

**University Campus Suffolk Ltd
Annual report and financial statements
for the year ended 31 July 2012**

Registered number: 05078498

University Campus Suffolk Ltd

Annual report for the year ended 31 July 2012

Contents

Directors and advisors	1
Directors' report	2
Statement of corporate governance and internal control	7
Statement of public benefit	10
Independent auditors' report	12
Income and expenditure account	14
Statement of total recognised gains and losses	15
Balance sheet	16
Cash flow statement	17
Notes to the financial statements	18

University Campus Suffolk Ltd

Directors and advisors

Directors

Professor E Acton (Chair)
Professor C Riordan (resigned 5 September 2012)
Professor A Forster (appointed 6 September 2012)
Professor M Saks
Dr W Campbell (appointed 1 September 2011, resigned 6 November 2011)
Ms C A M Edey
Mr D Edwards
Ms Deborah Cadman (appointed 19 December 2011)
Mr B Morris (appointed 7 November 2011)
Professor D J Muller
Ms L Robinson (appointed 1 September 2011, resigned 18 December 2011)
Mr B J Summers
Dr E A Williams
Mr R Williams

Company Secretary

Mr T J Greenacre

Registered office

Waterfront Building
Neptune Quay
Ipswich
Suffolk
IP4 1QJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
St Georges Street
Norwich
Norfolk
NR3 1AG

Bankers

Barclays Bank plc
1 Princes Street
Ipswich
Suffolk
IP1 1PB

Solicitors

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

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2012

The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2012.

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") 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 it began its operations in 2007/08, UCS has consistently delivered year-on-year growth in its HEFCE-funded student numbers. This trend continued in 2011/12 with 3,059 full time equivalents (FTEs), representing an increase of 6% over 2010/11. Further growth to 3,441 FTEs is forecast in 2012/13.

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u> <u>(forecast)</u>
HEFCE FTEs	2,637	2,887	3,059	3,441
Growth %		9%	6%	12%

In addition, UCS has continued to successfully deliver its contracted student numbers within its NHS teaching contracts, which cover both pre-registration and post-registration education and training.

During the year, UCS successfully negotiated the purchase of a significant plot of land on University Quay. This major land purchase is the next phase in UCS' long term vision to create a high quality higher education campus based around the Ipswich Waterfront. Whilst planning for UCS' future use of the site is at an early stage, the site will continue be used as a public car park.

Within the wider Learning Network, the first phases of development of the higher education facilities at West Suffolk College and Lowestoft College were completed. Once all phases are complete, UCS' total capital investment in these projects will be £2,800k.

Looking forward, UCS continues to develop its strategic plans in the light of the rapidly changing higher education funding environment. Whilst there will inevitably be uncertainty over the short term impact of reductions in government support for higher education tuition, UCS remains focussed on achieving continued student number growth in the medium term, and it regards its ability to respond to market conditions as one of the organisation's key strengths.

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.

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2012

Financial highlights

In 2011/12 UCS generated a surplus of £1,823k (2011: £2,324k). The net cash inflow in the year from operating activities was £3,200k (2011: £5,107k) and the net cash outflow from capital expenditure was £1,889k (2011: £4,164k). The overall increase in cash in the year was £118k (2011: £8,057k), resulting in year-end cash balances of £9,613k (2011: £9,535k).

Key financial indicators

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

	2012	2011
	£'000	£'000
Total income	38,782	37,255
Surplus before exceptional items	1,822	2,659
Surplus before exceptional items as a proportion of total income	5%	7%
Surplus after exceptional items	1,822	2,313
Surplus after exceptional items as a proportion of total income	5%	6%

The decrease in the surplus before exceptional items as a proportion of total income to 5% (2011: 7%) is largely the result of continued reductions in HEFCE funding per student FTE as well as completion of the Aim Higher funding stream in 2010/11. In addition there was a small reduction in NHS teaching contract income. These reductions were anticipated within UCS' planned expenditure budgets for the year.

	2012	2011
	£'000	£'000
Proportion of income generated from:		
• HEFCE Contract	36%	40%
• NHS Teaching Contracts	21%	22%
• Tuition Fees	31%	28%
• Research contracts	1%	1%
• Other Income	11%	9%

The increase in the proportion of income generated from tuition fees to 31% (2011: 28%) is the consequence of UCS's increasing student population, with a continuing increase in the proportion of full-time students.

