

**University Campus Suffolk Ltd
Annual report and financial statements
for the year ended 31 July 2014**

Registered number: 05078498

University Campus Suffolk Ltd

Annual report for the year ended 31 July 2014

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University Campus Suffolk Ltd

Directors and advisors

Directors

Professor E Acton (Chair)
Professor M Abdel-Maguid (appointed 26 June 2014)
Mr B Adofo (appointed 30 January 2014)
Ms D Cadman
Professor P Cavenagh (appointed 24 April 2014)
Ms E Hazelgrove (appointed 30 January 2014)
Mr P Clement (appointed 30 January 2014)
Ms C A M Edey
Mr D Edwards
Professor A Forster (resigned 14 January 2014)
Ms F Hotston Moore (appointed 30 January 2014)
Mr R Lister (appointed 01 November 2013)
Mr O B Morris
Professor D J Muller (resigned 31 December 2013)
Mr M Pendlington (appointed 30 January 2014)
Professor W Pope (appointed 30 January 2014)
Professor M Saks (resigned 31 October 2013)
Dr N Savvas (appointed 15 October 2013)
Mr B J Summers
Dr E A Williams (resigned 30 August 2013)
Mr R Williams
Mr P Winter (appointed 30 January 2014)

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
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IP1 1PB

Solicitors

Mills & Reeve LLP
1 St James Court
Whitefriars
Norwich
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University Campus Suffolk Ltd

Strategic report for the year ended 31 July 2014

The directors present their strategic report for University Campus Suffolk Ltd for the year ended 31 July 2014.

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, achieving a total of 4,019 full time equivalents (FTEs) in 2012/13. In the year prior to the introduction of the Government's 2012 tuition fee reforms, UCS experienced a significant increase in its first year intake which was consistent with much of the rest of the higher education sector. The following year saw a widespread falling back in student demand which caused significant volatility in student numbers for many universities. In 2013/14 UCS' total student numbers fell by 2% to 3,926 FTEs, which comprised HEFCE-regulated students of 2,926 FTEs, and other student numbers (principally delivered under NHS contracts) of 1,000 FTEs.

2014/15 will represent the first year in which the vast majority of UCS students will be subject to the new tuition fee regime, and so to a large extent this will represent the first steady state year following the reforms. In 2014/15 UCS predicts its total student numbers to be 3,763 FTEs, of which HEFCE-regulated students are expected to be 2,745 FTEs and other students 1,018 FTEs.

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u> <u>(forecast)</u>
HEFCE FTEs	2,906	2,926	2,745
OTHER FTEs	1,113	1,000	1,018
TOTAL FTEs	4,019	3,926	3,763

Against the backdrop of very substantial changes in the market for HEFCE-regulated students, UCS continues to maintain its successful track record of delivery under its NHS and Social Work teaching contracts, which include both pre-registration and post-registration education and training. Maintaining and increasing both the quality of its delivery and its commission volumes with its NHS partners remains a high priority for UCS. In addition, UCS actively seeks to diversify its income streams, particularly from research, enterprise and consultancy activities. Total income from these sources in 2013/14 was £743k (2013: £847k).

University Campus Suffolk Ltd

Strategic report for the year ended 31 July 2014

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.

UCS acknowledges the increasingly competitive market environment in which it operates. These changes in the market are partly due to the Government's funding reforms which have placed increasing demands upon institutions to demonstrate high quality services and to offer value for money to students and sponsors. In addition, the planned deregulation of the system of student number controls has led to institutions adopting much more competitive behaviours than before. UCS continues to develop its strategies 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. A new institutional strategic plan for the period 2015-2020 will be published early in 2015.

With the support of the UCS Board and its member universities, UCS submitted its application for Teaching Degree Awarding Powers (TDAP) in May 2014. This application was accepted, and the Quality Assurance Agency (QAA) will be undertaking a full scrutiny of UCS' executive and academic governance commencing in October 2014. This period of scrutiny is likely to take at least twelve months to complete and, if successful, would be followed by an application for university title. UCS would then become the first independent university in Suffolk awarding its own degrees.

