		3,093	2,078
Total recognised gains for the year (as above)		1,314	1,015
<b>Closing reserves and endowments</b>		<b>4,407</b>	<b>3,093</b>

# University Campus Suffolk Ltd

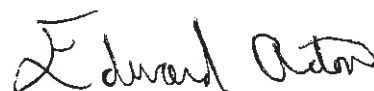
Balance sheet as at 31 July 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	10	<u>67,791</u>	<u>69,954</u>
<b>Endowment assets</b>	11	<u>154</u>	<u>164</u>
<b>Current assets</b>			
Debtors	12	844	1,025
Cash at bank and in hand		<u>9,717</u>	<u>9,613</u>
		<b>10,561</b>	<b>10,638</b>
Creditors: amounts falling due within one year	13	<u>(4,245)</u>	<u>(5,132)</u>
<b>Net current assets</b>		<u>6,316</u>	<u>5,506</u>
<b>Total assets less current liabilities</b>		<b>74,261</b>	<b>75,624</b>
Creditors: amounts falling due after more than one year	14	<b>(20,012)</b>	<b>(20,293)</b>
Provisions for liabilities	15	<u>(1,114)</u>	<u>(869)</u>
<b>Net assets excluding pension liability</b>		<b>53,135</b>	<b>54,462</b>
Pension liability	25	<u>(2,029)</u>	<u>(2,356)</u>
<b>Net assets including pension liability</b>		<u>51,106</u>	<u>52,106</u>
<b>Represented by:</b>			
Deferred capital grants	16	<u>46,699</u>	<u>49,013</u>
Endowments – restricted expendable	17	<u>154</u>	<u>164</u>
<b>Reserves</b>			
Income and expenditure account excluding pension reserve		6,282	5,285
Pension reserve		<u>(2,029)</u>	<u>(2,356)</u>
Income and expenditure account including pension reserve	18	<u>4,253</u>	<u>2,929</u>
<b>Total funds</b>		<u>51,106</u>	<u>52,106</u>

The financial statements on pages 14 to 33 were approved by the Board of Directors on 15/10/13 and were signed on its behalf by:



Mr B J Summers  
Board Member



Professor E. Acton  
Chair of Board of Directors

Registered Number: 05078498

# University Campus Suffolk Ltd

## Cash flow statement for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
<b>Cash inflow from operating activities</b>	19	<u>2,157</u>	<u>3,200</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		62	43
Interest paid		(1,233)	(1,236)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(1,171)</u>	<u>(1,193)</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(739)	(2,880)
New endowments received		-	41
Deferred capital grants received		84	950
<b>Net cash outflow from capital expenditure</b>		<u>(655)</u>	<u>(1,889)</u>
<b>Cash inflow before financing</b>		<u>331</u>	<u>118</u>
<b>Financing</b>			
Bank loan repaid		(237)	-
<b>Increase in cash in the year</b>	20	<u>94</u>	<u>118</u>
<b>Reconciliation of net cash flow to movement in net debt</b>		<b>£'000</b>	<b>£'000</b>
Increase in cash in the year		94	118
Cash outflow from decrease in debt		237	-
Movement in net debt		<u>331</u>	<u>118</u>
Net debt at 1 August		(10,723)	(10,841)
<b>Net debt at 31 July</b>	20	<u>(10,392)</u>	<u>(10,723)</u>

### 1 Statement of accounting policies

#### **Basis of preparation**

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

#### **Format of financial statements**

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

#### **Income recognition**

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

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

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

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

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

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

#### **Agency arrangements**

Funds that UCS receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the UCS where it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. Disclosures in relation to these arrangements are included in the note 26 to the financial statements.

