

University of Suffolk Ltd

**Annual report and financial statements
for the year ended 31 July 2017**

Registered number: 05078498

University of Suffolk Ltd

Annual report for the year ended 31 July 2017

Contents

Directors and advisors	1
Strategic report	2
Directors' report	6
Statement of corporate governance and internal control	8
Statement of public benefit	11
Independent auditor's report	15
Statement of comprehensive income and expenditure	17
Statement of financial position	18
Statement of cash flow	19
Statement of changes in reserves	20
Statement of accounting policies	21
Notes to the accounts	25

University of Suffolk Ltd

Directors and advisors

Directors

Professor W Pope (Chair)
Professor M Abdel-Maguid (resigned 31 July 2017)
Mr C Bally (appointed 23 October 2017)
Dr J Barnes
Ms D A Cadman OBE
Professor M Dastbaz (appointed 11 January 2017)
Ms C A M Edey OBE (Deputy Chair)
Mr D S Edwards OBE (Senior Independent Director)
Miss R Gilbey
Mrs V A Gillespie (appointed 11 January 2017)
Ms F C Hotston Moore
Mr R Lister OBE (Vice-Chancellor)
Mr M Pendlington
Dr C W H Thomas (appointed 1 August 2017)
Mr R Williams
Mr P Winter MBE
Mr A F Woodburn

Company Secretary Mr T J Greenacre

Registered office

Waterfront Building
Neptune Quay
Ipswich
Suffolk
IP4 1QJ

Independent auditors

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Bankers

Barclays Bank plc
1 Princes Street
Ipswich
Suffolk
IP1 1PB

Solicitors

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

University of Suffolk Ltd

Strategic report for the year ended 31 July 2017

The directors present their strategic report for the University of Suffolk Ltd (formerly University Campus Suffolk Ltd) for the year ended 31 July 2017.

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.

2016/17 was the inaugural financial and academic year of the University of Suffolk, having achieved its long-held ambition to secure university title on 1 August 2016. This new independent status has opened up a number of new opportunities for growth and development which will be essential for the institution to successfully operate within the very competitive market which all universities operate in.

The University's 'Vision for Change' document highlights its strategic plan for the period 2016-2021 and contains stretching targets which reflect the ambition of the institution. The University's Board is committed to the delivery of the strategic plan, whilst also being mindful of the challenges and risks that the prevailing sector environment presents. The University's financial strategy aims to deliver long-term financial sustainability for the institution, whilst supporting the delivery of its overarching strategy. Significant growth in annual income over the period covered by the plan is planned, largely driven by student number growth although opportunities to diversify income sources, such as from UK and overseas partnerships, will also play an important part.

During the year the University developed and approved a new Academic Strategy for Growth and Sustainable Development which proposes wide-reaching changes to the institution's academic portfolio and its approach to teaching, research and business engagement. As part of the implementation of the Academic Strategy, a range of new courses will be validated over the coming year and marketed for the autumn 2018 student intake. The University is also engaged in the rollout of higher and degree apprenticeships to levy and non-levy paying employers during 2017/18, and expects to expand its offering in 2018/19.

Whilst the University seeks to maximise the advantages of its independent status, the principles which underpinned the strengths and successes of University Campus Suffolk remain unaltered. As the Vision for Change states, the University's purpose is to change lives of individuals and communities for the better, and to fulfil this purpose the institution will remain strongly embedded within its local region. The University's unique and long-standing partnership with three Further Education Colleges is central to its vision for the future, helping to deliver positive economic and cultural impact across its local area, and improving the long-term prospects of its communities. Social mobility remains a key theme within the University's mission and it is committed to offering a broad higher education provision across the region.

One of the new opportunities opened up for the University is the ability to highlight the benefits to students and the wider community of philanthropic giving to the institution. The University of Suffolk Foundation Board has been established to oversee and coordinate the fundraising effort, led by the Deputy Chair of the University Board. Its Founding Supporters Campaign which ran throughout 2016/17 proved very successful.

Total student enrolment numbers for 2016/17 were 4,135 FTEs, which comprised HEFCE regulated students of 3,201 FTEs, and other student numbers (principally delivered under NHS contracts) of 934 FTEs.

In 2017/18 the University predicts its total student enrolments to be 4,010 FTEs, of which HEFCE regulated students are expected to be 3,508 FTEs and other students 502 FTEs. HEFCE regulated students in 2017/18 include new students on pre-registration health courses which were previously funded by NHS contracts.

Against the backdrop of continuing changes in the market for higher education, the University continues to maintain its successful track record of delivery under its NHS and Social Work

University of Suffolk Ltd

Strategic report for the year ended 31 July 2017

teaching contracts, which include both pre-registration and post-registration education and training. Maintaining and increasing both the quality of its delivery and its commission volumes with its NHS partners remains a high priority for the University. In addition, the institution actively seeks to diversify its income streams, particularly from research, enterprise and consultancy activities. Total income from these sources in 2016/17 was £1,112k (2016: £1,049k).

Financial highlights

In 2016/17, the University of Suffolk generated a surplus before non-recurring costs of £1,182k (2016: £172k). The surplus for the year is stated after recording a credit of £97k (2016: £520k charge) for the movement in the obligation to fund the deficit on the USS pension scheme: a credit of £218k has been adjusted in staff costs (2016: £409k charge) and a charge of £121k in interest and other finance costs (2016: £111k charge).