Financial highlights

In 2013/14 UCS generated a surplus before exceptional items of £305k and a deficit after exceptional items of £729k (2013: £921k surplus). The net cash inflow in the year from operating activities was £1,779k (2013: £2,157k) and the net cash outflow from capital expenditure was £231k (2013: £655k). The overall reduction in net debt in the year was £355k (2013: £331k), resulting in net debt at the year-end of £10,037k (2013: £10,392k). This comprises cash of £9,977k (2013: £9,871k) and bank debt of £20,012k (2013: £20,263k).

The exceptional items of £1,034k (2013: £nil) relate to the costs of an organisational restructure which took place in early 2014. This restructure had two main objectives, firstly to ensure that UCS' executive and academic structures were appropriate to deliver its strategic goals, and secondly to reduce recurrent salary costs by £1,300k per annum. Both these objectives were achieved and, in respect of the cost reductions, delivered savings of 22% from senior management salaries and 4.9% from operational pay.

Key financial indicators

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

	2014	2013
	£'000	£'000
Total income	37,459	37,987
Surplus before exceptional items and endowments	305	921
Surplus before exceptional items and endowments as a proportion of total income	0.8%	2.4%
(Deficit)/surplus after exceptional items and endowments	(719)	931
(Deficit)/surplus after exceptional items and endowments as a proportion of total income	(1.9)%	2.4%

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

University Campus Suffolk Ltd

Strategic report for the year ended 31 July 2014

	2014	2013
	<u>£'000</u>	<u>£'000</u>
Proportion of income generated from:		
• HEFCE Grants	18%	25%
• Education Contracts	23%	25%
• Tuition Fees	52%	41%
• Research contracts	1%	1%
• Other Income	6%	8%

The decrease in the proportion of income received from HEFCE grants to 18% (2013: 25%) is offset by the increase in the proportion of income generated from tuition fees to 52% (2013: 41%). This is the consequence of the Government's changes to the funding of higher education from 2012/13.

	2014	2013
	<u>£'000</u>	<u>£'000</u>
Total balance sheet funds	47,395	51,106

The decrease in total balance sheet funds to £47,395k (2013: £51,106k) is the result of the deficit after exceptional items sustained in the year (£729k), the release of deferred capital grants and a significant increase in the pension reserve liability relating to UCS' calculated share of the Local Government Pension Scheme (£1,516k).

Financial outlook

The UCS Board has approved a breakeven revenue budget for 2014/15. This allows for strategic and infrastructure revenue investments totalling £1,320k and is in addition to planned capital expenditure of £600k. A key driver for achieving the recurrent cost savings from the organisational restructure in 2014 was to provide funds for necessary investment in UCS' infrastructure and other strategic initiatives.

Whilst UCS remains confident in its ability to respond effectively to the volatility and increasing competitiveness of the higher education sector, it considers it prudent to anticipate relatively modest growth within its budgets in the short term. However, within its wider strategy, measures to achieve more significant year on year growth in student numbers are a key focus.

In summary, the immediate financial priorities are:

- to 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.

Looking further ahead, UCS has received approval for its 2015/16 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 increase for 2015 entry: £8,000 for Foundation degrees and £9,000 for Bachelor degrees (2014/15: £7,500 and £8,500 respectively). Tuition fees for UK and European Union part-time undergraduates will be £8,500 (2014/15: £7,980) pro-rata.

By 2015/16 UCS plans to spend approximately £2.4m on access and retention measures, 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. As a proportion of the tuition fees raised, UCS remains one of the highest-spending institutions in the sector on access measures, and it believes that this will be a key factor in continuing to deliver its success in widening participation in higher education.

Principal risks and uncertainties and financial risk management

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

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

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

Fail to recruit sufficient home students

Portfolio to be regularly reviewed to ensure provision is attractive and in line with market trends. Improved national reputation and visibility is a continued focus. Strategic plans for growth to be developed including assessment of individual subject areas.

Loss or significant reduction in pre-registration Health contract income

Attention to be paid to Key Performance Indicators including attrition, outturn and student satisfaction scores; to demonstrate innovation and capacity to commissioners and develop regional reputation and monitor internal processes that impact on QIPF and reputation and credibility with commissioning bodies.