	2012	2011
	£'000	£'000
Total balance sheet funds	52,106	53,842

The decrease in total balance sheet funds to £52,106k (2011: £53,842k) is the result of the release of deferred capital grants to fund capital developments in the Learning Network, and an increase in the calculated pension deficit arising from UCS's share of the assets and liabilities of the Local Government Pension Scheme in addition to the result for the year.

Financial outlook

UCS has budgeted for an operational surplus of £1,513k in 2012/13 (2011/12 budget: £505k surplus). This is in addition to planned capital expenditure of £842k on the Ipswich campus and £1,233k in the Learning Network.

The unpredictable market impact of the Government's changes to the financing of Higher Education created a very uncertain recruitment round for the HE sector in 2012, with many institutions reporting shortfalls against their previous levels of student recruitment. In setting its 2012/13 budget, UCS considered that it would be prudent to anticipate a significant reduction in the new student intake compared to 2011/12.

Despite this reduction, the rapid growth experienced by UCS in recent years means that the institution still expects to grow its student population as a whole in 2012/13. This is considered to be achievable due to the relatively low numbers within the 2011/12 graduating

student cohort, compared to the increasing size of the new intakes over the past two years. Whilst this overall increase in the student population may provide a short term buffer against the financial impact of a difficult recruiting year, achieving year on year growth as soon as possible remains a high priority.

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

The introduction of higher tuition fees will lead to increasing demands upon institutions to demonstrate high quality services and to offer value for money to students and sponsors. Therefore in planning ahead, the Board needs to balance the challenges of the financial environment against the need to continue to develop and invest in facilities and services.

In summary, the immediate financial priorities are:

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

Principal risks and uncertainties and financial risk management

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

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

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

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

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

Fail to manage the implications of changes to student fees

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

Insufficient accommodation available to support student demand

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

Loss or significant reduction in NHS funding

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

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2012

Fail to gain additional student numbers

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

Fail to recruit sufficient international students

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

Fail to retain sufficient students

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

Fail to develop additional external income streams

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

Fail to manage large public sector expenditure cuts

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

Fail to meet requirements of loan facility

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

Tangible fixed assets

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

Employee involvement and equal opportunities

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

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

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

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

Directors' third-party indemnity provision

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

University Campus Suffolk Ltd

Directors' report for the year ended 31 July 2012

Disclosure of information to auditors

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

Availability of financial statements on the web site

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

Independent auditors

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

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Statement of Recommended Practice: Accounting for Further and Higher Education. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



T J Greenacre

Company Secretary

29 October 2012

University Campus Suffolk Ltd

Statement of corporate governance and internal control

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

UCS is a company limited by guarantee, and is jointly controlled by University of East Anglia and University of Essex.

The primary documents of governance are the company's Memorandum and Articles of Association, and the principal statutory body of UCS is its Board of Directors ("the Board"). All full members of the Board are directors of the company under the Companies Act 2006.

Principles and ethos of UCS

UCS aims to conduct its activities in accordance with the seven principles set out in the Nolan Committee report on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. UCS is committed to exhibiting best practice in all aspects of corporate governance and applies the principles set out in the UK Corporate Governance Code (2010) issued by the Financial Reporting Council, as applicable to higher education institutions, and specifically complying with guidance issued by the Committee of University Chairmen 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. Each of these Committees is formally constituted with written terms of reference, specified membership and delegated powers. Day to day management of UCS is the responsibility of the UCS Executive which is headed by the Provost and Chief Executive Officer. The Provost and Chief Executive Officer is an ex-officio director of the company.

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

The Remuneration Committee determines the annual remuneration and conditions of senior staff, including the Provost and Chief Executive Officer. The Remuneration Committee is also responsible for recommending general changes in pay and conditions to the Board. The committee did not meet during the year due to there being no increase in senior staff salaries during the period.

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.

University Campus Suffolk Ltd

Statement of corporate governance and internal control

- To approve the internal audit programme with reference to the risk register, and to review the work of the Internal Auditor and receive an annual report prepared by the Internal Auditor.

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

Statement of internal control

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

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

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

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

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

Proper allocation of funds

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

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

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

University Campus Suffolk Ltd

Statement of corporate governance and internal control

- secure the economical, efficient, and effective management of UCS's resources and expenditure.

Going concern

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

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

By order of the Board



T J Greenacre
Company Secretary

29 October 2012

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. Both institutions are exempt charities under the terms of Charities Act 2011.

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, 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.