The net cash inflow in the year from operating activities was £2,132k (2016: £3,533k) and the net cash outflow from capital expenditure was £1,848k (2016: £2,672k). The overall reduction in cash and cash equivalents in the year was £1,317k (2016: £714k), resulting in a year-end balance of cash and cash equivalents of £7,773k (2016: £9,090k) and bank debt of £18,813k (2016: £19,281k).

There were £833k of non-recurring costs in the year relating to the University's transition to independence and to a voluntary severance scheme at the end of 2016/17 (2016: £449k).

Key financial indicators

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

	<u>2017</u> <u>£'000</u>	<u>2016</u> <u>£'000</u>
Total income	38,452	37,384
Surplus before non-recurring costs	1,182	173
Surplus before non-recurring costs as a proportion of total income	3.1%	0.5%
Movement in the obligation to fund the deficit on the USS pension scheme	(97)	520
Surplus/(deficit) after non-recurrent costs	349	(277)
Surplus/(deficit) after non-recurrent costs as a proportion of total income	0.9%	(0.7%)

	<u>2017</u> <u>£'000</u>	<u>2016</u> <u>£'000</u>
Proportion of income generated from:		
• HEFCE Grants	8%	9%
• Education Contracts	21%	21%
• Tuition Fees	63%	63%
• Research contracts	1%	1%
• Other Income	7%	6%

	<u>2017</u> <u>£'000</u>	<u>2016</u> <u>£'000</u>
Total balance sheet funds	10,505	8,476

The increase in total balance sheet funds to £10,505k (2016: £8,476k) is predominantly the result of an actuarial gain on Local Government Pension Scheme of £1,680k.

Financial outlook

The key focus of the University's strategic plan is growth and the Executive Committee is committed to prioritising initiatives which support the delivery of increased student numbers. As noted above, areas of development include UK and international partnerships and accessing opportunities presented by the Higher Apprenticeship initiative. The delivery of the institution's Academic Strategy for Growth and Sustainable Development requires a new strategic focus which will develop areas of strength within the institution, whilst also recognising the challenges of operating in a tough and rapidly changing external environment.

To effectively compete within the higher education sector and to maximise the benefits of university title, the University needs to develop its course portfolio and services to business, as well as continuing to develop its Ipswich campus. Following an assessment of the investment needs of the institution and its available cash reserves, the Board approved a deficit revenue budget of £500k in 2017/18, noting that this would produce a net cash inflow from operating activities for the year of £2,028k and provide for capital expenditure of £1,240k.

Looking further ahead, the University has received approval for its 2018/19 Access Agreement from the Office for Fair Access (OFFA). This confirms that the University's tuition fees for UK and European Union full-time undergraduates for the 2018 entry will be £8,220 for Foundation degrees and £9,250 for Bachelor degrees plus any approved inflationary rise as allowed in the Teaching Excellence Framework. Tuition fees for UK and European Union part-time undergraduates will be £8,220 (pro-rata) for Foundation degrees and £8,750 (pro-rata) for Bachelor degrees plus any approved inflationary rise as allowed in the Teaching Excellence Framework.

In 2018/19 the University plans to spend approximately £2.25m on access and retention measures, including direct financial support in the form of bursaries, and continues to undertake non-financial measures such as student outreach and access activity, and student success and progression measures including careers and employability advice.

Principal risks and uncertainties and financial risk management

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

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

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

Failure to recruit sufficient home students

Increased competition has been experienced in the local market, together with national increased competition following the outcome of the referendum on EU membership and UKVI restrictions on overseas students. Widespread use in the market of unconditional offers is creating new challenges. A robust digitally focussed marketing campaign is being delivered to a diverse market and efficient recruitment processes are in place. Portfolio review and development are being driven by senior management as a priority, to ensure provision is attractive and in line with market trends. Improved national reputation, brand and visibility is a continued focus.

Failure to adequately mitigate exposure to increased pension risk.

We are engaging with funders and employer forums and have responded to the Universities Superannuation Scheme consultations. We will explore options available to mitigate exposure and formulate our response and action plan in line with the outcomes of the consultation.

University of Suffolk Ltd

Strategic report for the year ended 31 July 2017

Inability to invest in IT infrastructure and resources

Long term requirements and impact to be closely monitored; alternative approaches to workload and project management are being investigated with investigation of cost reduction through use of cloud software ongoing.

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

Student loans are replacing previous funding arrangements leading to uncertainty surrounding continued level of demand. We aim to continue to sustain and improve performance against commissioner KPI's including attrition, outturn and student satisfaction scores including continuing to improve internal monitoring systems for processes that impact on QIPF and our reputation and credibility with trusts. We are working to sustain improved reputation and partnership working with commissioners and employers and will monitor student demand and work with practice partners regarding promotion of courses. Key risks are communicated through national consultation. There is active pursuit of income diversification through exploring apprenticeship pathways and continued exploration of new geographies for business, and we are having considerable success in this area.

University of Suffolk Ltd

Directors' report for the year ended 31 July 2017

The directors present their annual report and the audited financial statements of the company for the year ended 31 July 2017.

Future developments

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

Directors

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

Financial risk management

The directors consider the key business risks and uncertainties, including financial risks, affecting the company to be covered within the 'Principal risks and uncertainties and financial risk management' section of the Strategic report on pages 6 and 7.