Inability to invest in Estates infrastructure

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

Fail to develop additional external income streams

Faculties and Professional Services are to prioritise income generation; regularly monitor progress against targets; develop monitoring of external funding environment.

Fail to recruit sufficient international students

New structures and staffing embedded to develop international recruitment capacity; proactive approach to marketing undertaken; develop curriculum attractive to international market; obtain degree awarding powers to improve value to international markets.

Loss or significant reduction in post-registration health contract income

Further use of e-learning introduced to provide efficient delivery, and to improve reach and uptake; to continue to develop regional leadership role; develop additional income streams to ameliorate impact.

Fail to retain sufficient students

Retention project undertaken and action plan initiated: improved monitoring of students at risk and follow up of withdrawals; action taken in response to student surveys. Measures taken to improve student engagement; Student Experience Group established

Fail to generate sufficient funds for investment

Maintain strategic relationship with key funding stakeholders; develop monitoring of external funding environment; explore opportunities for commercial and philanthropic funding; establish robust project appraisal process to prioritise potential investments

Fail 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; good preparation takes place of documentation and teams for quality review processes

Inability to invest in IT infrastructure

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

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2014

The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2014.

Future developments

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

Directors

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

Financial risk management

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

Tangible fixed assets

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

Employee involvement and equal opportunities

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

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

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

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

Directors' third-party indemnity provision

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

Disclosure of information to auditors

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

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Directors' report for the year ended 31 July 2014

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 been in office for 5 years, the maximum allowed under the terms of the original tender and resulting contract. UCS will be tendering during 2014/15 for external audit services for the audit of the financial statements for the year ending 31 July 2015.

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 surplus or deficit 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.

Approved by the Board and signed by its order by



Mr T J Greenacre

Company Secretary

University Campus Suffolk Ltd

Statement of corporate governance and internal control

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

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

Following the submission of its application for Teaching Degree Awarding Powers (TDAP) in May 2014, UCS will undergo a full scrutiny by the Quality Assurance Agency (QAA) of its executive and academic governance commencing in October 2014. If successful, the next stage of its development would be for UCS to seek university title. The process of gaining degree awarding powers and university title is likely to take a significant period of time, and is not expected to complete before end of 2015 at the earliest.

During the year, UCS' governance structure has been reviewed and its Articles of Association amended. The key amendments are:

- to ensure the provisions for the composition of the Board are consistent with Schedule 7A of the 1988 Education Reform Act;
- to ensure the Articles are compliant with the Companies Act 2006 whilst also being educational in character.

The amended Articles require that at least half of the Board shall be independent directors, and provide for UCS staff and student representation on the Board.

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 the "Guide for Members of Higher Education Governing Bodies in the UK" 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 six. Each of the Committees is formally constituted with written terms of reference, specified membership and delegated powers. Day to day management of UCS is the responsibility of the UCS Executive which is headed by the Provost and Chief Executive Officer. The Provost and Chief Executive Officer is an ex-officio director of the company.

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

The Remuneration Committee determines the annual remuneration and conditions of senior staff, including the Provost and Chief Executive Officer. The Remuneration Committee is also responsible for recommending general changes in pay and conditions to the Board. The committee met 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.
- 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 outsourced internal audit team whose annual programme is approved by the Audit and Risk Committee;
- a risk register which is scored according to the likelihood and impact of the key risks, which are informed by the strategic plan and also linked to internal audit planning process.

University Campus Suffolk Ltd

Statement of corporate governance and internal control

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

Proper allocation of funds

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

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

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

Going concern

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

The directors have given this matter careful consideration and, cognisant of the above 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.

Approved by the Board and signed by its order by



Mr T J Greenacre
Company Secretary

University Campus Suffolk Ltd

Statement of public benefit

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

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

Background

UCS was founded in 2007, building on the de-merger of Suffolk College and the wider network of colleges in Suffolk and Great Yarmouth – from which UCS emerged as the higher education 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:

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

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

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

University Campus Suffolk Ltd

Statement of public benefit

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.

