

UNIVERSITY OF SUSSEX

Financial Statements 2014-15

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UNIVERSITY
OF SUSSEX

Principal officers

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Her Majesty The Queen

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BA (Hatfield)

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Operating and Financial Review

Founded in 1961, Sussex is a top 20 UK university that uses research, a unique location and a strong sense of purpose to broaden its students' perspectives. In the words of our first Vice-Chancellor John Fulton, Sussex helps its students to 'make the future.'

Sussex is a world-leading research university with many projects led by the foremost academics in their field. Our research feeds empirical knowledge into the great questions of our age. It impacts policy and practice for businesses, NGOs and governments, and in doing so, helps to ensure that the University and our students shape the world.

The University is a charity established by Royal Charter and its charitable objectives and outputs are set out in the Corporate Governance and Public Benefit statement on pages 9–12.

The Financial Statements for the Group comprise the consolidated results of the University and its subsidiary undertakings, which undertake activities that for legal, commercial or taxation reasons are more appropriately performed through a separate and subsidiary legal entity. The principal trading subsidiaries consolidated in the accounts are: Sussex Innovation Centre Development Limited, Sussex Innovation Centre Management Limited, Sussex U H Limited and Sussex Estates and Facilities LLP. In addition the University has a major share in the Brighton and Sussex Medical School (BSMS), which is accounted for as a joint venture according to Financial Reporting Standard (FRS) 9.

This statement is drawn up in accordance with the Financial Reporting Council's (FRC) Guidance on Strategic Reporting.

STRATEGY AND CONTEXT

The University is working towards a number of academic, financial and other objectives set out in the strategy *Making the Future 2013–18*. This strategy sets out a vision for growth in quantity, quality and distinctiveness of research and teaching and learning, supported by investments in capital, IT and learning and research infrastructure, with measures to increase financial and environmental sustainability. In this second year of the strategy, the University has continued its progress towards achieving the ambitious targets and objectives set out for the plan period.

The University's primary targets for maintaining financial sustainability over the planning period 2013–18 are to increase surpluses to at least 10% of turnover, and turnover by 50% over that recorded in 2012–13. These targets underpin the resource requirement for planned investments over the plan period and are the benchmark for evaluating plans and performance.

Surpluses achieved in the five years to 2014–15 demonstrate progress towards 2018 targets.

The 2014–15 surplus is smaller than in recent years but reflects a small number of one-off items including: £1m expenditure relating to the East Slope development, and £2m of HEFCE imposed future grant reductions relating to over-recruitment of home/EU undergraduate students (which was confirmed in July 2015). After adjusting for these items, the underlying operating surplus for the year remains broadly consistent with past years and future forecasts.

Turnover this year has increased to £224m – an increase of 10.8% over the 2012–13 base year. These key surplus and turnover performance indicators, viewed alongside continued solid recruitment and reputational performance, represent steady progress towards achieving the 2013–18 strategic plan objectives.

Council monitors performance of the institution through a number of Key Performance Indicators (KPIs) and risk measures at each meeting. Our KPIs and risk measurement and mitigation are specifically aligned to the University's objectives as set out in *Making the Future 2013–18*. Performance is assessed against a balanced range of targets, which include financial and non-financial measures. Despite the uncertain economic conditions and growing competition in the sector, our long-term focus remains unaltered and we continue to aim for growth in targeted areas, to be delivered by specific action plans.

Operating and Financial Review (continued)

RESULTS FOR THE YEAR

The Group consolidated income and expenditure (gross including our share of joint venture income and expenditure, since the medical school is a core part of our academic activities) and results after taxation for the year ended 31 July 2015 and the previous three years are summarised as follows:

	2014/15	2013/14	2012/13	2011/10	2010/11
	£m	£m	£m	£m	£m
Income	223.6	218.7	201.7	182.7	174.9
Expenditure	220.2	204.9	187.3	163.6	163.6
Surplus for the year in non-controlling interest	(0.7)	(0.2)	-	-	-
Surplus for the year transferred from endowment funds	0.5	0.4	0.3	-	-
Surplus for the year retained within income and expenditure account reserve	3.1	14.0	14.7	13.7	11.3

The University's total income rose by 2.3% compared with the previous year.

Our strategy is for selective growth for impact in our teaching and research activities and diversification of our income base. Consolidation of the University's reputation for teaching excellence is key to this and to delivering our core activity.

The Government's policy of transferring funding for HEU undergraduates from teaching grants to student fees is in its third year of implementation, and total recurrent grants from funding councils fell by 28% this year.

A large increase in International Student fee income – which grew by 9% over 2013–14 – is a major component of growth in revenue. Home/EU Student fee income also increased by 16% compared with 2013–14, offsetting a fall in Funding Council grants.

Research grants and contracts income increased by 10%: the third consecutive year of growth. The increase is driven primarily by European Commission grants. We have also experienced a small increase in charity-funded activity, despite the challenging economic conditions in which charities operate.

Government departments continue to reduce spending on research, and as a consequence, the income from Research Council grants remains at a similar level to 2013–14.

Within our cost base, pay costs increased by 7.5% as a result of planned investment in academic posts and support staff, in support of achieved growth in student numbers related directly to plans for growth during the 2013–18 planning period. Council actively monitors the management of investment that is contingent upon achieving growth. The rate of growth in staff appointments is consistent with the Council-approved forecast for 2014–15 and reflects achievements in student number growth delivered during the planning period.

Nationally agreed cost-of-living rises, impacted by incremental salary increases, led to a unit cost increase in staff costs of 2%. The proportion of pay cost to gross income is 50%, which is below the sector average.