Tangible fixed assets

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

Employee involvement and equal opportunities

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

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

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

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

Directors' third-party indemnity provision

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

Disclosure of information to auditors

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

University of Suffolk Ltd

Directors' report for the year ended 31 July 2017

Independent auditors

KPMG LLP was appointed as auditor in 2015. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

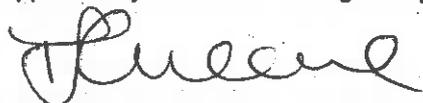
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

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

Availability of financial statements on the web site

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

Approved by the Board and signed by its order by



Mr T J Greenacre
Company Secretary

University of Suffolk Ltd

Statement of corporate governance and internal control

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

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

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

Principles and ethos of the University

The University of Suffolk is committed to the highest standards of governance, which is vital to achieving the organisation's vision and strategic objectives. Throughout its governance and management, the institution subscribes to the Nolan principles which are the basis for the ethical standards expected in public life. The University also wholeheartedly subscribes to the values and primary elements of the 'Higher Education Code of Governance' which was published by the Committee of University Chairs (CUC) in December 2014.

Board structure

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

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

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

The Audit and Risk Committee met four times during the year. Its main duties include:

- To prepare an annual report for submission to the Board on the work of the Audit and Risk Committee, including an opinion on the effectiveness of internal control, the arrangements in place to promote economy, efficiency and effectiveness and value for money and assurances over the processes for risk management and data quality.
- To advise the Board on risk management through the review of the risk register and other activities.
- To advise the Board on its conclusions on whether adequate arrangements are in place to promote value for money initiatives
- To review the effectiveness of financial and other internal control systems, including oversight of the institution's policy on fraud and irregularity and anti-bribery.
- To monitor the effectiveness of internal and external audit, and co-ordinate the activity of the internal and external auditors.
- To make recommendations to the Board on the appointment of the External Auditor and, if necessary, on their dismissal.

University of Suffolk Ltd

Statement of corporate governance and internal control

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

Academic authority for the University is controlled by the Senate. The Senate is responsible for the promotion of academic work both in teaching and research, for the regulation of educational arrangements and for the maintenance of academic discipline.

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

Statement of internal control

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

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

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

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

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

Proper allocation of funds

The directors of the Board 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 the Memorandum of Assurance and Accountability between HEFCE and institutions and any other conditions that HEFCE may prescribe from time to time;

University of Suffolk Ltd

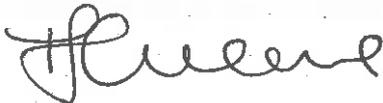
Statement of corporate governance and internal control

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud and other irregularities; and
- secure the economic, efficient, and effective management of the University's resources and expenditure.

Going concern

The directors have prepared projections in support of the company's cash requirements in addition to its on-going compliance with the terms of its bank facilities. The directors have given this matter careful consideration and, cognisant of the above matters, the Board is satisfied that the University has adequate resources to continue in operation for at least twelve months from the date of this report. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Approved by the Board and signed by its order by



Mr T J Greenacre
Company Secretary

University of Suffolk Ltd

Statement of public benefit

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

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

Background

The forerunner to the University of Suffolk was University Campus Suffolk (UCS) which was founded in 2007. UCS emerged as the higher education delivery vehicle following the de-merger of Suffolk College and a wider network of colleges in Suffolk and Great Yarmouth. One of the principle drivers for the establishment of UCS was to address a recognised 'cold spot' in higher education participation within the local population.

Vision and Mission

The University of Suffolk is a cohesive, self-critical and student-centred academic community. Over the coming years it will develop a broader base, be of higher academic standing and remain financially sustainable. It will have a significantly larger student population with growth drawn from the region, nationally and internationally. Its high quality and innovative teaching and learning is underpinned by selected nationally and internationally recognised research and scholarship in targeted areas. The University's role as a community impact university will be to have a clear, measurable, positive impact on the economic, cultural and educational lives of the communities it serves.

Values

The values of the University of Suffolk are:

- To be a beacon for aspiration and achievement.
- To actively serve and be accountable to our communities.
- To excel in meeting the expectations of our students.
- To provide a great environment to work and study.
- To drive a spirit of exploration, innovation and creativity.
- To be enterprising and entrepreneurial.
- To consistently maintain the highest ethical standards and uphold academic freedom.
- To be inclusive; valuing the contribution of every member of the institution.
- To relish challenge and enjoy success.
- To work with strategic partners for long-term mutual benefit.

Access and widening participation

The University of Suffolk aims to be a beacon of excellence attracting students from Suffolk and beyond, helping to reverse the net export of graduates and the low post-16 participation rate which has adversely affected Suffolk for many years. Widening participation continues to be central to the mission of the University of Suffolk, and the profile of its student population reflects this. The University has a high proportion of under-represented students, and there is a broad mix of students across the undergraduate student body. The University has ambitious targets for student access, success and progression.

Schools and Colleges Liaison

The student recruitment team of the University works with schools and colleges to inform students about the higher education opportunities available to them; this includes delivery of presentations and workshops, or individual student advice. A range of on-campus visits to the University as well as residential visits over the summer are also held to give potential applicants a 'taste' of university life.

We recognise that information, advice and guidance (IAG) plays a key role in supporting informed choices of young people and mature students and we will continue to focus on

University of Suffolk Ltd

Statement of public benefit

delivering excellent IAG support across all of our activities. We will continue to work in a structured way with schools and colleges with low progression rates, as well as with communities with low participation rates, including mature and part-time students.

National Network for Collaborative Outreach scheme (NNCO)

The NNCO delivers a nationally co-ordinated approach to working with schools, universities and colleges to help people access higher education. Local and regional providers of higher education have come together to form the networks, ensuring comprehensive coverage across England.

Thirty-five local networks cover the whole of England. Each network appoints a single point of contact to help teachers and advisers find out about higher education outreach activity in their area and to provide general advice about progression into higher education. The local networks host web-sites with information about outreach activity, and signpost other information to support schools and colleges as they prepare their students for higher education. The networks are funded by the Department for Education and managed by HEFCE.