Approved by the Board and signed by its order by



Mr T J Greenacre
Company Secretary

University Campus Suffolk Ltd

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its deficit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by University Campus Suffolk Ltd, comprise:

- the balance sheet as at 31 July 2014;
- the income and expenditure account for the year then ended;
- the statement of total recognised gains and losses for the year then ended;
- the cash flow statement for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 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.

University Campus Suffolk Ltd

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, 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 ISAs (UK & 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.



Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
15 October 2014

University Campus Suffolk Ltd

Income and expenditure account for the year ended 31 July 2014

	Note	2014 £'000	2013 £'000
Income			
Funding body grants	2	6,579	9,665
Tuition fees and education contracts	3	28,274	25,061
Research grants and contracts	4	287	290
Other income	5	2,277	2,923
Endowment and investment income	6	42	48
Total income		37,459	37,987
Expenditure			
Staff costs	7	16,255	15,817
Other operating expenses	9	17,024	17,145
Depreciation	9	2,631	2,793
Interest and other finance costs	8	1,244	1,311
Total expenditure	9	37,154	37,066
Surplus before exceptional items and taxation		305	921
Exceptional items	10	(1,034)	-
(Deficit)/surplus after exceptional items and before taxation		(729)	921
Taxation	1	-	-
(Deficit)/surplus after taxation		(729)	921
Transferred from endowment funds		10	10
(Deficit)/surplus for the financial year	19	(719)	931

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 2014

	Note	2014 £'000	2013 £'000
(Deficit)/surplus for the financial year (before endowment transfer)		(729)	921
Actuarial (loss)/gain in respect of pension scheme	26	(1,516)	393
Total gains and losses recognised since last annual report		(2,245)	1,314
Opening reserves and endowments		4,407	3,093
Total recognised gains and losses for the year (as above)		(2,245)	1,314
Closing reserves and endowments		2,162	4,407

University Campus Suffolk Ltd

Balance sheet as at 31 July 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	11	<u>65,372</u>	<u>67,791</u>
Endowment assets	12	<u>144</u>	<u>154</u>
Current assets			
Debtors	13	<u>800</u>	<u>844</u>
Cash at bank and in hand		<u>9,833</u>	<u>9,717</u>
		10,633	10,561
Creditors: amounts falling due within one year	14	<u>(4,137)</u>	<u>(4,245)</u>
Net current assets		<u>6,496</u>	<u>6,316</u>
Total assets less current liabilities		72,012	74,261
Creditors: amounts falling due after more than one year	15	(19,708)	(20,012)
Provisions for liabilities	16	<u>(1,324)</u>	<u>(1,114)</u>
Net assets excluding pension liability		50,980	53,135
Pension liability	26	<u>(3,585)</u>	<u>(2,029)</u>
Net assets including pension liability		<u>47,395</u>	<u>51,106</u>
Represented by:			
Deferred capital grants	17	<u>45,233</u>	<u>46,699</u>
Endowment funds	18	<u>144</u>	<u>154</u>
Reserves			
Income and expenditure account excluding pension reserve		<u>5,603</u>	<u>6,282</u>
Pension reserve		<u>(3,585)</u>	<u>(2,029)</u>
Income and expenditure account including pension reserve	19	<u>2,018</u>	<u>4,253</u>
Total funds		<u>47,395</u>	<u>51,106</u>

The financial statements on pages 16 to 34 were approved by the Board of Directors on 15 October 2014 and were signed on its behalf by:



Mr R Lister
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 2014

	Note	2014 £'000	2013 £'000
Cash inflow from operating activities	20	1,779	2,157
Returns on investments and servicing of finance			
Interest received		25	62
Interest paid		(1,218)	(1,233)
Net cash outflow from returns on investments and servicing of finance		(1,193)	(1,171)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(449)	(739)
Deferred capital grants received		218	84
Net cash outflow from capital expenditure		(231)	(655)
Cash inflow before financing		355	331
Financing			
Bank loan repaid		(249)	(237)
Increase in cash in the year	21	106	94
Reconciliation of net cash flow to movement in net debt		£'000	£'000
Increase in cash in the year		106	94
Cash outflow from decrease in debt		249	237
Movement in net debt		355	331
Net debt at 1 August		(10,392)	(10,723)
Net debt at 31 July	21	(10,037)	(10,392)

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 UCS where it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. Disclosures in relation to these arrangements are included in the note 27 to the financial statements.