The University has continued its strategy of working with external partners, who deliver high quality services outside our core academic mission. 2014–15 was the first full year of Sussex Food services delivered by Chartwells, who since September 2013 have delivered a bespoke conference and catering offering to support the distinctiveness of the Sussex campus experience. Similarly, since January 2014 the University transferred the management of all campus estates and grounds facilities to Sussex Estates and Facilities LLP – a subsidiary undertaking jointly owned with Interserve PLC. These projects have been undertaken to improve the quality of the relevant services and are continually monitored by the University to ensure that best value is achieved. Both contracts are performing well and in line with financial targets.

BALANCE SHEET REVIEW

CAPITAL INVESTMENT

During the year the University continued its new capital programme of around £400m of developments. In 2014–15 capital investment in buildings of £6.6m was made on projects including the initial stages of design and development of a £60m new Life Sciences building and the redevelopment of the Attenborough Centre for Creative Arts. The refurbishing of space to house the Sussex Neuroscience Centre was completed, providing state-of-the-art research facilities to new groups whose research contributes to the University's research growth objectives.

Operating and Financial Review (continued)

We have begun work on a new £9.8m project for the development of improved teaching and research space in the School of Engineering and Informatics including the creation of a centre for Computing, Robotics, Electronics and Mechatronics. This project is match-funded from the HEFCE ‘STEM’ capital funding stream and University match funding.

Following a comprehensive OJEU process, a partner has been selected for the development of the University’s East Slope, replacing the existing student residence, with more than 2,000 new bed spaces. This will provide an additional 1,450 bed spaces on the campus by 2020 at an approximate cost provided by the partner of £100m. The University’s Masterplan received planning consent establishing the strategy for future development of the campus.

Projects have been carefully prioritised to support *Making the Future 2013–18*, addressing major academic, research and student services initiatives, while removing some of our poorer quality buildings and replacing them with new fit-for purpose facilities. Our approach was endorsed by HEFCE through approval of our Capital Infrastructure Fund Round 2 strategy submission. The University has thus undertaken a series of major projects, making investments from funds from the HEFCE administered Capital and Investment Framework, together with matched funding from internal resources, donations and bank borrowing.

FINANCING, CASHFLOW, AND LIQUIDITY

The University manages its liquid resources to minimise the cost of financing while meeting all its liabilities as they fall due. Council annually endorses a Treasury Management and Investment Policy which has been set in accordance with Treasury Management guidance published by CIPFA and which sets the framework for management of liquid resources and longer-term endowment and other investments.

The University adopted a formal policy on borrowing and financing in 2009. This resulted in setting maximum borrowings for the University, for the time being at £105m, of which around half was to be secured as core borrowings on longer term non-amortising arrangements on an interest-only basis.

In accordance with these decisions, the University took out a £40m long-term non-amortising interest-only facility with Barclays Bank plc, part drawn down in 2008–09 and the remainder early in 2009–10. In 2009 the University secured access to £50m of amortising term funding from Scottish Widows plc for construction of Northfield residences and to complete all elements of the capital programme to 2011–12. Of the £50m from Scottish Widows £20m was drawn down in 2011–2012 with the remaining £30m being drawn down in Autumn 2012.

The Consolidated Cash Flow Statement shows the income generated by operations, and the application of cash to capital investments. The University continued the trend of strong operating cash performance – a strategy underpinned by accounting surpluses of the last five years. £15.5m of cash was generated from operating activities before net Interest paid £4.8m, net repayments of £2.2m in loan funding and investing a net £5.7m of cash in capital developments. Short-term and overnight cash reserves less overdrafts were increased marginally at 31 July 2015 reflecting the University’s sustained strong cash position as the University enters a new phase of capital developments.

PENSION FUNDING

The University fully adopts the FRS 17 “Retirement benefits” treatment of pension costs and assets/liabilities. The University participates in three major pension arrangements which all carry different accounting treatment under the accounting standard. Details are set out in the notes to the accounts.

The net pension obligation in accounting terms for the University of Sussex Pension and Assurance Scheme (USPAS) has decreased by £5.3m to £27.4m principally as a result of the investment performance in the scheme’s underlying assets. The actual investment return achieved exceeded the expected return calculated at the last triennial valuation by £4.7m. A lower discount rate resulting from falls in corporate bond yields has caused an increase in the value of the scheme’s future pension obligations of £2.0m, but this adverse fluctuation has been offset by contributions paid that were higher than those required to meet FRS17 cost of benefits accruing.

While this accounting recognition is important, it is useful to set out the practical implications of the deficit in terms of cash commitments. The actuarial valuation of USPAS at 31 March 2012 was completed in Spring 2013. The University agreed a Recovery Plan with the Trustees (which has since been accepted by The Pension Regulator), which includes paying the £39.9m Technical Provisions deficit at 31 March 2012 over a period of 15 years from August 2013 to March 2028, through increased employer cash contributions of circa £2.7m per annum rising in line with inflation. The future service contribution rates have risen as a result of falling gilt yields but the University has offered to pay all the increase for a further year pending discussion with members and Trade Unions on the impact of this rise and future change to pension costs such as the ending of contracting out of the state pension regime.

Operating and Financial Review (continued)

While this scheme has significant financial impact on the University's financial position and cash contributions, we expect that the effect of closing the scheme to new entrants in 2009 and the Recovery Plan payments agreed will mean that the risks are largely contained and that the opportunity for significant adverse changes remains lower than in the past. Nevertheless market conditions informing the discount rate applied to the scheme liabilities remain challenging, with historically low gilt rates. The triennial valuation at March 2015 is underway and expected to be completed by May 2016.