University Campus Suffolk Ltd

Statement of public benefit

Widening Participation

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

Leap

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

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

Bursaries and Fee Waivers

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

Community engagement

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

The UCS Strategic Plan states:

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

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

Sustainability policy

UCS's sustainability policy statement is as follows:

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

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

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

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

University Campus Suffolk Ltd

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

We have audited the financial statements of University Campus Suffolk Ltd for the year ended 31 July 2012 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2012 and of its surplus, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and

Opinion on other matter prescribed by the Companies Act 2006

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

University Campus Suffolk Ltd

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

Matters on which we are required to report by exception

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

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



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

1 November 2012

University Campus Suffolk Ltd

Income and expenditure account for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
Income			
Funding body grants	2	14,064	14,826
Tuition fees and education contracts	3	20,151	18,528
Research grants and contracts	4	444	380
Other Income	5	4,065	3,504
Endowment and investment income	6	58	17
Total income		38,782	37,255
Expenditure			
Staff costs	7	14,488	14,086
Other operating expenses	9	17,861	15,893
Depreciation	9	3,328	3,632
Interest and other finance costs	8	1,283	985
Total expenditure	9	36,960	34,596
Surplus before exceptional items and taxation		1,822	2,659
Taxation	1	-	-
Surplus after taxation and before exceptional items		1,822	2,659
Exceptional items	10	-	(346)
Surplus after exceptional items		1,822	2,313
Transferred from endowment funds		1	11
Surplus for the financial year retained	19	1,823	2,324

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 2012

	Note	2012 £'000	2011 £'000
Surplus for the financial year (before endowment transfer)		1,822	2,313
Actuarial (loss)/gain in respect of pension scheme	26	(848)	371
New endowments	18	41	-
		<hr/>	<hr/>
Total gains and losses recognised since last annual report		1,015	2,684
		<hr/>	<hr/>
Opening reserves and endowments		2,078	(606)
Total recognised gains/(losses) for the year (as above)		1,015	2,684
		<hr/>	<hr/>
Closing reserves and endowments		3,093	2,078
		<hr/>	<hr/>

University Campus Suffolk Ltd

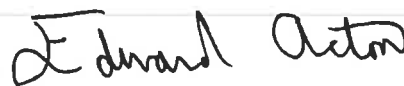
Balance sheet as at 31 July 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	11	<u>69,954</u>	<u>70,301</u>
Endowment assets	12	<u>164</u>	<u>124</u>
Current assets			
Debtors	13	1,025	1,763
Cash at bank and in hand		<u>9,613</u>	<u>9,535</u>
		10,638	11,298
Creditors: amounts falling due within one year	14	<u>(5,132)</u>	<u>(5,005)</u>
Net current assets		<u>5,506</u>	<u>6,293</u>
Total assets less current liabilities		75,624	76,718
Creditors: amounts falling due after more than one year	15	(20,293)	(20,500)
Provisions for liabilities	16	<u>(869)</u>	<u>(870)</u>
Net assets excluding pension liability		54,462	55,348
Pension liability	26	<u>(2,356)</u>	<u>(1,506)</u>
Net assets including pension liability		<u>52,106</u>	<u>53,842</u>
Represented by:			
Deferred capital grants	17	<u>49,013</u>	<u>51,764</u>
Endowments – restricted expendable	18	<u>164</u>	<u>124</u>
Reserves			
Income and expenditure account excluding pension reserve		5,285	3,460
Pension reserve		<u>(2,356)</u>	<u>(1,506)</u>
Income and expenditure account including pension reserve	19	<u>2,929</u>	<u>1,954</u>
Total funds		<u>52,106</u>	<u>53,842</u>

The financial statements on pages 14 to 33 were approved by the Board of Directors on 29 October 2012 and were signed on its behalf by:



Professor M. Saks
Provost and Chief Executive



Professor E. Acton
Chair of Board of Directors

Registered Number: 05078498

University Campus Suffolk Ltd

Cash flow statement for the year ended 31 July 2012

	Note	2012 £'000	2011 £'000
Cash inflow from operating activities	20	<u>3,200</u>	<u>5,107</u>
Returns on investments and servicing of finance			
Interest received		43	17
Interest paid		(1,236)	(903)
Net cash outflow from returns on investments and servicing of finance		<u>(1,193)</u>	<u>(886)</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(2,880)	(5,900)
New endowments received		41	-
Deferred capital grants received		950	1,736
Net cash outflow from capital expenditure		<u>(1,889)</u>	<u>(4,164)</u>
Cash inflow before financing		<u>118</u>	<u>57</u>
Financing			
New bank loans		-	8,000
Increase in cash in the year	21	<u>118</u>	<u>8,057</u>
Reconciliation of net cash flow to movement in net debt		£'000	£'000
Increase in cash in the year		118	8,057
Cash outflow from increase in debt		-	(8,000)
Movement in net debt		<u>118</u>	<u>57</u>
Net debt at 1 August		(10,841)	(10,898)
Net debt at 31 July	21	<u>(10,723)</u>	<u>(10,841)</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