The University of Suffolk is a partner in the Network for East Anglian Collaborative Outreach (NEACO) alongside the University of Cambridge, Anglia Ruskin University, University of East Anglia and Norwich University of the Arts. NEACO will place a network of Higher Education Champions (HECs) into target schools across Suffolk, Norfolk, Cambridgeshire and Peterborough, and ten HECs will be based in Suffolk. The University of Suffolk's outreach activity will work alongside the NEACO project to ensure that young people who are not NEACO priority students will continue to receive aspiration-raising activity, particularly where they are in one of the University's target groups.

Bursaries and Fee Waivers

The University of Suffolk will safeguard and promote fair access to all of its HEFCE-funded full-time and part-time undergraduate programmes, recognising the need to support students throughout their whole student lifecycle. The University access regulator OFFA has approved the University's proposals for a package of financial and non-financial support measures in its 2018/19 access agreement. The agreement plans for total expenditure of £2,250k (2017/18: £2,031k) to be allocated to access, student success, and progression expenditure and student financial support measures.

Value for money

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

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

Remuneration Policy

In setting the remuneration policy of the institution the Board is cognisant of the guidance issued by HEFCE relating to the consideration of the public interest in the reward and payment of staff.

University of Suffolk Ltd

Statement of public benefit

Modern Slavery and Human Trafficking

To comply with the Modern Slavery Act we have published a statement on our website in relation to Modern Slavery and Human Trafficking to accompany our financial statements; this statement has been signed by the Chair of the Board. The University of Suffolk has a zero-tolerance approach to modern slavery and is committed to improving our practices to combat slavery and human trafficking.

Community engagement

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

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

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

The University promotes research and scholarship across the institution, informing its learning and teaching and enterprise initiatives. It also promotes and disseminates the impact of its research externally through effective public engagement with business, public bodies and local communities.

Sustainability policy

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

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

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

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

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

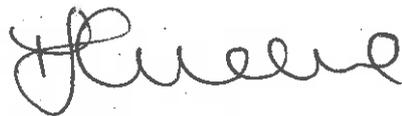
- Energy - reducing consumption and sourcing responsibly
- Waste - minimising waste, recycling and disposing of it carefully
- Water - saving water use and harvesting it where possible
- Purchasing - buying our supplies and equipment carefully
- Campus development - constructing and refurbishing our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

In 2011, the University partnered with the Carbon Trust to develop its Carbon Management Plan which aims to realise substantial carbon and cost savings to assist in the delivery of the institution's sustainability strategy.

University of Suffolk Ltd

Statement of public benefit

Approved by the Board and signed by its order by

A handwritten signature in black ink, appearing to read 'T J Greenacre', written in a cursive style.

Mr T J Greenacre
Company Secretary

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of University of Suffolk Ltd ("the University") for the year ended 31 July 2017 which comprise the Statement of comprehensive income and expenditure, Statement of financial position, Statement of cash flow and Statement of changes in reserves and related notes, including the Statement of accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2017, and of the University's income and expenditure, gains and losses and changes in reserves, and of the cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the Strategic report, Directors' Report, Statement of corporate governance and internal control and the Statement of public benefit. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic report, Directors' Report, Statement of corporate governance and internal control and the Statement of public benefit for the financial year, is consistent with the financial statements; and
- in our opinion the strategic report and the directors' report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the University, or returns adequate for our audit have not been received from branches not visited by us; or
- the University's financial statements are not in agreement with the accounting records and returns; or

University of Suffolk Ltd

Independent Auditor's Report

- 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.

We have nothing to report in these respects.

Board of Directors responsibilities

As explained more fully in their statement set out on page 8, the Board of Directors (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Directors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Directors for our audit work, for this report, or for the opinions we have formed.

S Beavis

Stephanie Beavis (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date *27 October 2017*

University of Suffolk Ltd
Statement of Comprehensive Income and Expenditure
Year ended 31 July 2017

	Notes	2017 £'000	2016 £'000
Income			
Tuition fees and education contracts	1	32,585	31,382
Funding body grants	2	3,007	3,509
Research grants and contracts	3	434	214
Other income	4	2,348	2,218
Investment income	5	19	44
Total income before endowments and donations		38,393	37,367
Donations and endowments	6	59	17
Total income		38,452	37,384
Expenditure			
Staff costs	7	17,443	16,835
Other operating expenses		16,490	17,414
Non-recurring costs	9	833	449
Other operating expenses	9	15,657	16,965
Total other operating expenses		16,490	17,414
Depreciation	12	2,751	1,953
Interest and other finance costs	8	1,419	1,459
Total expenditure	9	38,103	37,661
Surplus / (deficit) before other gains, losses and share of operating surplus/deficit of joint ventures		349	(277)
Share of operating surplus/(deficit) in associate	13	-	-
Surplus / (deficit) for the year		349	(277)
Actuarial gain/(loss) in respect of pension schemes		1,680	(1,068)
Total comprehensive income for the year		2,029	(1,345)
Represented by:			
Restricted comprehensive income for the year		31	(8)
Unrestricted comprehensive income for the year		1,998	(1,337)
		2,029	(1,345)

All items of income and expenditure relate to continuing activities.