The USPAS scheme was closed to new entrants on 1 April 2009, when the University opened a new defined contribution scheme – Sussex Group Stakeholder pension Scheme – with life and health assurance benefits. This scheme now has more than 420 active members following implementation of the UK Government auto-enrolment policy, which applied to the University from 1st April 2013. As a defined contribution scheme with life and health assurance benefits, the annual cost of this scheme is recognised in the Income and Expenditure Account and there is no risk of costs to the University changing retrospectively once a year is complete.

In addition, the University has obligations to the national academic and academic related staff scheme, USS. As this is treated under accounting rules as a defined contribution scheme, it does not affect the University's published reserve position although it does represent a financial risk to the University. Employer contributions rose by 2% in October 2009 and the triennial valuation in March 2011 was followed by implementation in October 2011 of a set of changes to the scheme which, inter alia, set the scheme as a Career Revalued Benefits scheme for new joiners and made changes to benefits and contributions relating to the Final Salary scheme members. The recovery plan confirmed that for the following three years from 2011 an employer's contribution rate of 16% would apply with provision for recovery of the remainder of the deficit by including a percentage above future service rates for up to seven years beyond. The scheme's latest triennial formal valuation at 31 March 2014 has been completed by the scheme actuary and submitted along with a revised recovery plan to the pension regulator. The revised plan includes provision for an increase to 15 years to the period over which recovery of the deficit will be achieved through including an increased 18% employer contribution and 8% employee rate from April 2016. A further revision to benefits includes the cessation of final salary benefits beyond those accrued up to 2016 and a new threshold to be applied restricting career average related benefits to a maximum salary of £55,000. In addition a new defined contribution scheme is to be made available to all members.

RESERVES

Consolidated reserve funds have benefited from another year of consecutive Income and Expenditure Account surplus and increases in endowment funds compared with the prior year. Reserves stand at £126.3m compared to £119.9m last year.

FUTURE OUTLOOK

The current funding regime for Universities is in many ways potentially volatile as grant funding is cut to reduce public sector borrowing and as revenue is much more directly correlated with student numbers resulting in a landscape that has opportunities as well as threats. The transfer of funding for Home/EU undergraduate students from block grant to tuition fees over the three years since 2012 has created a welcome net benefit to the University, but the continuing cap on Home/EU undergraduate tuition fees at £9,000 places considerable constraint over pay inflation and our capacity to invest in other expenditure. The Government's policy of reducing research funding reduces our ability to increase research capacity.

Since 2012 home/EU Undergraduate entrants teaching funding has mainly derived from student fees rather than HEFCE grant. This has introduced increased accountability direct to students as well as increased income sensitivity to under or over-recruitment. The change in student number control is complex to manage but the University is in a position to target controlled growth in a number of areas, which have been held back by previous public policy, enabling us to continue to offer a top-quality higher education experience to larger numbers of students.

The impact of the change in home/EU Undergraduate non-quota numbers to AAB for 2012–13 was difficult across the UK Universities sector given the lower-than-expected number of students achieving these grades. In 2013–14, student numbers across the sector – including Sussex applicants – moved towards expected levels. In 2014–15 competition continued to be high to fill non-quota places at the ABB level. From 2015–16 there will be no student number control and remaining supply issues mean that filling places with students attaining high quality A level and equivalent passes will be challenging. This confirms our view and understanding that our recruitment objectives are shared by other peer group universities and that competition and student mobility will increase over the next few years.

Reductions in capital grants require us to find other sources of income to implement our capital development plans. Ongoing update of the campus masterplan will inform the capital development programme beyond the current year.

Lower funding for research councils and other grant awarding bodies also mean that success in bidding is harder than ever to achieve. We remain confident that the quality and impact of our research is such that we will continue to build on the success of the past few years in this increasingly competitive environment and we seek to retain market share for prestigious peer-reviewed sponsors such as the UK research councils.

Our strategy, *Making the Future 2013–18*, continues to inform our overall objectives in increasing the size and maintaining the broad-based discipline shape of the University through income diversification and targeted growth where circumstances are favourable, while investing in capital and infrastructure to improve the staff and student experience. The University has set new targets for student growth, up to around 18,000 FTE, and for research income, and made plans for significant investment in academic staff over the period.

The University has incorporated elements of growth on a prudent basis in its budgets and forecasts for the coming years to reflect the plans that are in place. Project management disciplines and robust scrutiny and action on progress will ensure that management and governance within the University will track the success of these initiatives. While the operating environment is more competitive and more uncertain in many areas, the University remains confident that it will continue to grow and build on a position of financial and operational strength, to extend our academic activities and impact, based on our recognised core strengths.

Christian Brodie

Chair of Council

Professor Michael J G Farthing

Vice-Chancellor

Corporate Governance

The University is committed to best practice in all aspects of corporate governance.

This statement describes the manner in which the University actively applies the principles set out in the Committee of University Chairs (CUC) Governance Code of Practice and in Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council, as applied to the higher education sector. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

SUMMARY OF THE UNIVERSITY'S STRUCTURE OF CORPORATE GOVERNANCE

The University is an independent corporate body whose legal status derives from a Royal Charter. Its objects, powers and framework of governance are set out in the Charter and supporting Statutes.

The Charter and Statutes establish three separate bodies – Council, Senate and Court – each with clearly defined functions and responsibilities, to manage and oversee the University's activities:

CHARTER AND STATUTE BODIES

Council is the governing body of the University, responsible for setting the general strategic direction of the institution, for ensuring proper accountability, and for managing its finances, property and investments and the general business of the University.

