University Campus Suffolk Limited

Annual report
for the year ended 31 July 2007

Registered number: 05078498

Annual report for the year ended 31 July 2007

Contents

Directors and advisors

Directors	Professor W D Macmillan (Chair) Professor R J Anderson Mr J D Hehir Mr S L Holmes Mr M J More Professor D J Muller Mr P C Rainbird Dr A H Rich Professor C Riordan Mr B J Summers Dr E A Williams
Secretary	R A Quinton
Registered office	St Edmund House Rope Walk Ipswich Suffolk IP4 1LZ
Registered number	05078498
Auditors	PricewaterhouseCoopers LLP The Atrium St Georges Street Norwich Norfolk NR3 1AG
Bankers	Barclays Bank plc 1 Princes Street Ipswich Suffolk IP1 1PB
Solicitors	Mills & Reeve 1 St James Court Whitefriars Norwich Norfolk NR3 1RU

Directors' report for the year ended 31 July 2007

The directors present their report and the audited financial statements for the year ended 31 July 2007.

Principal activities
The principal activity of the company is the advancement of education, learning and research in Ipswich and the surrounding areas. University Campus Suffolk ("UCS") is a company limited by guarantee and is an exempt charity.

Business review and future developments
The primary function of the company during the past 12 months has been the continued planning and preparation of the infrastructure required to accept the transfer of staff contracts and Higher Education ("HE") students from the University of East Anglia ("UEA") and Suffolk New College on 1 August 2007. All HE student contracts delivered by Suffolk New College and student courses delivered in Bury St. Edmunds, Great Yarmouth and Lowestoft by UEA were transferred on 1 August 2007. In addition, with effect from 1 September 2007, UCS accepted its first cohort of students commencing degree programmes.

During 2007 UCS acquired land from Suffolk New College to enable the construction of the first phase of the campus development. This is being funded through grants received from the Higher Education Funding Council for England ("HEFCE"), the East of England Development Agency and Suffolk County Council.

During the year ended 31 July 2007, UCS has received grant funding amounting to £17.5m from HEFCE under its Strategic Development Fund, Suffolk County Council and the East of England Development Agency. £5.2m of this remained unspent at the year end.

Results and dividends
The result for the year ending 31 July 2007 was a profit of £nil (2006: £nil), as set out on page 5. The directors do not recommend payment of a dividend (2006: £nil).

Financial risk management
The company's operations expose it to a variety of financial risks, the most significant of which is liquidity risk. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Liquidity risk
The company maintains sufficient cash balances so as to ensure it has sufficient available funds for operations.

Directors
The directors who held office during the year and in the period up the signing of these financial statements were:

Professor R J Anderson	
Professor Sir I Crewe	(resigned 01/10/07)
Professor D S Eastwood	(resigned 31/08/06)
Mr J D Hehir	
Mr S L Holmes	
Professor W D Macmillan	(appointed 01/09/06)
Mr M J More	
Professor D J Muller	
Mr P C Rainbird	
Dr A H Rich	
Professor C Riordan	(appointed 01/10/07)
Mr B J Summers	
Dr E A Williams	

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2007 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Statement of disclosure of information to auditors
The directors confirm that, so as far as they are aware, at the date of signing these financial statements there is no relevant audit information of which the auditor is unaware. They also confirm they have taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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

By order of the Board

R A Quinton
Company Secretary

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

We have audited the financial statements of University Campus Suffolk Limited for the year ended 31 July 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its result for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Norwich

26 November 2007

Profit and loss account for the year ended 31 July 2007

	Note	2007 £	2006 £
Other operating income			
Funding council and other grants		**1,829,681**	1,511,873
Operating expenses		**(1,922,252)**	(1,511,873)
Operating (loss)/result	2	**(92,571)**	-
Bank interest receivable		**92,571**	-
Profit before taxation		-	-
Taxation on profit on ordinary activities	5	-	-
Retained profit for the financial year		-	-

The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

The results for the year and the prior year are derived entirely from continuing operations.