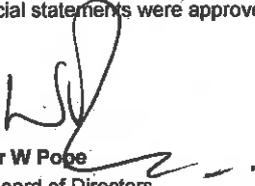
The surplus for the year is stated after recording a credit of £97k (2016: £520k charge) for the movement in the obligation to fund the deficit on the USS pension scheme: a credit of £218k has been adjusted in staff costs (2016: £409k charge) and a charge of £121k in interest and other finance costs (2016: £111k charge).

The notes on pages 21 to 34 form an integral part of these financial statements.

University of Suffolk Ltd
Statement of Financial Position
Year ended 31 July 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Tangible fixed assets	12	69,348	69,898
Investment in associate	13	-	-
Current assets			
Trade and other receivables	10	1,718	1,332
Cash and cash equivalents	17	7,773	9,090
		<u>9,491</u>	<u>10,422</u>
Less: Creditors: amounts falling due within one year	11	<u>(7,709)</u>	<u>(7,878)</u>
Net current assets		<u>1,782</u>	<u>2,544</u>
Total assets less current liabilities		71,130	72,442
Creditors: amounts falling due after more than one year	14	(49,896)	(51,820)
Provisions			
Other provisions	15	(7,098)	(6,939)
Pension provisions	22	(3,631)	(5,207)
Total net assets		<u><u>10,505</u></u>	<u><u>8,476</u></u>
Restricted Reserves			
Income and expenditure reserve - restricted reserve	16	154	123
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		10,351	8,353
		<u>10,505</u>	<u>8,476</u>
Total Reserves		<u><u>10,505</u></u>	<u><u>8,476</u></u>

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


Professor W Pope
Chair of Board of Directors


Mr R Lister OBE
Vice-Chancellor

Date: 23rd October 2017

Registered Number: 05078498

The notes on pages 21 to 34 form an integral part of these financial statements.

University of Suffolk Ltd
Statement of Cash Flow
Year ended 31 July 2017

	Notes	2017 £'000	2016 £'000
Cash flow from operating activities			
Surplus for the year		349	(277)
Adjustments			
Depreciation	12	2,751	1,953
Decrease/(increase) in debtors	10	(386)	937
Increase/(decrease) in creditors	11/14	(599)	753
Increase in pension liability	22	(21)	(63)
Decrease in other provisions	15	18	72
Adjustment for investing or financing activities			
Investment income	5	(19)	(44)
Interest payable	8	1,419	1,459
Capital grant income		(1,380)	(1,257)
Net cash inflow from operating activities		2,132	3,533
Cash flows from investing activities			
Capital grant receipts		160	2,689
Payments made to acquire fixed assets		(2,008)	(5,361)
Net cash outflow from investing activities		(1,848)	(2,672)
Cash flows from financing activities			
Interest paid		(1,153)	(1,191)
Interest received		19	47
Repayments of amounts borrowed		(467)	(431)
Net cash outflow from financing activities		(1,601)	(1,575)
Decrease in cash and cash equivalents in the year		(1,317)	(714)
Cash and cash equivalents at beginning of the year	17	9,090	9,804
Cash and cash equivalents at end of the year	17	7,773	9,090

The notes on pages 21 to 34 form an integral part of these financial statements.

University of Suffolk Ltd
Statement of Changes in Reserves
Year ended 31 July 2017

	Note	Income and expenditure account		Total
		<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000
Balance at 1 August 2015		131	9,690	9,821
Deficit from the income and expenditure statement		(8)	(269)	(277)
Other comprehensive income		-	(1,068)	(1,068)
Total comprehensive income for the year		(8)	(1,337)	(1,345)
Balance at 1 August 2016		123	8,353	8,476
Surplus from the income and expenditure statement		31	318	349
Other comprehensive income		-	1,680	1,680
Total comprehensive income for the year		31	1,998	2,029
Balance at 31 July 2017		154	10,351	10,505

The notes on pages 21 to 34 form an integral part of these financial statements.

University of Suffolk Ltd

Statement of accounting policies for the year ended 31 July 2017

Basis of preparation

These financial statements are prepared on a going concern basis, in accordance with the historical cost convention and in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and FRS 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102). The University of Suffolk Ltd ("the University" or "the company") is a company domiciled in the UK. The currency used in the financial statements is pound sterling and the figures have been rounded to the nearest thousand, unless otherwise stated. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS102.

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

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

Format of financial statements

The financial statements contain information about the University of Suffolk Ltd as an individual company and do not include those of the students' union, as it is a separate entity in which the company has no financial interest, no control or significant influence over policy decisions. The financial statements have been prepared to conform with the Companies Act 2006, the Higher Education Funding Council for England (HEFCE) Accounts direction to higher education institutions, and also with the Statement of Recommended Accounting Practice (SORP): Accounting for Further and Higher Education 2015, the use of which has been mandated by the terms of the funding arrangements in place between the University of Suffolk, University of East Anglia, University of Essex and the Higher Education Funding Council for England.

Going concern

The directors have prepared projections in support of the company's cash requirements in addition to its ongoing compliance with the terms of its bank facilities. The financial position of the company is set out in the strategic report.

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

Income recognition

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

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

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

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

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

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

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

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

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

Gifts in kind, including donated tangible fixed assets

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

Agency arrangements

Funds that the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. Disclosures in relation to these arrangements are included in the note 21 to the financial statements.

Long-term loans

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

Taxation

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

Tangible fixed assets

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

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

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

Freehold buildings	2.0% - 2.5%
Building refurbishments	12.5% - 25%
Fixtures, fittings and equipment	12.5% - 25%
Computer equipment	25%

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

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

Inherited fixed assets

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

Acquisition with the aid of specific grants

Where assets are acquired with the aid of specific government grants, they are capitalised and depreciated. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related assets.