Taxation

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

Gifts in kind, including donated tangible fixed assets

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

1 Statement of accounting policies (continued)

Accounting for charitable donations

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

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

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

Tangible fixed assets

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

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

Freehold buildings	2-2.5%
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 2014

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.

	2014	2013
	£'000	£'000
2 Funding body grants		
Recurrent grants		
Higher Education Funding Council for England ("HEFCE") – via University of East Anglia	5,985	8,858
Deferred capital grants released in year		
Buildings	407	407
Equipment	187	400
	594	807
Total funding body grants	6,579	9,665

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

3	Tuition fees and education contracts	2014	2013
		£'000	£'000
	Tuition fees		
	Full-time home and EU students	17,012	13,520
	Full-time international students	329	346
	Part-time students	2,351	1,842
		19,692	15,708
	Education contracts		
	Health Education East of England	8,301	9,080
	Health and Care Professions Council	229	243
	Other contracts	52	30
		8,582	9,353
	Total tuition fees and education contracts	28,274	25,061
4	Research grants and contracts	2014	2013
		£'000	£'000
	Deferred capital grants released in the year	125	125
	Other grants and contracts	162	165
		287	290
5	Other income	2014	2013
		£'000	£'000
	Deferred capital grants released in year	965	1,466
	Other income	1,312	1,457
		2,277	2,923
6	Endowment and investment income	2014	2013
		£'000	£'000
	Income from deposits	42	48
7	Staff costs	2014	2013
		£'000	£'000
	Wages and salaries	13,161	12,609
	Social security costs	990	986
	Other pension costs (note 16 and note 26)	2,104	2,222
		16,255	15,817
	Directors' remuneration	£'000	£'000
	Aggregate emoluments	129	143
	Loss of office	17	-
	Pension contributions to USS	21	20
		167	163

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 2014

7 Staff costs (continued)

In 2014 the above emoluments comprise those paid to the Provost and Chief Executive Officer and two other Board members. In 2013 the above emoluments were paid to the Provost and Chief Executive Officer.

Emoluments of the Provosts

	2014 £'000	2013 £'000
Salary and benefits	119	143
Pension contributions	17	20
Loss of office	17	-
	<u>153</u>	<u>163</u>

There was one other member of staff with an annual salary in the band of £110,000 to £119,999 (excluding employer's pension contributions) (2013: 1 other member of staff with an annual salary in the band of £100,000 to £109,999). Retirement benefits are accruing to 3 directors (2013: 1) under the Universities Superannuation Scheme ("USS").

Payment for loss of office relates to payments made to Professor Saks following his stepping down as Provost and Chief Executive Officer to pursue a research professorship at UCS.

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

	2014 Number	2013 Number
Academic departments	206	209
Academic services	102	105
Administration and central services	94	91
Premises	22	25
	<u>424</u>	<u>430</u>

8 Interest and other finance costs

	2014 £'000	2013 £'000
Bank loans	1,217	1,233
Other finance costs (note 26)	27	78
	<u>1,244</u>	<u>1,311</u>

9 Analysis of total expenditure by activity

	Staff costs	Dep'n	Other operating expenses	Interest and other finance costs	2014 Total	2013 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	9,218	38	9,578	-	18,834	18,544
Academic services	2,779	-	1,375	-	4,154	4,111
Administration and central services	3,587	496	3,019	-	7,102	6,700
Research	-	125	-	-	125	125
Premises	671	1,972	2,507	1,217	6,367	6,026
Other	-	-	545	27	572	1,560
Year ended 31 July 2014	<u>16,255</u>	<u>2,631</u>	<u>17,024</u>	<u>1,244</u>	<u>37,154</u>	<u>37,066</u>
Year ended 31 July 2013	15,817	2,793	17,145	1,311	37,066	

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

Other operating expenses include:	2014 £'000	2013 £'000
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>28</u>