#### **Taxation**

UCS is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the test set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, UCS is exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and section 471, and 478-488 CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. UCS receives no similar exemption in respect of value added tax. Irrecoverable value added tax on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

#### **Gifts in kind, including donated tangible fixed assets**

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

### 1 Statement of accounting policies (continued)

#### Accounting for charitable donations

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

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

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

#### Tangible fixed assets

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

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

Freehold buildings	2-2.5%
Fixtures, fittings and equipment	12.5% - 25%

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

#### Inherited fixed assets

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

#### Acquisition with the aid of specific grants

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

#### Repairs and maintenance

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

#### Provisions

Provisions are recognised in the financial statements when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

# University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

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## 1 Statement of accounting policies (continued)

### Accounting for retirement benefits

The company contributes to the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS). Both schemes are defined benefit schemes, but the USS scheme is a multi-employer scheme and it is not possible to identify the assets of the scheme which are attributable to UCS. In accordance with FRS 17 this scheme is accounted for on a defined contribution basis and contributions to this scheme are included as expenditure in the period in which they are payable. UCS is able to identify its share of assets and liabilities of the LGPS and thus fully adopts FRS 17 "Retirement benefits". Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated in accordance with FRS 17 requirements at each balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

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

### Accounting for enhanced pension obligations

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

### Exceptional items

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

	2013	2012
	£'000	£'000
<b>2 Funding body grants</b>		
<b>Recurrent grants</b>		
Higher Education Funding Council for England ("HEFCE")		
– via University of East Anglia	<u>8,858</u>	<u>13,163</u>
<b>Specific grants</b>		
Aim Higher	-	(33)
Other grants	-	1
	<u>-</u>	<u>(32)</u>
<b>Deferred capital grants released in year</b>		
Buildings	407	407
Equipment	400	526
	<u>807</u>	<u>933</u>
<b>Total funding body grants</b>	<u><u>9,665</u></u>	<u><u>14,064</u></u>

# University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

<b>3</b>	<b>Tuition fees and education contracts</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Tuition fees</b>		
	Full-time home and EU students	13,520	10,235
	Full-time international students	346	251
	Part-time students	1,842	1,708
		<u>15,708</u>	<u>12,194</u>
	<b>Education contracts</b>		
	Strategic Health Authorities	9,080	7,649
	General Social Care Council	243	280
	Other contracts	30	28
		<u>9,353</u>	<u>7,957</u>
	<b>Total tuition fees and education contracts</b>	<u>25,061</u>	<u>20,151</u>
<b>4</b>	<b>Research grants and contracts</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred capital grants released in the year	125	125
	Other grants and contracts	165	319
		<u>290</u>	<u>444</u>
<b>5</b>	<b>Other income</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred capital grants released in year	1,466	2,643
	Other income	1,457	1,422
		<u>2,923</u>	<u>4,065</u>
<b>6</b>	<b>Endowment and investment income</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	Income from deposits	48	58
<b>7</b>	<b>Staff costs</b>	<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
	Wages and salaries	12,609	11,800
	Social security costs	986	930
	Other pension costs (note 15 and note 25)	2,222	1,758
		<u>15,817</u>	<u>14,488</u>
	<b>Directors' remuneration</b>	<b>£'000</b>	<b>£'000</b>
	Aggregate emoluments	143	142
	Pension contributions to USS	20	20
		<u>163</u>	<u>162</u>

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

# University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

## 7 Staff costs (continued)

In 2013 and 2012 the above emoluments comprise those paid to the Provost and Chief Executive Officer.

There was one other member of staff with an annual salary in the band of £100,000 to £109,999 (excluding employer's pension contributions) (2012: 1). Retirement benefits are accruing to 1 director (2012: 1) under the Universities Superannuation Scheme ("USS").

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

	2013 Number	2012 Number
Academic departments	209	203
Academic services	105	97
Administration and central services	91	89
Premises	25	23
	<u>430</u>	<u>412</u>

## 8 Interest and other finance costs

	2013 £'000	2012 £'000
Bank loans	1,233	1,243
Other finance costs (note 25)	78	40
	<u>1,311</u>	<u>1,283</u>