Repairs and maintenance

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

Provisions

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

Accounting for retirement benefits

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

USS

With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed 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. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

LGPS

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

Accounting for enhanced pension obligations

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

Employment benefits

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

Exceptional items

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

Cash and cash equivalents

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

University of Suffolk Ltd

Statement of accounting policies for the year ended 31 July 2017

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

Investments

Investments in associates are carried at cost less impairment in the University's accounts.

Reserves

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

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

Notes to the Accounts for the year ended 31 July 2017

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
1 Tuition fees and education contracts		
Tuition fees		
Full-time home and EU students	21,220	20,297
Full-time international students	256	378
Part-time students	2,876	2,752
	<u>24,352</u>	<u>23,425</u>
Education contracts		
Health Education East of England	8,029	7,706
Health and Care Professions Council	123	185
Other contracts	81	66
	<u>8,233</u>	<u>7,957</u>
	<u>32,585</u>	<u>31,382</u>
2 Funding body grants		
Recurrent grant		
Higher Education Funding Council	2,447	2,867
Government agencies		
National College of Teaching and Learning	29	-
Deferred capital grants released in the year		
Buildings	405	552
Equipment	126	90
	<u>531</u>	<u>642</u>
Total funding body grants	<u>3,007</u>	<u>3,509</u>
3 Research grants and contracts		
Other grants and contracts	434	214
4 Other income		
Deferred capital grants released in the year	852	615
Other income	1,496	1,603
	<u>2,348</u>	<u>2,218</u>
5 Investment Income		
Income from deposits	19	44
6 Donations and endowments		
Unrestricted donations	57	17
Restricted donations	2	-
	<u>59</u>	<u>17</u>

Notes to the Accounts for the year ended 31 July 2017

	Year Ended 31 July 2017	Year Ended 31 July 2016
7 Staff costs		
Staff Costs :	£'000	£'000
Salaries	14,201	13,173
Social security costs	1,294	1,049
	<u>15,495</u>	<u>14,222</u>
Movement on USS provision	(218)	409
Other pension costs	2,166	2,204
Total	<u>17,443</u>	<u>16,835</u>

Empluments of the Vice-Chancellor:	£'000	£'000
Salary and benefits	144	130
Performance-related pay	40	20
Pension contributions	3	18
	<u>187</u>	<u>168</u>

There was 1 other member of staff with an annual salary over £100,000 (in the bracket of £100,000 to £110,000), including employer's NI but excluding employer's pension contributions (2016: no other member). Retirement benefits are accruing to 3 directors (2016: 3) under the Universities Superannuation Scheme ("USS"). No remuneration was paid to any of the University's Board members for their services as a Board member. A total of £2,119 was paid to or on behalf of Board members for expenses in relation to travel for attendance at meetings (2016: £2,524)

Average staff numbers by major category :	No.	No.
Academic departments	211	200
Academic services	111	110
Administration and central services	90	90
Premises	20	21
	<u>432</u>	<u>421</u>

In addition to the above employee numbers, the University employed an average of 109 casual staff during the year (2016: 92).

Key management personnel

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

	Year Ended 31 July 2017	Year Ended 31 July 2016
	£'000	£'000
Key management personnel compensation	<u>700</u>	<u>629</u>

	Year Ended 31 July 2017	Year Ended 31 July 2016
	£'000	£'000
8 Interest and other finance costs		
Loan interest	1,153	1,184
Net charge on pension schemes	266	275
	<u>1,419</u>	<u>1,459</u>

Notes to the Accounts

for the year ended 31 July 2017

9 Analysis of total expenditure by activity	Non-recurring costs £'000	Staff costs £'000	Dep'n £'000	Other operating expenses £'000	Interest and other finance costs £'000	Year ended	Restated
						31 July 2017	Year ended
						Total £'000	31 July 2016 Total £'000
Academic departments	-	10,104	221	7,914	-	18,239	17,971
Academic services	-	4,525	-	2,289	-	6,814	7,414
Administration and central services	-	2,185	225	2,025	-	4,435	4,332
Premises	-	629	2,305	2,595	1,153	6,682	6,144
Other	833	-	-	834	266	1,933	1,800
Year ended 31 July 2017	833	17,443	2,751	15,657	1,419	38,103	37,661
Year ended 31 July 2016	449	16,835	1,953	16,965	1,459	37,661	

The non-recurring costs relate to final costs incurred by the University to transition to independence and a voluntary severance scheme that took place at the end of 2016/17. The severance scheme costs (£598k) related to legal and redundancy costs. The transition costs (£236k) related to final project management costs, non-recurring branding, signage and website costs which related solely to the final stage of the independence project.

The analysis of total expenditure has been restated for the year ending 31st July 2016 in order to more accurately reflect activities of academic support departments.

Other operating expenses include:	Year ended	Restated
	31 July 2017 £'000	31 July 2016 £'000
External auditors remuneration in respect of audit services	41	40
External auditors remuneration in respect of non-audit services	13	7
Operating lease rentals		
Other	15	15

Prior year figures for operating lease rentals included non-contractual costs and have been updated to remove these costs.