Balance sheet as at 31 July 2007

	Note	2007 £	2006 £ (restated)
Fixed assets			
Tangible assets	6	**12,959,501**	22,421
Current assets			
Debtors	7	**3,964,985**	1,453,034
Cash at bank and in hand		**3,007,741**	33,266
		6,972,726	1,486,300
Creditors: amounts falling due within one year	8	**(7,029,171)**	(1,494,014)
Net current liabilities		**(56,445)**	(7,714)
Total assets less current liabilities		**12,903,056**	14,707
Creditors: amounts falling due after one year	9	**(12,903,056)**	(14,707)
		-	-
Capital and reserves			
Profit and loss account	10	**-**	-
Total funds		**-**	-

The prior year comparatives have been restated for consistency with the current year basis of allocation of deferred capital grants between those falling due inside and outside of one year. There is no impact on net assets.

The financial statements on pages 5 to 12 were approved by the Board on 15 November 2007 and signed on its behalf by:

Professor W D Macmillan
Chair of the Board of Directors

Professor R J Anderson
Chief Executive

Notes to the financial statements for the year ended 31 July 2007

1. Accounting policies

Basis of accounting
The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Going concern
At the date of signing these financial statements the Company has entered discussions with potential term loan providers. This finance will be required within 12 months of signing these financial statements in order to continue with the planned capital development programme. The directors are confident that finance will be extended to the Company and therefore consider it appropriate to prepare the financial statements on a going concern basis.

Cash flow statement
The company qualifies as a small company under the terms of Section 247 of Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

Tangible fixed assets
Tangible fixed assets are shown at cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition and attributable finance costs. Depreciation commences once the asset is brought into use and is calculated so as to write off the cost of the assets over their expected useful economic life. The principal annual rates used are:

Freehold land	Not depreciated
Furniture, fixtures and fittings	12½% straight line
Computer equipment	25% straight line

Grants
The company has received grant funding from the Higher Education Funding Council for England and contributions from the East of England Development Agency and Suffolk County Council. The purpose of the funding is to contribute towards the cost of establishing a higher education institution in Suffolk. There are no specific performance criteria attached to the funding.

The funding is released to other operating income in the profit and loss account so as to match income to operating expenses net of bank interest receivable. Bank interest receivable relates to that accrued on the unspent grant monies held in the company's bank account, therefore the terms for expending the interest are deemed to be identical to the associated grant monies and are therefore similarly released to match expenses incurred. The element of the grant not released to the profit and loss account is held on the balance sheet as deferred grant income.

Grants received to assist with the purchase of tangible fixed assets are held on the balance sheet within deferred capital grants and amortised over a period to match the life of the asset acquired.

Deferred grant income is classified as a creditor due within one year to the extent that the income is unspent at the balance sheet date. A transfer is also made from deferred capital grants outside of one year to within one year to cover the expected depreciation charge for the subsequent year.

Pensions
The company participates in the Universities Superannuation Scheme ("USS"). Given the nature of the scheme it is not possible to identify each members' share of the underlying assets and liabilities of the scheme and hence contributions are accounted for as if it were a defined contribution scheme. The cost recognised in the profit and loss account represents the contributions payable in the year.

2. Operating loss

Operating loss is stated after charging:

	2007	2006
	£	£
Remuneration paid to the company's auditors:		
- Audit services in respect of statutory audit services	**7,050**	5,875
- Non-audit services – taxation compliance	**2,644**	1,000
Depreciation	**56,445**	7,714
Capital grant amortisation	**(56,445)**	(7,714)

3. Directors' emoluments

	2007	2006
	£	£
Aggregate emoluments	**133,983**	63,408

The only director to receive any emoluments from the company was the Chief Executive, who was appointed as a director on 1 January 2006.

Retirement benefits are accruing to 1 director (2006: 1) under the Universities Superannuation Scheme.

4. Employee information

The average monthly number of staff (including executive directors) employed by the company during the year was:

	2007	2006
	Number	Number
By activity:		
Administration	**25**	2

	2007 £	2006 £
Staff costs (for the above persons):		
Wages and salaries	**704,777**	91,497
Social Security costs	**61,620**	9,026
Other pension costs (note 11)	**90,950**	12,810
	857,347	113,333

5. Taxation

The company has a £nil tax charge for the period. There is no difference between its accounting profit and profit chargeable to corporation tax.