## 9 Analysis of total expenditure by activity

	Staff costs £000	Dep'n £000	Other operating expenses £000	Interest and other finance costs	2013 Total £000	2012 Total £000
				£000		
Academic departments	9,063	47	9,434	-	18,544	17,381
Academic services	2,721	-	1,390	-	4,111	3,744
Administration and central services	3,382	651	2,667	-	6,700	7,039
Research	-	125	-	-	125	394
Premises	651	1,970	2,172	1,233	6,026	6,170
Other	-	-	1,482	78	1,560	2,232
<b>Year ended 31 July 2013</b>	<u>15,817</u>	<u>2,793</u>	<u>17,145</u>	<u>1,311</u>	<u>37,066</u>	<u>36,960</u>
Year ended 31 July 2012	14,488	3,328	17,861	1,283	36,960	

	2013 £'000	2012 £'000
<b>Other operating expenses include:</b>		
External auditors' remuneration		
- Audit of company	40	40
- Audit related assurance services	3	3
- Other non-audit services	96	-
Internal auditors' remuneration	<u>28</u>	<u>29</u>



## University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

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### 10 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>				
At 1 August 2012	73,745	9,044	238	83,027
Transfers	-	107	(107)	-
Additions	340	247	43	630
<b>At 31 July 2013</b>	<b>74,085</b>	<b>9,398</b>	<b>174</b>	<b>83,657</b>
<b>Accumulated depreciation</b>				
At 1 August 2012	5,822	7,251	-	13,073
Charge for the year	1,970	823	-	2,793
<b>At 31 July 2013</b>	<b>7,792</b>	<b>8,074</b>	<b>-</b>	<b>15,866</b>
<b>Net book value</b>				
<b>At 31 July 2013</b>	<b>66,293</b>	<b>1,324</b>	<b>174</b>	<b>67,791</b>
At 31 July 2012	67,923	1,793	238	69,954

At 31 July 2013, freehold land and buildings and assets in the course of construction included £18,029k (2012: £18,029k) in respect of freehold land which is not depreciated.

# University Campus Suffolk Ltd

## Notes to the financial statements for the year ended 31 July 2013

	2013 £'000	2012 £'000
<b>11 Endowment assets</b>		
At 1 August	164	124
New endowments received	-	41
Decrease in cash balances	(10)	(1)
<b>At 31 July</b>	<u>154</u>	<u>164</u>

Represented by:

Cash at bank held for endowment funds	<u>154</u>	<u>164</u>
---------------------------------------	------------	------------

	2013 £'000	2012 £'000
<b>12 Debtors</b>		
Trade debtors	227	82
Amounts owed by related parties	43	232
Other debtors	21	12
Prepayments and accrued income	553	699
	<u>844</u>	<u>1,025</u>

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

	2013 £'000	2012 £'000
<b>13 Creditors: amounts falling due within one year</b>		
Unsecured loans (note 14)	251	207
Trade creditors	364	688
Capital creditors	239	348
Amounts due to related parties	163	8
Taxation and social security payable	296	300
Other creditors	566	586
Accruals and deferred income	2,366	2,995
	<u>4,245</u>	<u>5,132</u>

Amounts due to related parties are unsecured, interest free and are repayable on demand (see note 23 to the financial statements for further details).

	2013 £'000	2012 £'000
<b>14 Creditors: amounts falling due after more than one year</b>		
Unsecured loans	<u>20,012</u>	<u>20,293</u>

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

Of the £12,500,000 facility, an amount of £10,000,000 has been guaranteed by University of East Anglia and University of Essex in equal proportion.

# University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

## 14 Creditors: amounts falling due after more than one year (continued)

On 27 April 2010, UCS entered into an additional loan facility of £8,000,000 with Barclays Bank plc. The loan, which has been guaranteed by University of East Anglia and University of Essex in equal proportion, bears interest at a fixed rate of 4.37%. The loan is repayable in quarterly instalments through to October 2039, with no capital being repaid until July 2015.