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

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

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

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

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

Agency arrangements

Funds that UCS receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the UCS where it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. Disclosures in relation to these arrangements are included in the note 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 2012

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.

	2012	2011
	£'000	£'000
2 Funding body grants		
Recurrent grants		
Higher Education Funding Council for England ("HEFCE") – via University of East Anglia	<u>13,163</u>	<u>13,337</u>
Specific grants		
Aim Higher	(33)	600
Other grants	<u>1</u>	<u>1</u>
	<u>(32)</u>	<u>601</u>
Deferred capital grants released in year		
Buildings	407	418
Equipment	<u>526</u>	<u>470</u>
	<u>933</u>	<u>888</u>
Total funding body grants	<u>14,064</u>	<u>14,826</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

3 Tuition fees and education contracts	2012	2011
	£'000	£'000
Tuition fees		
Full-time home and EU students	10,235	8,429
Full-time international students	251	257
Part-time students	1,708	1,691
	<u>12,194</u>	<u>10,377</u>
Education contracts		
Strategic Health Authorities	7,649	7,868
General Social Care Council	280	257
Other contracts	28	26
	<u>7,957</u>	<u>8,151</u>
Total tuition fees and education contracts	<u>20,151</u>	<u>18,528</u>
4 Research grants and contracts	2012	2011
	£'000	£'000
Deferred capital grants released in the year	125	83
Other grants and contracts	319	297
	<u>444</u>	<u>380</u>
5 Other income	2012	2011
	£'000	£'000
Deferred capital grants released in year	2,643	1,769
Other income	1,422	1,735
	<u>4,065</u>	<u>3,504</u>
6 Endowment and investment income	2012	2011
	£'000	£'000
Income from deposits	58	17
7 Staff costs	2012	2011
	£'000	£'000
Wages and salaries	11,800	11,495
Social security costs	930	892
Other pension costs (note 16 and note 26)	1,758	1,699
	<u>14,488</u>	<u>14,086</u>
Staff costs relate to staff directly employed by University Campus Suffolk Ltd. Staff employed in the Learning Network colleges to deliver Higher Education are disclosed in the financial statements of the respective colleges.		
Directors' remuneration	£'000	£'000
Aggregate emoluments	142	143
Pension contributions to USS	20	20
	<u>162</u>	<u>163</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

7 Staff costs (continued)

In 2012 and 2011 the above emoluments comprise those paid to the Provost and Chief Executive Officer.

There was one other member of staff with an annual salary in the band of £100,000 to £109,999 (excluding employer's pension contributions) (2011: 1). Retirement benefits are accruing to 1 director (2011: 1) under the Universities Superannuation Scheme ("USS").

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

	2012	2011 (restated)
	Number	Number
Academic departments	203	195
Academic services	97	86
Administration and central services	89	96
Premises	23	22
	<u>412</u>	<u>399</u>

8 Interest and other finance costs

	2012 £'000	2011 £'000
Bank loans	1,243	933
Other finance costs (note 26)	40	52
	<u>1,283</u>	<u>985</u>

9 Analysis of total expenditure by activity

	Staff costs £000	Dep'n £000	Other operating expenses £000	Interest and other finance costs £000	2012 Total £000	2011 Total (restated) £000
Academic departments	8,056	49	9,276	-	17,381	16,759
Academic services	2,513	-	1,231	-	3,744	3,485
Administration and central services	3,143	1,222	2,674	-	7,039	7,252
Research	155	125	114	-	394	380
Premises	621	1,932	2,334	1,283	6,170	6,235
Other	-	-	2,232	-	2,232	485
Year ended 31 July 2012	<u>14,488</u>	<u>3,328</u>	<u>17,861</u>	<u>1,283</u>	<u>36,960</u>	<u>34,596</u>
Year ended 31 July 2011	14,086	3,632	15,893	985	34,596	

The comparatives have been restated to reflect the basis of allocation of expenses in the current year.