Council is made up of independent, professional services, academic and student members appointed or elected under the Statutes of the University. The majority are independent, non-staff, non-student members. The roles of Chair and Vice-Chair of the Council are separate from the role of the University's Chief Executive, the Vice-Chancellor. Council has a membership of 25. These are: the Vice-Chancellor; Deputy Vice-Chancellor; up to 15 independent members appointed by Council; three members of the Senate; two other members of the academic staff; one member of professional services staff, the President of the Students' Union and the student representative of the Research Postgraduate School. Council meets at least four times a year and has five committees and two joint committees. The matters specially reserved to Council for decision are set out in a list specifically approved by Council; by its own decision and under

the Financial Memorandum with the Higher Education Funding Council for England (HEFCE).

Council holds the responsibility for the ongoing strategic direction of the University, the monitoring of institutional effectiveness and the approval of major developments. It receives regular reports from the senior executives on the day-to-day operations of the University and its subsidiary companies. The Chair, Vice-Chair (Performance) and Vice-Chair (Finance) are appointed amongst the independent members. The University is fully compliant with the key recommendations of the Committee of University Chairs (CUC) code.

Senate is the main academic body of the University and draws its membership entirely from the staff and students of the University. Its principal role is to direct and regulate the teaching and research of the University.

Court (Sussex Annual Forum) is an annual meeting to promote the Research, Teaching and interests of the University to the local area, enhance relationships with businesses to strengthen placement opportunities and provide an opportunity for networking.

COMMITTEES

Finance and Investments Committee (FIC) is a Committee of Council, focusing on the oversight of the University Executive's planning and management of finance, investments and assets of the University in their widest sense in the context of economy, efficiency and value for money. Finance and Investment Committee has a remit to review, monitor and approve on behalf of Council the financial strategy and policy, budget setting and financial forecasting, financial performance, the capital project governance framework and investment and treasury matters, providing advice and guidance to Council as required. The committee's membership comprises the Vice-Chair (Finance), four independent members of Council, the Vice-Chancellor and Deputy Vice-Chancellor.

Audit Committee provides assurance on governance, accounting integrity, internal controls, data integrity, risk management and the efficient use of resources. It comprises a Chair appointed by Council plus three independent members of Council who are not members of the Finance and Investment Committee. It has the power to co-opt up to two other independent members from

Corporate Governance (continued)

outside of Council with financial, accounting or audit experience. It meets four times a year. Although Senior Executives attend meetings of the Audit Committee as necessary, they are not members, and the Committee reserves sessions for independent discussion with the auditors without officers present.

Performance Committee is a committee of Council providing oversight of the University's performance in delivering strategies, projects and plans that have been agreed by Council, including identifying and measuring the indicators by which plans can be monitored. The committee agrees a range of operational indicators, which enable the Council to oversee the general operations of the University and the format and timing of reporting on these. For strategies, projects and plans and areas of operation, the Committee monitors the management of the main risks. The committee also monitors the University's compliance against a range of statutory requirements. The committee is chaired by the Vice-Chair (Performance), and comprises: four independent members of Council, the Vice-Chancellor and Pro-Vice-Chancellors, two members of staff on Council appointed by the Nominations Committee and the President of the Students' Union (or a nominee).

Nominations Committee reports to Council and is responsible for making recommendations to Council and Court on the appointment of the independent members of Council and Court and for making appointments to Council Committees and Groups.

Brighton and Sussex Medical School Joint Board is responsible to the Board of Governors of the University of Brighton and Council of the University of Sussex for the educational character, teaching and research profile of the Brighton and Sussex Medical School (BSMS). It also ensures that BSMS operates within policies and frameworks set by the parent bodies; it plans for the strategic development and resourcing of the BSMS; it considers the composition and structure of the senior management of the BSMS and it receives and reviews the financial estimates of the BSMS.

Remuneration Committee is a subcommittee of Council for determining the principles and strategy for the reward of all staff, including specifically the remuneration (and any individually negotiated termination packages) of all members of the Vice-Chancellor's Executive Group; it also oversees the framework for the remuneration of all Heads of School, Professional Services Directors at grade 10, the Librarian, and the Professoriate.

SUB-COMMITTEES

Human Resources Committee is a sub-committee of the Performance Committee with responsibility for recommending and implementing human resources strategy and advising on and recommending employment-related policy.

Health, Safety and Environment Committee is a sub-committee of the Performance Committee which advises on the University's Health and Safety Policy; acts as the consultative body of the University on matters of health, safety and environment; audits the health, safety and environmental performance of the University and provides assurance to Council that the University is meeting its regulatory obligations in matters of health, safety and environment.

Equality and Diversity Committee is a sub-committee of Performance Committee that formulates, and provides advice on, policies for the promotion of equality and diversity across the University; monitors the University's equal opportunities policies; advises on the fulfilment of statutory obligations and promotes activities aimed at furthering equality and diversity in the University.

Capital Programmes Committee is a sub-committee of the Performance Committee that directs the development, enhancement and maintenance of the University's buildings, environment, physical infrastructure and services, and oversees other capital investment commitments, including IT.

Honorary Degrees Committee, a joint committee of Council and Senate, is responsible for recommendations on the number of awards of honorary degrees and to whom they should be awarded.

The Vice-Chancellor, appointed by Council after consultation with the Senate, exercises management supervision of the University. Under the terms of the Financial Memorandum between the University and the HEFCE, the Vice-Chancellor is the accountable officer of the University.

A Register of Members' Interests is maintained by the Registrar and Secretary, which includes details of independent members of Council, and of senior officers and members of staff who have significant financial authority or access to privileged information.