<b>Maturity profile</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due:		
In under one year	251	207
Between one and two years	306	220
Between two and five years	1,422	1,116
In more than five years	18,284	18,957
	<b>20,263</b>	<b>20,500</b>

	<b>Other pension liabilities</b>	<b>Enhanced pension contributions</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>15 Provisions for liabilities</b>			
At 1 August 2012	-	869	869
Utilised for the year	-	(71)	(71)
Charged to the Income and Expenditure Account	245	71	316
At 31 July 2013	<b>245</b>	<b>869</b>	<b>1,114</b>

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

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

	<b>Funding council</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>16 Deferred capital grants</b>			
At 1 August 2012	15,381	33,632	49,013
Grants receivable	84	-	84
Released to income and expenditure account	(807)	(1,591)	(2,398)
At 31 July 2013	<b>14,658</b>	<b>32,041</b>	<b>46,699</b>

	<b>Restricted expendable</b>	
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>17 Endowments</b>		
At 1 August	164	124
New endowments	-	41
Expenditure	(10)	(1)
At 31 July	<b>154</b>	<b>164</b>

Represented by:

	<b>£'000</b>	<b>£'000</b>
Capital	<b>154</b>	<b>164</b>

# University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

<b>18 Movement in income and expenditure account (including pension reserve)</b>			<b>£'000</b>
At 1 August 2012			2,929
Surplus for the financial year			931
Actuarial gain on pension scheme			393
<b>At 31 July 2013</b>			<b>4,253</b>
<b>19 Reconciliation of surplus to net cash inflow from operating activities</b>		<b>2013</b>	<b>2012</b>
		<b>£'000</b>	<b>£'000</b>
Surplus after exceptional items		921	1,822
Endowment income and interest receivable		(48)	(58)
Deferred capital grant released		(2,398)	(3,701)
Depreciation and amounts written off fixed assets		2,793	3,328
Interest payable		1,233	1,243
Decrease in debtors		166	753
Decrease in creditors		(821)	(188)
Increase/(decrease) in provisions		245	(1)
Pension costs less contributions payable		66	2
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,157</b>	<b>3,200</b>
<b>20 Analysis of changes in net debt</b>			
	<b>At 1 August 2012</b>	<b>Cash flow</b>	<b>Non-cash movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
			<b>At 31 July 2013</b>
			<b>£'000</b>
Cash at bank and in hand	9,613	104	-
Cash at bank held for endowment funds	164	(10)	-
	<u>9,777</u>	<u>94</u>	<u>-</u>
			<u>9,871</u>
Debt due within one year	(207)	237	(281)
Debt due after one year	(20,293)	-	281
	<u>(10,723)</u>	<u>331</u>	<u>-</u>
			<u>(10,392)</u>

Non-cash movements comprise changes between categories of borrowings.

## 21 Capital and other commitments

There were no unprovided capital commitments at 31 July 2013 (2012: nil).

## 22 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.

### 23 Disclosure of related party transactions

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

#### *University of East Anglia*

During the year, UCS purchased goods and services to the value of £379,493 (2012: £406,702) from University of East Anglia ("UEA"). At 31 July 2013, the outstanding balance was £ nil (2012: £4,060). In addition, UCS provided services to UEA to the value of £437 (2012: £1,800) during the year. At 31 July 2013, amounts owed by UEA amounted to £ nil (2012: £51,613).

#### *University of Essex*

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

#### *Suffolk New College*

During the year, UCS purchased services to the value of £542,927 (2012: £688,717) from Suffolk New College. At 31 July 2013 the outstanding balance owed to Suffolk New College was £ nil (2012: £5). Sales transactions to Suffolk New College for the year totalled £10,011 (2012: £26,311). At 31 July 2013 the amounts owed by Suffolk New College amounted to £713 (2012: £23).

#### *West Suffolk College*

During the year, purchase transactions totalled £3,860,018 (2012: £3,760,840). At 31 July 2013 the outstanding balance due to West Suffolk College was £ nil (2012: £275). In addition, sales transactions for the year totalled £65,545 (2012: £30,084). At 31 July 2013 the amounts owed by West Suffolk College amounted to £ nil (2012: £2,565).

#### *Great Yarmouth College*

During the year, purchase transactions totalled £1,122,814 (2012: £994,819). In addition, sales transactions for the year totalled £29,366 (2012: £22,576). At 31 July 2013 the amounts owed by Great Yarmouth College amounted to £2,546 (2012: £512).