	2012 £'000	2011 £'000
Other operating expenses include:		
External auditors' remuneration in respect of audit fees	40	32
External auditors' remuneration in respect of other services	3	15
Internal auditors' remuneration	<u>29</u>	<u>23</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

	2012 £'000	2011 £'000
10 Exceptional items		
Cost of employee voluntary severance scheme	-	346

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 2011	71,158	8,766	122	80,046
Transfers	354	40	(394)	-
Additions	2,233	238	510	2,981
At 31 July 2012	73,506	9,044	238	83,027
Accumulated depreciation				
At 1 August 2011	3,891	5,854	-	9,745
Charge for the year	1,931	1,397	-	3,328
At 31 July 2012	5,822	7,251	-	13,073
Net book value				
At 31 July 2012	67,923	1,793	238	69,954
At 31 July 2011	67,267	2,912	122	70,301

At 31 July 2012, freehold land and buildings and assets in the course of construction included £18,029k (2011: £16,345k) in respect of freehold land which is not depreciated.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

	2012 £'000	2011 £'000
12 Endowment assets		
At 1 August	124	135
New endowments received	41	-
Decrease in cash balances	(1)	(11)
At 31 July	164	124

Represented by:

Cash at bank held for endowment funds	164	124
---------------------------------------	------------	------------

	2012 £'000	2011 £'000
13 Debtors		
Trade debtors	82	654
Amounts owed by related parties	232	136
Other debtors	12	236
Prepayments and accrued income	699	737
	1,025	1,763

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

	2012 £'000	2011 £'000
14 Creditors: amounts falling due within one year		
Unsecured loans (note 15)	207	-
Trade creditors	688	462
Capital creditors	348	247
Amounts due to related parties	8	208
Taxation and social security payable	300	383
Other creditors	586	984
Accruals and deferred income	2,995	2,721
	5,132	5,005

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

	2012 £'000	2011 £'000
15 Creditors: amounts falling due after more than one year		
Unsecured loans	20,293	20,500

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 through to October 2038, with no capital being repaid until October 2012.

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

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

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

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

Maturity profile	2012	2011
	£'000	£'000
Amounts falling due:		
In under one year	207	-
Between one and two years	220	208
Between two and five years	1,116	901
In more than five years	18,957	19,391
	<u>20,500</u>	<u>20,500</u>

16 Provisions for liabilities

	Enhanced pension contributions
	£'000
At 1 August 2011	870
Utilised for the year	(61)
Charged to the Income and Expenditure Account	60
At 31 July 2012	<u>869</u>

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

17 Deferred capital grants	Funding council	Other	Total
	£'000	£'000	£'000
At 1 August 2011	16,263	35,501	51,764
Grants receivable	51	899	950
Released to income and expenditure account	(933)	(2,768)	(3,701)
At 31 July 2012	<u>15,381</u>	<u>33,632</u>	<u>49,013</u>

18 Endowments

	Restricted expendable	
	2012	2011
	£'000	£'000
At 1 August	124	135
New endowments	41	-
Expenditure	(1)	(11)
At 31 July	<u>164</u>	<u>124</u>

Represented by:

	£'000	£'000
Capital	<u>164</u>	<u>124</u>

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

19	Movement in income and expenditure account (including pension reserve)		£'000		
	At 1 August 2011		1,954		
	Surplus for the financial year		1,823		
	Actuarial loss on pension scheme		(848)		
	At 31 July 2012		2,929		
20	Reconciliation of surplus to net cash inflow from operating activities	2012	2011		
		£'000	£'000		
	Surplus after exceptional items	1822	2,313		
	Endowment income and interest receivable	(58)	(17)		
	Deferred capital grant released	(3,701)	(2,740)		
	Depreciation and amounts written off fixed assets	3,328	3,632		
	Interest payable	1,243	933		
	Decrease in debtors	753	872		
	(Decrease)/increase in creditors	(188)	89		
	Decrease in provisions	(1)	-		
	Pension costs less contributions payable	2	25		
	Net cash inflow/(outflow) from operating activities	3,200	5,107		
21	Analysis of changes in net debt				
		At 1 August 2011	Cash flow	Non-cash charges	At 31 July 2012
		£'000	£'000	£'000	£'000
	Cash at bank and in hand	9,535	78	-	9,613
	Cash at bank held for endowment funds	124	40	-	164
	Debt due within one year	-	-	(207)	(207)
		<u>9,659</u>	<u>118</u>	<u>(207)</u>	<u>9,570</u>
	Debt due after one year	(20,500)	-	207	(20,293)
		<u>(10,841)</u>	<u>118</u>	<u>-</u>	<u>(10,723)</u>

Non-cash charges comprise changes between categories of borrowings.