10 Exceptional items	2014 £'000	2013 £'000
Cost of restructure	<u>1,034</u>	<u>-</u>

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

11 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 1 August 2013	74,085	9,398	174	83,657
Additions	12	188	12	212
At 31 July 2014	<u>74,097</u>	<u>9,586</u>	<u>186</u>	<u>83,869</u>
Accumulated depreciation				
At 1 August 2013	7,792	8,074	-	15,866
Charge for the year	1,972	659	-	2,631
At 31 July 2014	<u>9,764</u>	<u>8,733</u>	<u>-</u>	<u>18,497</u>
Net book value				
At 31 July 2014	<u>64,333</u>	<u>853</u>	<u>186</u>	<u>65,372</u>
At 31 July 2013	<u>66,293</u>	<u>1,324</u>	<u>174</u>	<u>67,791</u>

At 31 July 2014, freehold land and buildings and assets in the course of construction included £18,029k (2013: £18,029k) in respect of freehold land which is not depreciated.

12 Endowment assets	2014 £'000	2013 £'000
At 1 August	154	164
New endowments received	-	-
Decrease in cash balances	<u>(10)</u>	<u>(10)</u>
At 31 July	<u>144</u>	<u>154</u>
Represented by:		
Cash at bank held for endowment funds	<u>144</u>	<u>154</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

13 Debtors	2014 £'000	2013 £'000
Trade debtors	240	227
Amounts owed by related parties	46	43
Other debtors	12	21
Prepayments and accrued income	502	553
	<u>800</u>	<u>844</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).

14 Creditors: amounts falling due within one year	2014 £'000	2013 £'000
Bank loans (note 15)	306	251
Trade creditors	422	364
Capital creditors	2	239
Amounts due to related parties	12	163
Taxation and social security payable	439	296
Other creditors	423	566
Accruals and deferred income	2,533	2,366
	<u>4,137</u>	<u>4,245</u>

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

15 Creditors: amounts falling due after more than one year	2014 £'000	2013 £'000
Bank loans	<u>19,708</u>	<u>20,012</u>

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

On 27 April 2010, UCS entered into an additional loan facility of £8,000,000 with Barclays Bank plc. The loan bears interest at a fixed rate of 4.37%. The loan is repayable in quarterly instalments through to October 2039, with no capital being repaid until July 2015.

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

Maturity profile	2014 £'000	2013 £'000
Amounts falling due:		
In under one year	306	251
Between one and two years	437	306
Between two and five years	1,947	1,422
In more than five years	17,322	18,284
	<u>20,012</u>	<u>20,263</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

16 Provisions for liabilities	Other provisions £'000	Other pension liabilities £'000	Enhanced pension contributions £'000	Total £'000
At 1 August 2013	243	245	869	1,114
Utilised for the year	-	(50)	(71)	(121)
Charged to the Income and Expenditure Account	243	13	75	331
At 31 July 2014	243	208	873	1,324

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

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

Other provisions relate to ongoing obligations in respect of the in-year redundancy programme.

17 Deferred capital grants	Funding council £'000	Other £'000	Total £'000
At 1 August 2013	14,658	32,041	46,699
Grants receivable	218	-	218
Released to income and expenditure account	(594)	(1,090)	(1,684)
At 31 July 2014	14,282	30,951	45,233

18 Endowment funds	Restricted Expendable	
	2014 £'000	2013 £'000
At 1 August	154	164
Expenditure	(10)	(10)
At 31 July	144	154
Represented by:		
Capital	144	154

19 Movement in income and expenditure account (including pension reserve)	£'000
At 1 August 2013	4,253
Deficit for the financial year	(719)
Actuarial loss on pension scheme (note 26)	(1,516)
At 31 July 2014	2,018

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

20 Reconciliation of surplus to net cash inflow from operating activities	2014 £'000	2013 £'000
(Deficit)/surplus after exceptional items	(729)	921
Endowment income and interest receivable	(42)	(48)
Deferred capital grant released	(1,684)	(2,398)
Depreciation and amounts written off fixed assets	2,631	2,793
Interest payable	1,217	1,233
Decrease in debtors	61	166
Increase/(decrease) in creditors	218	(821)
Increase in provisions	67	245
Pension costs less contributions payable	40	66
Net cash inflow/(outflow) from operating activities	<u>1,779</u>	<u>2,157</u>