#### *Lowestoft College*

During the year, purchase transactions totalled £1,133,892 (2012: £1,798,772). In addition, sales transactions for the year totalled £15,316 (2012: £31,934). At 31 July 2013 the amounts owed by Lowestoft College amounted to £ nil (2012: £1,850).

#### *Easton & Otley College*

During the year, purchase transactions totalled £658,780 (2012: £550,615). At 31 July 2013 the outstanding balance due to Easton & Otley College was £96 (2012: nil). In addition, sales transactions for the year totalled £30,762 (2012: £21,394). At 31 July 2013 the amounts owed by Easton & Otley College amounted to £ nil (2012: £466).

#### *Suffolk Union Services Ltd*

During the year, purchase transactions totalled £34,615 (2012: £30,262). At 31 July 2013 the outstanding balance due to Suffolk Union Services Ltd was £ nil (2012: £4,285 credit). There were no sales transactions for the year (2012: £ nil).

#### *Ipswich Borough Council*

During the year, purchase transactions totalled £354,665 (2012: £252,706). At 31 July 2013 the outstanding balance was £23 (2012: £146). Sales transactions to Ipswich Borough Council for the year totalled £30,416 (2012: £66,989). At 31 July 2013 the amounts owed by Ipswich Borough Council amounted to £35,200 (2012: £35,454).

**23 Disclosure of related party transactions (continued)**

*Suffolk County Council*

During the year, purchase transactions totalled £101,094 (2012: £149,526). At 31 July 2013 the outstanding balance was £150 (2012: £3,415). Sales transactions for the year totalled £255,023 (2012: £374,723). At 31 July 2013 the amounts owed by Suffolk County Council amounted to £3,833 (2012: £139,411).

In addition, Suffolk County Council provided capital grants during the year totalling £nil (2012: £800k). Of these, £ nil was outstanding at 31 July 2013 (2012: £ nil).

**24 Ultimate controlling undertaking**

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

# University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

## 25 Pension commitments

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

Total pension cost for the year	2013 £'000	2012 £'000
USS contributions paid	1,854	1,415
Local Government Pension Scheme	297	283
<b>Charged to the income and expenditure account</b>	<b>2,151</b>	<b>1,698</b>

### *Universities Superannuation Scheme (USS)*

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The company 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 FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. The latest triennial actuarial valuation of the scheme was at 31 March 2011. The actuary also carries out regular reviews of the funding levels. In particular they carry out a review of the funding level each year between triennial valuations. The triennial valuation was carried out using the projected unit method. The assumptions that have the most significant effect on the result of the valuation are as follows:

Investment returns per annum	6.1% per annum
Salary scale increases per annum	4.4% per annum
Pensions increase per annum	3.4% per annum
Discount rate	4.9% per annum

Assumed life expectations on retirement at age 65, based on standard mortality tables:

- Males currently aged 65 (45) 23.7 (25.6) years
- Females currently aged 65 (45) 25.5 (27.6) years

Notional value of assets at date of last valuation	£32,434 million
Proportion of members' accrued benefits covered by the notional value of the assets	92%

At 31 March 2013, USS had over 145,000 active members and UCS had 273 active members participating in the scheme.

**25 Pension commitments (continued)**

***Local Government Pension Scheme (LGPS)***

The LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. A full actuarial valuation was carried out at 31 March 2010 and updated to 31 July 2013 by a qualified independent actuary.

Under the definitions set out in FRS 17, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, however, the actuary of the scheme has identified the company's share of its assets and liabilities as at 31 July 2013. The contribution payable by the employer was set at 19.5% of pensionable salaries from August 2007. This was increased with effect from April 2011 to 22.3%.