10 Trade and other receivables	Year ended	Year ended
	31 July 2017 £'000	31 July 2016 £'000
Trade receivables	1,133	791
Prepayments and accrued income	522	478
Amounts due from related parties	63	63
	1,718	1,332

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

11 Creditors : amounts falling due within one year	Year ended	Year ended
	31 July 2017 £'000	31 July 2016 £'000
Secured loans (note 14)	494	468
Trade payables	581	506
Capital creditors	488	295
Amounts due to related parties	313	641
Social security and other taxation payable	415	349
Accruals and deferred income	3,541	4,023
Other payables	481	409
Deferred capital grants	1,396	1,187
	7,709	7,878

Deferred income

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

	Year ended	Year ended
	31 July 2017 £'000	31 July 2016 £'000
Research grants received on account	137	188
Other income	391	380
	528	568

Notes to the Accounts for the year ended 31 July 2017

12 Fixed Assets

	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage assets £'000	Total £'000
Cost					
At 1 August 2015	66,529	10,472	5,311	239	82,551
Additions	1,293	552	356	-	2,201
Transfers	4,704	262	(4,966)	-	-
At 31 July 2016	72,526	11,286	701	239	84,752
Depreciation					
At 1 August 2016	3,331	9,322	-	-	12,653
Charge for the year	2,305	446	-	-	2,751
At 31 July 2017	5,636	9,768	-	-	15,404
Net book value					
At 31 July 2017	66,890	1,518	701	239	69,348
At 31 July 2016	63,198	1,150	5,311	239	69,898

At 31 July 2017, freehold land and buildings included £13.6m (2016 - £13.6m) in respect of freehold land that is not depreciated.

Heritage assets

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

13 Investment in associate

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

14 Creditors : amounts falling due after more than one year

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Deferred capital grant	31,577	33,007
Secured loans (see below)	18,319	18,813
	49,896	51,820
Analysis of secured and unsecured loans:		
Due within one year or on demand (Note 11)	494	468
Due between one and two years	518	494
Due between two and five years	1,728	1,641
Due in five years or more	16,073	16,678
Due after more than one year	18,319	18,813
Total secured loans	18,813	19,281
Secured loans repayable by 2038	18,813	19,281

Included in loans are the following:

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

Notes to the Accounts for the year ended 31 July 2017

15 Provisions for liabilities

	Other provisions £'000	Obligation to fund deficit on USS Pension £'000	Pension enhancement on termination £'000	Total Provisions £'000
At 1 August 2016	34	6,052	853	6,939
Utilised in year	(34)	(121)	(50)	(205)
Additions in 2016/17	340	24	-	364
At 31 July 2017	<u>340</u>	<u>5,955</u>	<u>803</u>	<u>7,098</u>

Other provisions

Other provisions relate to ongoing obligations in respect of an in-year voluntary severance scheme.

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. More detail on the USS deficit is included in Note 22.

Pension enhancement

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

	Year ended 31 July 2017	Year ended 31 July 2016
	%	%
Discount rate	2.30	2.30
Inflation	1.30	1.30

16 Restricted reserves

Reserves with restrictions are as follows:

	Year ended 31 July 2017 Total £'000	Year ended 31 July 2016 Total £'000
Balances at 1 August	123	131
Donations received	58	-
Investment income	1	1
Expenditure	(28)	(9)
Total restricted comprehensive income for the year	31	(8)
At 31 July	<u>154</u>	<u>123</u>

	Year ended 31 July 2017 Total £'000	Year ended 31 July 2016 Total £'000
Analysis of restricted funds /donations by type of purpose:		
Founding supporters campaign	40	-
Legacies	114	123
	<u>154</u>	<u>123</u>

17 Cash and cash equivalents

	At 1 August 2016 £'000	Cash Flows £'000	At 31 July 2017 £'000
Cash and cash equivalents	9,090	(1,317)	<u>7,773</u>

Notes to the Accounts for the year ended 31 July 2017

18 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017:

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Commitments contracted for	-	1,051
	<u>-</u>	<u>1,051</u>

The capital commitments relate to campus development projects. In 2016/17 all capital commitments have been provided for.

19 Capital and reserves

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

20 Lease obligations

Total rentals payable under operating leases:

	Computer equipment £'000	Year ended 31 July 2017 £'000	<i>Restated</i> Year ended 31 July 2016 £'000
Expensed In year	15	15	15
Future minimum lease payments due:			
Not later than 1 year	11	11	15
Later than 1 year and not later than 5 years	-	-	11
Later than 5 years	-	-	-
Total lease payments due	<u>11</u>	<u>11</u>	<u>26</u>

Prior year figures included non-contractual costs and have been updated to remove these costs.

21 Amounts disbursed as agents

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
FE Initial Teacher Training Bursaries (ITT)		
Funding received from BIS	-	45
Brought forward from previous year	12	9
Amount disbursed to students	(5)	(42)
Amount repaid to BIS	(6)	-
Excess of income over expenditure	<u>1</u>	<u>12</u>
Subject Knowledge Enhancement Bursaries (SKE)		
Funding received from NCTL	20	7
Amount disbursed to students	(20)	(7)
Excess of income over expenditure	<u>-</u>	<u>-</u>

Notes to the Accounts for the year ended 31 July 2017

22 Pension Schemes

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

Total pension costs for the year	Year Ended	Year Ended
	31 July 2017	31 July 2016
	£'000	£'000
USS contributions paid	2,007	1,779
Local Government Pension Scheme	265	317
Local Government Pension Scheme Funding Strategy	131	131
	<u>2,403</u>	<u>2,227</u>

(i) The Universities Superannuation Scheme

The company participates in the Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed 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. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised contributions.