21 Analysis of changes in net debt

	At 1 August 2013 £'000	Cash flow £'000	Non-cash movement £'000	At 31 July 2014 £'000
Cash at bank and in hand	9,717	116	-	9,833
Cash at bank held for endowment funds	154	(10)	-	144
	<u>9,871</u>	<u>106</u>	<u>-</u>	<u>9,977</u>
Debt due within one year	(251)	249	(304)	(306)
Debt due after one year	(20,012)	-	304	(19,708)
	<u>(10,392)</u>	<u>355</u>	<u>-</u>	<u>(10,037)</u>

Non-cash movements comprise changes between categories of borrowings.

22 Capital and other commitments

There were no unprovided capital commitments at 31 July 2014 (2013: nil).

23 Capital and reserves

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

24 Disclosure of related party transactions

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

University of East Anglia

During the year, UCS purchased goods and services to the value of £410,511 (2013: £379,493) from University of East Anglia ("UEA"). In addition, UCS provided services to UEA to the value of £4,750 (2013: £437) during the year.

University of Essex

During the year, UCS purchased goods and services to the value of £192,983 (2013: £491,336) from University of Essex. At 31 July 2014, the outstanding balance was £nil (2013: £162,705). In addition, UCS provided services to University of Essex to the value of £1,000 (2013: £10,361). At 31 July 2014, amounts owed by University of Essex amounted to £nil (2013: £533).

Suffolk New College

During the year, UCS purchased services to the value of £452,734 (2013: £542,927) from Suffolk New College. Sales transactions to Suffolk New College for the year totalled £11,297 (2013: £10,011). At 31 July 2014 the amounts owed by Suffolk New College amounted to £1,969 (2013: £712).

West Suffolk College

During the year, purchase transactions totalled £3,485,517 (2013: £3,860,018). In addition, sales transactions for the year totalled £23,759 (2013: £65,545).

Great Yarmouth College

During the year, purchase transactions totalled £1,118,058 (2013: £1,122,814). At 31 July 2014 the outstanding balance due to Great Yarmouth College was £11,250 (2013: £nil). In addition, sales transactions for the year totalled £21,069 (2013: £29,366). At 31 July 2014 the amounts owed by Great Yarmouth College amounted to £nil (2013: £2,546).

Lowestoft College

During the year, purchase transactions totalled £1,236,088 (2013: £1,133,892). In addition, sales transactions for the year totalled £7,274 (2013: £15,316).

Easton & Otley College

During the year, purchase transactions totalled £624,964 (2013: £658,780). At 31 July 2014 the outstanding balance due to Easton & Otley College was £nil (2013: £96). In addition, sales transactions for the year totalled £82,507 (2013: £30,762). At 31 July 2014 the amounts owed by Easton & Otley College amounted to £4,893 (2013: £nil).

Suffolk Union Services Ltd

During the year, purchase transactions totalled £28,563 (2013: £34,615). At 31 July 2014 the outstanding balance due to Suffolk Union Services Ltd was £1,405 (2013: £nil). There were no sales transactions for the year (2013: £ nil).

Ipswich Borough Council

During the year, purchase transactions totalled £192,845 (2013: £354,665). At 31 July 2014 the outstanding balance was £nil (2013: £23). Sales transactions to Ipswich Borough Council for the year totalled £46,375 (2013: £30,416). At 31 July 2014 the amounts owed by Ipswich Borough Council amounted to £35,000 (2013: £35,200).

Suffolk County Council

During the year, purchase transactions totalled £108,885 (2013: £101,094). At 31 July 2014 the outstanding balance was £nil (2013: £150). Sales transactions for the year totalled £135,399 (2013: £255,022). At 31 July 2014 the amounts owed by Suffolk County Council amounted to £3,652 (2013: £3,833).

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

25 Ultimate controlling undertaking

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

26 Pension commitments

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

Total pension cost for the year	2014	2013
	£'000	£'000
USS contributions paid	1,675	1,854
Local Government Pension Scheme	314	297
Local Government Pension Scheme Funding Strategy Accrual	44	-
Charged to the income and expenditure account	2,033	2,151

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 2014, USS had over 146,000 active members and UCS had 327 active members participating in the scheme.