STATEMENT OF PUBLIC BENEFIT

The University is an exempt charity within the meaning of the Charities Act 2011. Trustees who served during the year and up to the date of signing the financial statements are: Ms K Baker, Mr A Baldry, Mr C Brodie, Mr A Bryant, Mrs PA Burr, Professor J Cassell, Prof P Clifton, Professor A Cornwall, Professor J Cowan, Mr A Da Costa, Dr E Craig, Professor M Davies, Professor M J G Farthing, Ms P Francis, Ms A Fresko CBE, Mr M Fuhr CBE, Ms K Ghose, Mr A Ghosh, Mr T Irps, Prof Sir P Knight, Dr J Law, Professor. C Mackie, Mr T Martin, Professor M Mazzucato, Ms K McBride, Mr M McCann, Ms C Moroz, Prof M Morris, Ms S Nebhrajani, Ms L Rodrigues CBE, Dr A Smith, Mrs B Winter.

Corporate Governance (continued)

Under the provisions of the Charities Act 2011, charities are required to demonstrate explicitly how they provide public benefit. Under the Act, the Higher Education Funding Council for England (HEFCE) is the principal regulator of English higher education institutions that are exempt charities and thus for the University of Sussex. The University's Council, in setting and reviewing institutional objectives and activities, has taken into consideration the Charity Commission's guidance on the reporting of public benefit requiring: that there must be clearly identifiable benefits related to the aims of the charity; that the benefits must be to the public or to a section of the public; that where the benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions or by ability to pay fees; that people in poverty must not be excluded from the opportunity to benefit. Induction of new Council members covers the charitable objectives and charitable responsibilities of members as charity trustees. Annual updates are provided by the University's lawyers on a range of issues affecting Council members, and these explicitly cover best practice and statutory developments in the areas of charity law.

AIMS AND OBJECTIVES

The objects of the University as set out in its Royal Charter are 'to advance learning and knowledge by teaching and research, and to enable students to obtain the advantages of University education'. These align closely with two of the charitable purposes of advancement of education and the advancement of science. Our values are stated clearly in our strategy Making the Future 2013–18 and inform all our work to ensure we meet our charitable aims and corporate objectives. They are: excellence, interdisciplinarity, engagement, challenge, partnership, professionalism, equality and diversity and service. Sussex is recognised for its contribution to global academy and human knowledge and striving to sustain its distinctive academic endeavour. Internationalism is embedded in the intellectual and social life of Sussex with students and staff from a diverse and numerous range of nations contributing to the experience of all those studying and working here. Our students benefit from high quality inspirational teaching led by research of lasting academic value and impact for the benefit and enrichment of society. Our students and staff are key to the fabric and intellectual capital of one of the UK's most enterprising cities, Brighton & Hove, where the University is recognised as a major asset for economic growth and key contributor to the region's cultural resources and cosmopolitan life. Research at Sussex impacts on daily lives in a wide spectrum of activities, informing public policy and bringing new technologies for the benefit of society. The campus sits at the centre of the University's research, teaching and learning activities providing high quality, fit-for-purpose IT, research facilities, libraries, learning and social spaces which provide the

appropriate infrastructure to sustain and grow the impact of our academic endeavour, both global and regionally.

BENEFICIARIES AND ACTIVITIES WHICH GENERATE PUBLIC BENEFIT

The prime beneficiaries of teaching at Sussex are the University's undergraduate and postgraduate students. Public benefit is delivered through the quality education that students engage in at Sussex, allowing them to undertake jobs and careers in their subject, or in areas where the skills and intellectual rigour of their training have direct relevance. Many go on to share their learning and knowledge with others, some through formal teaching careers and others through social and workplace interchange. Graduates make a major contribution to society as a whole through wealth generation and their cultural and economic impact on society.

Our research benefits and enriches society, and influences policy at international, regional and national levels. The prime beneficiaries of research at Sussex, which covers a broad spectrum of disciplines and outputs, ranges from those directly affected by new medical and technological advances to those benefitting more indirectly from cultural and societal, economic and commercial, environmental and political improvements secured through better knowledge and understanding, including informing public policy in areas such as criminal justice industry and innovation and climate change policies. Our work has benefits that may be wide in scope and others that are extremely specific and deliver improved lifestyles to those concerned. Our series of impact case studies celebrates the benefits of our research both nationally and internationally: www.sussex.ac.uk/research/impact

The breadth of multidisciplinary research at Sussex is represented through the many distinctive areas of knowledge that grow and develop within each of our academic schools of study, departments and research centres. An example is our research in international development in the School of Global Studies, based in the Departments of Anthropology, Geography, International Development and International Relations. Researchers in the School of Global Studies collaborate with colleagues in the Schools of History, Art History and Philosophy; Business, Management and Economics; and SPRU – Science Policy Research Unit; as well as with the Institute of Development Studies, which is an independent institute based on the Sussex campus. Their multidisciplinary work has resulted in the creation of themed centres of research, including the Sussex Centre for Migration Research, the Centre for Global Political Economy, the Centre for International Education (CIE) and the Centre for Global Health Policy.

Corporate Governance (continued)

Recent projects include:

- Migrating out of poverty; focuses on the relationship between internal and regional migration and poverty, shedding light on the circumstances in which migration can most effectively reduce poverty
- The Role of Public-Private Collaborations in Strengthening Global Health Security. The project will generate important new knowledge about the formation, workings and effectiveness of public-private partnerships to enhance the resilience of populations and economies against transnational health security threats.
- Research by the Sussex Energy Group (SEG) is helping to facilitate the transfer of low-carbon technology to developing countries by informing new policy approaches, including international collaborative research and development and the establishment of Climate Innovation Centres (CICs).

TARGETS AND ACHIEVEMENTS

The University sets key performance indicators and targets, as part of its long term strategic plan, against which strategic and charitable objectives are measured. The results and evidence of progress are considered by Council at each meeting and through its key committees.