22 Capital and other commitments

There were no un-provided capital commitments at 31 July 2012 (2011: 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 £406,702 (2011: £424,294) from University of East Anglia ("UEA"). At 31 July 2012, the outstanding balance was £4,060 (2011: £3,856). In addition, UCS provided services to UEA to the value of £1,800 (2011: £131,575) during the year. At 31 July 2012, amounts owed by UEA amounted to £51,613 (2011: £61,345).

University of Essex

During the year, UCS purchased goods and services to the value of £169,813 (2011: £319,995) from University of Essex. At 31 July 2012, the outstanding balance was £460 (2011: £150,000). In addition, UCS provided services to University of Essex to the value of £3,509 (2011: £13,982). At 31 July 2012, amounts owed by University of Essex amounted to £nil (2011: £1,063).

Suffolk New College

During the year, UCS purchased services to the value of £688,717 (2011: £826,101) from Suffolk New College. At 31 July 2012 the outstanding balance owed to Suffolk New College was £5 (2011: £3,000). Sales transactions to Suffolk New College for the year totalled £26,311 (2011: £35,126). At 31 July 2012 the amounts owed by Suffolk New College amounted to £23 credit (2011: £82).

West Suffolk College

During the year, purchase transactions totalled £3,760,840 (2011: £3,260,084). At 31 July 2012 the outstanding balance due to West Suffolk College was £275 (2011: £415). In addition, sales transactions for the year totalled £30,084 (2011: £5,480). At 31 July 2012 the amounts owed by West Suffolk College amounted to £2,565 (2011: £nil).

Great Yarmouth College

During the year, purchase transactions totalled £994,819 (2011: £977,767). In addition, sales transactions for the year totalled £22,576 (2011: £17,508). At 31 July 2012 the amounts owed by Great Yarmouth College amounted to £512 (2011: £225).

Lowestoft College

During the year, purchase transactions totalled £1,798,772 (2011: £1,061,077). In addition, sales transactions for the year totalled £31,934 (2011: £16,361). At 31 July 2012 the amounts owed by Lowestoft College amounted to £1,850 (2011: £126).

Otley College

During the year, purchase transactions totalled £550,615 (2011: £541,988). In addition, sales transactions for the year totalled £21,394 (2011: £15,248). At 31 July 2012 the amounts owed by Otley College amounted to £466 (2011: £976).

Ipswich Borough Council

During the year, purchase transactions totalled £252,706 (2011: £146,426). At 31 July 2012 the outstanding balance was £146 (2011: £47,069). Sales transactions to Ipswich Borough Council for the year totalled £66,989 (2011: £478,850). At 31 July 2012 the amounts owed by Ipswich Borough Council amounted to £35,454 (2011: £35,000).

24 Disclosure of related party transactions (continued)

Suffolk County Council

During the year, purchase transactions totalled £149,526 (2011: £229,076). At 31 July 2012 the outstanding balance was £3,415 (2011: £3,641). Sales transactions for the year totalled £374,723 (2011: £858,565). At 31 July 2012 the amounts owed by Suffolk County Council amounted to £139,411 (2011: £17,669).

In addition, Suffolk County Council provided capital grants during the year totalling £800k (2011: £20,000). Of these, £nil was outstanding at 31 July 2012 (2011: £20,000).

25 Ultimate controlling undertaking

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

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

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	2012 £'000	2011 £'000
USS contributions paid	1,415	1,356
Local Government Pension Scheme	283	395
Charged to the income and expenditure account	1,698	1,751

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. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by 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. This was the second valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004 requiring schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note. 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
Standard mortality tables were used as follows:	
• Male members' mortality	S1NA["light"] YoB tables – No age rating
• Female members' mortality	S1NA["light"] YoB tables – No age rating
Assumed life expectations on retirement at age 65:	
• 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	£32,433.5 million
Proportion of members' accrued benefits covered by the notional value of the assets	92%

26 Pension commitments (continued)

Universities Superannuation Scheme (USS) (continued)

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently. At 31 March 2012, USS had over 145,000 active members and UCS had 261 active members participating in the scheme.