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

The material assumptions used by the actuary for the purposes of FRS 17 at 31 July 2013 and 31 July 2012 were:

	<b>2013</b>	2012
	%	%
Future pension increases	<b>2.8</b>	2.2
Future salary increases	<b>5.1</b>	4.5
Expected return on assets	<b>5.8</b>	4.5
Discount rate	<b>4.6</b>	4.1

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

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

	<b>2013</b>	2012
	Years	Years
<i>Retiring today</i>		
Males	<b>21.4</b>	21.4
Females	<b>23.3</b>	23.3
<i>Retiring in 20 years</i>		
Males	<b>23.7</b>	23.7
Females	<b>25.7</b>	25.7



25 Pension commitments (continued)

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

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

	Long-term return	31 July 2013 Fund value £'000	Long-term return	31 July 2012 Fund value £'000
Equities	6.5%	3,774	5.5%	2,566
Bonds	4.0%	1,149	2.8%	1,283
Properties	4.6%	492	3.7%	442
Cash	3.4%	55	2.8%	133
		<u>5,470</u>		<u>4,424</u>

The following amounts at 31 July 2013 were measured in accordance with the requirements of FRS 17.

	2013 £'000	2012 £'000
<b>Analysis of the amount shown in the balance sheet</b>		
Fair value of employer assets	5,470	4,424
Present value of funded obligations	(7,499)	(6,780)
<b>Deficit in the scheme - net pension liability</b>	<u>(2,029)</u>	<u>(2,356)</u>
<b>Amount charged to staff costs in profit and loss account</b>		
Current service cost	297	266
Past service cost	-	17
<b>Total operating charge</b>	<u>297</u>	<u>283</u>
<b>Analysis of the amount charged to other finance costs</b>		
Expected return on pension scheme assets	205	266
Interest on pension scheme liabilities	(283)	(306)
<b>Total other finance costs</b>	<u>(78)</u>	<u>(40)</u>

# University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

## 25 Pension commitments (continued)

	2013 £'000	2012 £'000
<b>Analysis of the amount that is recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension assets	566	(235)
Experience gains and losses arising on scheme liabilities	-	(34)
Changes in assumptions underlying the present value of the scheme liabilities	(173)	(579)
<b>Actuarial gains/(losses) recognised in STRGL</b>	<b>393</b>	<b>(848)</b>
	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Analysis of the movement in the present value of scheme liabilities</b>		
At the beginning of year	6,780	5,687
Current service cost	297	266
Interest cost	283	306
Contributions by scheme participants	93	88
Actuarial losses	173	613
Past service costs	-	17
Benefits paid	(127)	(197)
<b>At end of the year</b>	<b>7,499</b>	<b>6,780</b>
	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Analysis of the movement in the fair value of scheme assets</b>		
At the beginning of year	4,424	4,181
Expected return on assets	205	266
Contributions by scheme participants	93	88
Contributions by the employer	309	321
Benefits paid	(127)	(197)
Actuarial gains/(losses)	566	(235)
<b>At end of the year</b>	<b>5,470</b>	<b>4,424</b>

The actual return on scheme assets in the year was £771,000 (2012: £31,000).

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
<b>Amounts for current and previous years:</b>					
Defined benefit obligation	(7,499)	(6,780)	(5,687)	(6,017)	(5,370)
Plan assets	5,470	4,424	4,181	4,165	3,269
Deficit	(2,029)	(2,356)	(1,506)	(1,852)	(2,101)
Experience adjustments on plan assets	566	(235)	(505)	215	(455)
Experience adjustments arising on scheme liabilities	-	(34)	738	-	5
Total amount recognised in statement of total recognised gains and losses	393	(848)	371	331	(1,069)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £1,048k.

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

The estimation of the employer contribution for the defined benefit scheme for the year to 31 July 2014 is £295k.

## University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2013

<b>26 Amounts disbursed as agents</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b><i>Access to Learning Funds (ALF)</i></b>		
Funding received from HEFCE	221	216
Brought forward from previous year	25	21
Amounts disbursed to students	(234)	(206)
Fund administration costs	-	(6)
<b>Excess of income over expenditure</b>	<b>12</b>	<b>25</b>

ALF grants are available solely to assist students, UCS acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account

<b><i>ITT Bursaries</i></b>	<b>£'000</b>	<b>£'000</b>
Funding received	-	100
Amounts disbursed to students	-	(94)
<b>Excess of income over expenditure</b>	<b>-</b>	<b>6</b>

Amounts shown above as excess of income over expenditure are included in the balance sheet as at 31 July 2013 as cash and creditors falling due within one year.