The University strategy *Making the Future 2013–18* is the product of extensive discourse between students, staff, and the wider University community. Full details of the University's vision up to 2018 are available at: www.sussex.ac.uk/aboutus/ourstrategy

The quality of teaching and research is reflected in the University's position in league tables both in the UK and internationally. Sussex is ranked 14th in the UK, 43rd in Europe and 111th in the world in the *Times Higher Education World University Rankings 2014–15*. According to the 2015 National Student Survey, 87% of Sussex students are satisfied with their overall experience. Sussex ranks in the top 20 in *The Times and Sunday Times Good University Guide 2015* and is 19th in the UK overall in *The Guardian University League tables 2016*. In the recently concluded 2014 Research Excellence Framework (REF), over 75 per cent of research activity at Sussex is categorised as world leading or internationally excellent in terms of originality, significance and rigour.

REMOVING BARRIERS TO PUBLIC BENEFIT

The University endeavours to remove all barriers to the delivery of benefit from our education and research. Sussex recruits students from hundreds of countries worldwide and provides foundation and English language courses, in collaboration with respected partners, to ensure an accessible route to our full degree programmes, and to support taster programmes, such as summer schools. Sussex endeavours to provide affordable student accommodation on the campus estate and in the surrounding area, which is operated by the University and its partners to ensure that Sussex is a safe and accessible destination for study.

Sussex has undertaken many initiatives to remove barriers to education presented by the cost of study and maintenance. We have a number of scholarship schemes available to students at different levels of study, open in many cases to home and international students, and ensuring that access to our education programmes is available to students demonstrating academic excellence, irrespective of nationality or background. In 2013–14, gifts and donations supported 41 scholarships and 95 students through hardship bursaries.

An important part of our response to the current fees regime for Home/EU undergraduate students has been to agree a comprehensive range of financial and pastoral support measures, from pre-arrival to after graduation, for first-generation scholars (students who are the first in their family to attend university), in addition to the provision of student support for all Sussex students which is available via the Student Life Centre and Student Support Unit. Interventions include HE awareness-raising through close work with selected schools, and support for job seeking and work placements. We have been successfully exceeding HEFCE benchmarks in most areas for several years and continue to work hard to improve access. The development of a range of postgraduate taught scholarships has been a priority, and has led to the development of the Sussex Graduate Scholarships, Chancellor's Masters Scholarships and the Sussex Country Scholarships (for students coming to Sussex from India, Nigeria and Pakistan).

We work to ensure that capital investments address accessibility issues for students with special requirements, including purpose-built flats designed for those with limited mobility. The Student Life Centre at Sussex provides support, counselling services and study advice.

Corporate Governance (continued)

In the case of research Sussex delivers public benefit through its engagement across a broad range of disciplines spanning the sciences, social sciences, arts and humanities. Funding is drawn from a variety of sources including research block grant, grants and contracts from Government, charities and industrial sponsors as well as philanthropic gifts from individual and corporate benefactors all of which contribute to sustain the strong culture and tradition of scholarship and research-led teaching which is central to the University. Working with external organisations, institutions and the wider community offers increasing opportunity for access to knowledge and expertise, and through the development of new partnerships and collaborations, future innovations and knowledge transfer will benefit society.

INCIDENTAL PRIVATE BENEFITS

The University is aware that certain activities may confer private benefit on employees (other than their core employment remuneration), especially in areas of enterprise development, spin-offs and other commercial intellectual property related activity. The University therefore has in place strict contractual policies to ensure that the public interest and wider public benefit are protected by requiring that rewards to individual staff inventors are paid out of additional income over and above the full economic cost of the University's activity which is the first call on revenues generated in such activity. Income is shared between University and inventors beyond this limit and is such that private benefit conferred is incidental to the public benefit of our education and research mission.

AVOIDING DETRIMENT IN OUR ACTIVITIES

The University's activities promote public benefit by their nature. Care is taken that our research work is informed by ethical assessments, that are carried out at proposal stage. We also have a number of staff and student policies that require pre-assessments to be made on ethical grounds before commencing work.

FUTURE ACTIVITIES TO ENHANCE PUBLIC BENEFIT

Since 2012, new rules applying to Home/EU undergraduates entering University have changed the funding landscape for this section of the student body, which makes up approximately 70% of the student population at Sussex. Government policy on funding for higher education has led to a reduction in direct grant funding and increased student fees. This presents a significant challenge for Universities to avoid a perceived price barrier that might restrict access by potential student beneficiaries from low-income households. The University works with applicants and their parents and sponsors to ensure that they understand the financial impact of the new regime, which includes loan funding for tuition fees in full, and the benefits of a higher education experience which continues to be compelling in terms of the direct and indirect benefit to graduates.

The University is fully committed to developing access and progress routes for students from all backgrounds. Our OFFA agreement (which may also be found at www.sussex.ac.uk/study/wp/schoolsandcolleges) includes a commitment to re-investing fee income, equating to £8.2m, in an extensive programme of widening access activities including Sussex's First-Generation Scholars scheme. The programme covers engagement with local and regional educational providers through collaborative initiatives with a range of partners including the Southern Region Widening Participation Practitioners Network, the Aim Higher London South network (AHLS), the Brilliant Club and Realising Opportunities Programmes to promote fair access to higher education and social mobility for young people. In addition to the financial support provided through the First-Generation Scholars Scheme students are provided with a range of transition, retention and employability support options to help their progression through pre-entry, academic and study skills development, work placement, careers advice and ongoing careers and employability support post graduation, or assistance with access to postgraduate study.