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 2012 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, the actuary of the scheme has identified the company's share of its assets and liabilities as at 31 July 2012. 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 2012 and 31 July 2011 were:

	2012	2011
	%	%
Future pension increases	2.2	2.7
Future salary increases	4.5	5.0
Expected return on assets	4.5	6.2
Discount rate	4.1	5.3

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.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

26 Pension commitments (continued)

The mortality tables were used as follows:

Pre-retirement mortality PFA92 and PMA92 projected to the year 2033

Post-retirement mortality PFA92 and PMA92 projected to the year 2017

The assumed life expectations on retirement aged 65 are:

	2012	2011
	Years	Years
<i>Retiring today</i>		
Males	21.4	21.4
Females	23.3	23.3
<i>Retiring in 20 years</i>		
Males	23.7	23.7
Females	25.7	25.7

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

	Long-term	31 July 2012	Long-term	31 July 2011
	return	Fund value	return	Fund value
		£'000		£'000
Equities	5.5%	2,566	7.0%	2,802
Bonds	2.8%	1,283	4.6%	836
Properties	3.7%	442	5.1%	418
Cash	2.8%	133	4.0%	125
		<u>4,424</u>		<u>4,181</u>

The following amounts at 31 July 2012 were measured in accordance with the requirements of FRS 17.

	2012	2011
	£'000	£'000
Analysis of the amount shown in the balance sheet		
Fair value of employer assets	4,424	4,181
Present value of funded obligations	(6,780)	(5,687)
Deficit in the scheme - net pension liability	<u>(2,356)</u>	<u>(1,506)</u>
Amount charged to staff costs in profit and loss account		
Current service cost	266	257
Past service cost	17	-
Total operating charge	<u>283</u>	<u>257</u>
Analysis of the amount charged to other finance costs		
Expected return on pension scheme assets	266	278
Interest on pension scheme liabilities	(306)	(330)
Total other finance costs	<u>(40)</u>	<u>(52)</u>

26 Pension commitments (continued)

2012 2011
£'000 £'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	(235)	(505)
Experience gains and losses arising on scheme liabilities	(34)	738
Changes in assumptions underlying the present value of the scheme liabilities	(579)	138
Actuarial losses recognised in STRGL	(848)	371

	2012	2011
	£'000	£'000
Analysis of the movement in the present value of scheme liabilities		
At the beginning of year	5,687	6,017
Current service cost	266	257
Interest cost	306	330
Contributions by scheme participants	88	99
Actuarial losses/(gains)	613	(876)
Past service costs	17	-
Benefits paid	(197)	(140)
At end of the year	6,780	5,687

	2012	2011
	£'000	£'000
Analysis of the movement in the fair value of scheme assets		
At the beginning of year	4,181	4,165
Expected return on assets	266	278
Contributions by scheme participants	88	99
Contributions by the employer	321	284
Benefits paid	(197)	(140)
Actuarial losses	(235)	(505)
At end of the year	4,424	4,181

The actual return on scheme assets in the year was £31,000 (2011: £516,000).

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Amounts for current and previous years:					
Defined benefit obligation	(6,780)	(5,687)	(6,017)	(5,370)	(3,215)
Plan assets	4,424	4,181	4,165	3,269	2,387
Deficit	(2,356)	(1,506)	(1,852)	(2,101)	(828)
Experience adjustments on plan assets	(235)	(505)	215	(455)	(356)
Experience adjustments arising on scheme liabilities	(34)	738	-	5	(6)
Total amount recognised in statement of total recognised gains and losses	(848)	371	331	(1,069)	(18)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £1,441k.

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 2013 is £302k.

University Campus Suffolk Ltd

Notes to the financial statements for the year ended 31 July 2012

27 Amounts disbursed as agents	2012	2011
	£'000	£'000
<i>Access to Learning Funds (ALF)</i>		
Funding received from HEFCE	216	215
Brought forward from previous year	21	23
Amounts disbursed to students	(206)	(202)
Fund administration costs	(6)	(6)
Excess of income over expenditure	25	30

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

<i>ITT Bursaries</i>	£'000	£'000
Funding received	100	114
Amounts disbursed to students	(94)	(109)
Excess of income over expenditure	6	5

Amounts shown above as excess of income over expenditure are included in the balance sheet as at 31 July 2012 as cash and creditors falling due within one year.