The total cost charged to the profit and loss account is £2,007k (2016: £1,779k). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

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

	2017	2016
Discount rate	2.57%	3.60%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

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

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

	2017	2016
Males current aged 65 (years)	24.4	24.3
Females current aged 65 (years)	26.6	26.5
Males current aged 45 (years)	26.5	26.4
Females current aged 45 (years)	29.0	28.8
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

Notes to the Accounts

for the year ended 31 July 2017

22 Pension Schemes (continued)

(ii) Local Government Pension Scheme (LGPS)

The LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. The latest available audited triennial actuarial valuation of the scheme was at 31 March 2016 and updated to 31 July 2017 by a qualified independent actuary.

Under the definitions set out in FRS 102, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified the company's share of its assets and liabilities as at 31 July 2017. The contribution payable by the employer was set at 19.5% of pensionable salaries from August 2007. This was increased with effect from April 2013 to 22.5%.

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

The material assumptions used by the actuary for the purposes of FRS 102 at 31 July 2017 and 31 July 2016 were:

	2017	2016
	%	%
Future pension increases	2.5	1.9
Future salary increases	2.8	3.9
Discount rate	2.7	2.4

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

	2017	2016
	Years	Years
<i>Retiring today</i>		
Males	21.9	22.4
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	23.9	24.3
Females	26.4	26.9

The value of assets in the LGPS scheme and percentage of the total plan assets were:

	31 July 2017		31 July 2016	
	% of total	Fund value £'000	% of total	Fund value £'000
Equities	68	7,015	69	6,066
Bonds	21	2,166	20	1,758
Properties	10	1,032	10	879
Cash	1	103	1	88
		<u>10,316</u>		<u>8,791</u>

Notes to the Accounts for the year ended 31 July 2017

22 Pension Schemes (continued)

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

	2017 £'000	2016 £'000
Analysis of the movement in the present value of scheme liabilities		
At the beginning of the year	13,998	11,765
Current service cost	372	336
Interest cost	339	427
Contributions by scheme participants	77	78
Changes in demographic assumptions	(124)	-
Changes in financial assumptions	(545)	1,673
Other experience	40	(67)
Benefits paid	(210)	(214)
At the end of the year	13,947	13,998
	2017 £'000	2016 £'000
Analysis of the movement in the fair value of scheme assets		
At the beginning of the year	8,791	7,688
Interest income on plan assets	214	281
Contributions by scheme participants	77	78
Contributions by the employer	393	399
Benefits paid	(210)	(214)
Return on assets excluding amounts included in net interest	1,051	559
At the end of the year	10,316	8,791
Changes in the fair value of plan assets, defined benefit obligation and net liability is:		
	2017 £'000	2016 £'000
Opening position	(5,207)	(4,077)
Current service cost	(372)	(336)
Interest income on plan assets	214	281
Interest cost on defined benefit obligation	(339)	(427)
Total defined benefit cost recognised in income (or expenditure)	(497)	(482)
Employer contributions	393	399
Expected closing position	(5,311)	(4,160)
Changes in demographic assumptions	124	-
Changes in financial assumptions	545	(1,673)
Other experience	(40)	67
Return on assets excluding amounts included in net interest	1,051	559
Total remeasurements recognised in Other Comprehensive Income (OCI)	1,680	(1,047)
Fair value of plan assets	10,316	8,791
Present value of funded liabilities	(13,947)	(13,998)
Closing position	(3,631)	(5,207)

Defined benefit scheme assets do not include any of the University's own financial instruments or any property controlled by the University. The estimation of the employer contribution for the defined benefit scheme for the year to 31 July 2018 is £412k.

Notes to the Accounts

for the year ended 31 July 2017

23 Related parties

Due to the nature of the company's operations and the composition of the Board of Directors being drawn from the senior employees of the Partner Colleges and local authorities, it is inevitable that transactions will take place with organisations in which a Director may have an interest. All transactions involving organisations in which a Director may have an interest, including those identified below, are carried out at arms-length and in accordance with the company's usual procurement procedures. No balances with related parties are secured or provided for.

	Sales transactions £'000	Receivables balance outstanding £'000	Purchase transactions £'000	Payables balance outstanding £'000
Year ending 31 July 2017				
Eastern HE Cost Sharing Group Ltd	-	-	20	5
Great Yarmouth College	34	22	1,173	11
Ipswich Borough Council	17	-	259	16
Ipswich Central Management	-	-	-	-
Lowestoft College	25	-	1,234	30
Otley College	-	-	-	-
Suffolk County Council	195	41	299	55
Suffolk New College	3	-	530	80
Student's Union	5	-	8	1
University of Essex	-	-	122	2
West Suffolk College	20	-	3,806	107
	<u>299</u>	<u>63</u>	<u>7,451</u>	<u>307</u>
Year ending 31 July 2016				
Eastern HE Cost Sharing Group Ltd	-	-	34	-
Great Yarmouth College	31	20	1,195	11
Ipswich Borough Council	386	3	194	5
Ipswich Central Management	-	-	-	-
Lowestoft College	25	14	1,424	5
Otley College	10	-	2	2
Suffolk County Council	141	-	145	71
Suffolk New College	3	-	505	72
Student's Union	2	-	32	9
University of Essex	7	-	388	377
West Suffolk College	24	-	3,660	82
	<u>629</u>	<u>37</u>	<u>7,579</u>	<u>634</u>

24 Accounting estimates and judgements

Universities Superannuation Scheme (USS)

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

In addition, because the USS scheme is in deficit and a funding plan has been agreed section 28 of FRS 102 requires individual employers to recognise a liability for the contributions payable that arise from the agreement to fund the scheme (to the extent that they relate to the deficit) and the resulting expense in profit and loss. A deficit modeller was utilised to produce the provision estimate with a discount rate at the end of 31 July 2017 of 1.84%.