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

Council, as the governing body of the University, has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Charter and Statutes and the HEFCE Memorandum of Assurance.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

Corporate Governance (continued)

REVIEW OF EFFECTIVENESS

Council's review of the effectiveness of the system of internal control is informed by the work of internal auditors, not employed by the University, who operate to the standards defined in Accountability and Audit: HEFCE Code of Practice. It is also informed by the Audit Committee, which has oversight of internal audit and which reports annually to Council for its approval of the effectiveness of risk management and the system of internal control; by the work of the Senior Executives and the risk owners within the University who have responsibility for the development and maintenance of the internal control framework and by comments made by the external auditors.

CAPACITY TO HANDLE RISK

As the governing body, Council has responsibility for the University's risk management framework. For this purpose, the Audit Committee oversees and provides assurance on the operation of the framework. The Vice Chancellor's Executive Group, which meets to receive and consider reports on recommendations for action or decision to Council, coordinates the management of risk within the University's Schools and departments and ensures that the risk register is kept up-to-date and that appropriate business continuity and disaster recovery plans are in place. It is supported for this purpose by internal audit. Risk management within Schools and departments is supplemented by risk assessments and monitoring by project managers for cross-organisational projects.

THE RISK AND CONTROL FRAMEWORK

The following processes have been established:

- Council meets at least four times through the year to consider the plans and strategic direction of the University
- Council requires regular reports from senior executives on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects
- Council receives periodic reports from the Chair of the Audit Committee concerning internal control, and receives copies of the minutes of all Audit Committee meetings. The Audit Committee meets four times a year and receives regular reports from internal audit, which include internal audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, including the risk register, together with recommendations for improvement
- the risk management strategy classifies risks as strategic (managed by Performance Committee) and operational (managed by the Vice-Chancellor's Executive Group) and reports are provided to Audit Committee, which assures itself from reports and representations received and the work of

the internal auditors that a comprehensive system of risk management is operational throughout the year

- risk management has been embedded at School and support unit level by ensuring that the annual planning cycle includes detailed review of the risks facing each School or support unit, by each School or support unit having a risk mitigation strategy and each risk being assigned to a manager
- a risk prioritisation methodology based on risk ranking has been established
- reports are received from those managers identified as having responsibility for managing key corporate risks
- an organisation-wide risk register is maintained of all the key corporate risks and is reviewed formally by Council once a year
- a system of key performance indicators has continued to be developed, and risk management considerations are addressed specifically on all major projects and decision-making papers through the committee structure

Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2015 and up to the date of approval of the Financial Statements, that it is regularly reviewed by Council and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

Responsibilities of the University's Council

In accordance with the University's Charter of Incorporation, Council is responsible for the administration and management of the affairs of the University and is required to present audited Financial Statements for each financial year.

Council is responsible for ensuring the proper maintenance of accounting records and the preparation of Financial Statements that give a true and fair view of the state of affairs of the University in accordance with the University's Charter and Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions dated June 2007, other relevant accounting and financial reporting standards and within the terms and conditions of a Financial Memorandum agreed between HEFCE and the University's Council.

Council, through its senior officers and the Finance and Investments and Audit Committees, is required to ensure that in the preparation of accounting statements:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting and financial reporting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements, and
- Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

Council has taken reasonable steps, through its senior officers and Audit Committee to:

- ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which HEFCE may from time to time prescribe
- ensure that funds from the National College for Teaching and Leadership are used only for the purposes for which they have been given and in accordance with the Funding Agreement with the Agency and any other conditions which the Agency may from time to time prescribe
- 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 economical, efficient and effective management of the University's resources and expenditure.

Council is satisfied that the University 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.

Independent Auditor's Report to the Council of The University of Sussex

We have audited the group and University financial statements (the "financial statements") of the University of Sussex for the year ended 31 July 2015 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, 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).

This report is made solely to the Council, in accordance with the Charters and Statutes of the institution of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it 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 Council for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITOR

As explained more fully in the Statement of Council's Responsibilities set out on page 12 the Council is responsible for the preparation of financial statements which 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.

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 Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Financial Statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements*.

OPINION ON OTHER MATTERS PRESCRIBED IN THE HEFCE AUDIT CODE OF PRACTICE 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;
- income has been applied in accordance with the University's Statutes;
- 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; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.

Chris Wilson
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

November 2015

Consolidated Income and Expenditure Account for the year ended 31 July 2015

	NOTE	2015 £'000	2014 £'000
INCOME			
Funding council grants	1.1	27,452	38,157
Academic fees and support grants	1.2	122,256	108,868
Research grants and contracts	1.3	30,907	28,061
Other operating income	1.4	42,346	42,960
Endowment income and interest receivable	1.5	674	623
Total income: group and share of joint ventures		223,635	218,669
Less: Share of joint ventures income	19	(10,969)	(11,059)
GROUP INCOME		212,666	207,610
EXPENDITURE			
Staff costs	2.1	113,557	105,627
Depreciation – charge for year	2.4	10,139	9,658
Depreciation – impairment charge	2.4	-	2,930
Other operating expenses	2.3	90,856	80,798
Interest payable	2.2	5,722	5,832
Total expenditure: Group and share of joint ventures		220,274	204,845
Less: Share of joint ventures expenditure	19	(10,508)	(10,137)
GROUP EXPENDITURE		209,766	194,708
Group surplus on continuing operations after depreciation of fixed assets at cost and before tax		2,900	12,902
Share of surplus in joint venture	19	461	922
TOTAL SURPLUS ON CONTINUING OPERATIONS AFTER DEPRECIATION OF FIXED ASSETS AND DISPOSAL OF ASSETS AT COST BUT BEFORE TAX		3,361	13,824
Taxation		-	-
HISTORIC COST SURPLUS ON CONTINUING OPERATIONS AFTER DEPRECIATION OF FIXED ASSETS AT COST, DISPOSAL OF ASSETS AND TAX		3,361	13,824
Non-controlling interest		(746)	(181)
Transfer from accumulated income in endowment funds		520	382
SURPLUS FOR THE YEAR RETAINED WITHIN INCOME AND EXPENDITURE ACCOUNT RESERVE		3,135	14,025

The consolidated income and expenditure of the University and its subsidiaries relate wholly to continuing operations. There is no statement of group historical cost surpluses as there are no material differences arising from assets held at valuation. The Statement of Consolidated Income and Expenditure should be read in conjunction with the Statement of Consolidated Total Recognised Gains And Losses on Page 17.