26 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 2014 by a qualified independent actuary.

Under the definitions set out in FRS 17, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, however, the actuary of the scheme has identified the company's share of its assets and liabilities as at 31 July 2014. 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 2014 and 31 July 2013 were:

	2014	2013
	%	%
Future pension increases	2.7	2.8
Future salary increases	4.5	5.1
Expected return on assets	5.8	5.8
Discount rate	4.0	4.6

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:

	2014	2013
	Years	Years
<i>Retiring today</i>		
Males	22.4	21.4
Females	24.4	23.3
<i>Retiring in 20 years</i>		
Males	24.3	23.7
Females	26.9	25.7

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

26 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 2014 Fund value £'000	Long-term return	31 July 2013 Fund value £'000
Equities	6.7%	4,692	6.5%	3,774
Bonds	3.8%	1,360	4.0%	1,149
Properties	4.7%	680	4.6%	492
Cash	3.6%	68	3.4%	55
		<u>6,800</u>		<u>5,470</u>

The following amounts at 31 July 2014 were measured in accordance with the requirements of FRS 17.

	2014 £'000	2013 £'000
Analysis of the amount shown in the balance sheet		
Fair value of employer assets	6,800	5,470
Present value of funded obligations	(10,385)	(7,499)
Deficit in the scheme - net pension liability	<u>(3,585)</u>	<u>(2,029)</u>
Amount charged to staff costs in profit and loss account		
Current service cost	314	297
Total operating charge	<u>314</u>	<u>297</u>
Analysis of the amount charged to other finance costs		
Expected return on pension scheme assets	323	205
Interest on pension scheme liabilities	(350)	(283)
Total other finance costs	<u>(27)</u>	<u>(78)</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

26 Pension commitments (continued)

	2014 £'000	2013 £'000
Analysis of the amount that is recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension assets	810	566
Changes in assumptions underlying the present value of the scheme liabilities	<u>(2,326)</u>	<u>(173)</u>
Actuarial (losses)/gains recognised in STRGL	<u>(1,516)</u>	<u>393</u>
	2014 £'000	2013 £'000
Analysis of the movement in the present value of scheme liabilities		
At the beginning of year	7,499	6,780
Current service cost	314	297
Interest cost	350	283
Contributions by scheme participants	96	93
Actuarial losses	2,326	173
Losses on curtailments	9	-
Benefits paid	<u>(209)</u>	<u>(127)</u>
At end of the year	<u>10,385</u>	<u>7,499</u>
	2014 £'000	2013 £'000
Analysis of the movement in the fair value of scheme assets		
At the beginning of year	5,470	4,424
Expected return on assets	323	205
Contributions by scheme participants	96	93
Contributions by the employer	310	309
Benefits paid	<u>(209)</u>	<u>(127)</u>
Actuarial gains	810	566
At end of the year	<u>6,800</u>	<u>5,470</u>

The actual return on scheme assets in the year was £1,133k (2013: £771k).

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Amounts for current and previous years:				
Defined benefit obligation	(10,385)	(7,499)	(6,780)	(5,687)
Plan assets	6,800	5,470	4,424	4,181
Deficit	<u>(3,585)</u>	<u>(2,029)</u>	<u>(2,356)</u>	<u>(1,506)</u>
Experience adjustments on plan assets	810	566	(235)	(505)
Experience adjustments arising on scheme liabilities	-	-	(34)	738
Total amount recognised in statement of total recognised gains and losses	<u>(1,516)</u>	<u>393</u>	<u>(848)</u>	<u>371</u>

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £2,564k

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 2015 is £368k

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2014

27	Amounts disbursed as agents	2014	2013
		£'000	£'000
	<i>Access to Learning Funds (ALF)</i>		
	Funding received from HEFCE	216	221
	Brought forward from previous year	12	25
	Amounts disbursed to students	(210)	(234)
	Excess of income over expenditure	<u>18</u>	<u>12</u>

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