6. Tangible fixed assets

	Assets in course of construction	Freehold land	Fixtures, Fittings and Equipment	Total
	£	£	£	£
Cost				
At 1 August 2006	-	-	30,857	30,857
Additions	6,445,758	6,250,000	297,767	12,993,525
At 31 July 2007	**6,445,758**	**6,250,000**	**328,624**	**13,024,382**
Accumulated depreciation				
At 1 August 2006	-	-	(8,436)	(8,436)
Charge in the period	-	-	(56,445)	(56,445)
At 31 July 2007	**-**	**-**	**(64,881)**	**(64,881)**
Net book amount				
At 31 July 2007	**6,445,758**	**6,250,000**	**263,743**	**12,959,501**
At 31 July 2006	-	-	22,421	22,421

7. Debtors

	2007	2006
	£	£
Amounts owed by UEA	108,955	-
Amounts owed by HEFCE	-	1,453,034
Other debtors	3,856,030	-
	3,964,985	1,453,034

8. Creditors: amounts falling due within one year

	2007	2006
	£	£ (restated)
Trade creditors	116,897	-
Accruals and deferred income	6,824,712	17,262
Deferred capital grants	56,445	7,714
Other taxation and social security	31,117	11,340
Amounts owed to UEA	-	1,457,698
	7,029,171	1,494,014

The prior year comparatives have been restated to follow the current year basis of allocation of deferred capital grants between those falling due inside and outside of one year.

Included within deferred income is unmatched grant income of £5,222,439 (2006: £nil). The Directors consider the potential liability to repay grants is unlikely to crystallise as a result of the performance criteria of the grants.

9. Creditors: amounts falling due after one year

	2007	2006
	£	£ (restated)
Deferred capital grants	12,903,056	14,707
	12,903,056	14,707

The prior year comparatives have been restated to follow the current year basis of allocation of deferred capital grants between those falling due inside and outside of one year.

10. Capital and reserves

The company has no share capital as it is limited by guarantee. All members of the company undertake to contribute such an amount 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.

The members at 31 July 2007 are:

University of East Anglia

University of Essex

11. Pensions

The Company participates in the Universities Superannuation Scheme ("USS"), a defined benefit scheme.

Universities Superannuation Scheme

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the result for the year in the profit and loss account represents the contributions payable to the scheme in the year.

The latest actuarial valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to service and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to service and promotion) and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method. At the valuation date, the value of the assets of the scheme was £21,740 million and the value of past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of that valuation.

The total pension cost for the Company was £90,950 (2006: £12,810).

12. Related party transactions

The following are considered to be related parties due to the senior positions held by directors of the Company in these organisations. All related party transactions were undertaken at arm's length.

University of East Anglia

Purchase transactions in the year amounted to £392,132 (2006: £1,418,694). Amounts due from and to the University of East Anglia are disclosed in notes 7 and 8 respectively, other than an accrual of £137,482 (2006: £nil) not invoiced at the year end.

University of Essex

Purchase transactions in the year amounted to £18,604 (2006: £93,179). There were no balances outstanding at the year end (2006: £nil).

Suffolk New College

Non-capital purchase transactions in the year amounted to £199,814 (2006: £nil). Of this balance £185,446 (2006: £nil) was accrued but not invoiced at the year end and £25,450 (2006: £nil) was due from Suffolk New College at the year end.

UCS purchased freehold land from Suffolk New College for consideration of £6,000,000 (2006: £nil). No balances were outstanding at the year end.

West Suffolk College

Transactions in the year amounted to £nil (2006: £nil) and there were no balances outstanding at the year end (2006: £nil).

Suffolk County Council

Purchase transactions with Suffolk County Council ("SCC") amounted to £210,689 (2006: £nil) and of this £67,971 (2006: £nil) was accrued but not invoiced by SCC at the year end.

SCC contributed capital grants of £4,255,281 (2006: £nil) during the year. Of this balance £1,686,078 was due from SCC at the year end (2006: £nil).

Ipswich Borough Council

Purchase transactions with Ipswich Borough Council amounted to £24,133 (2006: £nil). No balances were outstanding at the year end.

13. Ultimate controlling undertaking

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

14. Post balance sheet events

On 1 August 2007, University Campus Suffolk became fully operational. On this date, contracts for the teaching of HEFCE funded students were transferred to UCS from Suffolk New College, Otley College and the University of East Anglia. Contracts for the education of Nursing and Allied Health Profession students with the East of England Strategic Health Authority were also transferred from Suffolk New College. Linked to the transfer of these contracts, approximately 250 members of staff transferred under TUPE arrangements from Suffolk New College to UCS.

15. Capital commitments

The aggregate total of capital contracted for, but not provided for, at the balance sheet date was:

	2007	2006
	£	£
	23,970,000	-