Consolidated Balance Sheet

as at 31 July 2015

	NOTE	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	3	205,685	205,724
Investments	4	439	385
Investment in joint venture:			
Share of gross assets	19	10,495	9,667
Share of gross liabilities	19	(3,268)	(2,901)
ENDOWMENT INVESTMENTS	6	9,446	9,075
CURRENT ASSETS			
Stocks		62	46
Debtors	7	17,048	14,960
Investments	12.5	43,333	43,550
Cash at bank and in hand	12.5	11,309	7,889
		71,752	66,445
CREDITORS: amounts falling due within one year	8	(50,142)	(42,953)
NET CURRENT ASSETS		21,610	23,492
TOTAL ASSETS LESS CURRENT LIABILITIES		244,407	245,442
CREDITORS: amounts falling due after more than one year	10	(90,877)	(92,800)
TOTAL NET ASSETS EXCLUDING PENSION LIABILITY		153,530	152,642
PENSION LIABILITY	15	(27,403)	(32,721)
TOTAL NET ASSETS INCLUDING PENSION LIABILITY		126,127	119,921
REPRESENTED BY			
DEFERRED CAPITAL GRANTS	11	57,281	58,155
ENDOWMENTS			
Permanent	14	4,507	4,287
Expendable	14	4,939	4,788
		9,446	9,075
RESERVES			
Income and expenditure account excluding pension liability	13.1	83,691	83,133
Pension reserve	13.1	(27,403)	(32,721)
Income and expenditure account including pension liability		56,288	50,412
Capital reserve	13.3	1,802	1,802
Revaluation reserve	13.2	347	261
Non-Controlling Interest		962	216
TOTAL FUNDS		126,127	119,921

The Financial Statements were approved by the Council on 26 November 2015 and signed on its behalf by:

Professor M J G Farthing, Vice-Chancellor

C Brodie, Chair of Council

R A Spencer, Director of Finance

University Balance Sheet as at 31 July 2015

	NOTE	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	3	202,253	202,611
Investments	4	601	547
ENDOWMENT INVESTMENTS	6	9,441	9,075
CURRENT ASSETS			
Stocks		46	46
Debtors	7	21,996	19,732
Investments	12.5	43,333	43,550
Cash at bank and in hand		8,322	4,437
		73,697	67,765
CREDITORS: amounts falling due within one year	8	(48,746)	(40,819)
NET CURRENT ASSETS		24,951	26,946
TOTAL ASSETS LESS CURRENT LIABILITIES		237,246	239,179
CREDITORS: amounts falling due after more than one year	10	(89,721)	(91,498))
TOTAL NET ASSETS EXCLUDING PENSION LIABILITY		147,525	147,681
PENSION LIABILITY	15	(27,403)	(32,721)
TOTAL NET ASSETS INCLUDING PENSION LIABILITY		120,122	114,960
REPRESENTED BY:			
DEFERRED CAPITAL GRANTS	11	56,815	57,650
ENDOWMENTS			
Permanent	14	4,507	4,287
Expendable	14	4,939	4,788
		9,446	9,075
RESERVES			
Income and expenditure account excluding pension liability	13.1	80,917	80,695
Pension reserve	13.1	(27,403)	(32,721)
Income and expenditure account including pension liability		53,514	47,974
Revaluation reserve	13.2	347	261
TOTAL FUNDS		120,122	114,960

The Financial Statements were approved by the Council on 26 November 2015 and signed on its behalf by:

Professor M J G Farthing, Vice-Chancellor

C Brodie, Chair of Council

R A Spencer, Director of Finance

Consolidated Cash Flow Statement for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	12.1	15,603	25,781
Returns on investments and servicing of finance	12.2	(4,631)	(4,901)
Capital expenditure and financial investment	12.3	(5,935)	(16,200)
Cash inflow before use of liquid resources and financing	12.5	5,037	4,680
Management of liquid resources		217	(340)
Financing	12.4	(1,834)	(1,799)
Increase in cash		3,420	2,541

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2015 £'000	2014 £'000
Increase in cash in the year		3,420	2,541
Increase in short-term deposits	12.5	(217)	340
New finance acquired	12.4	(319)	(313)
Repayment of debt	12.4	2,153	2,112
Change in net funds		5,037	4,680
Net debt at 1 August	12.5	(43,325)	(48,005)
Net debt at 31 July	12.5	(38,288)	(43,325)

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2015

		2015 £'000	2014 £'000
Surplus after depreciation of assets at cost and tax		3,361	13,824
Non-controlling interest		(746)	(181)
Appreciation of endowment asset investments	6	408	260
New endowments received in year	14	482	885
Unrealised gain on revaluation of fixed asset investments	13.2	86	55
Actuarial gain/(loss) on pension scheme	15	2,742	(7,634)
TOTAL RECOGNISED SURPLUS RELATING TO THE YEAR		6,333	7,209

Statement of Accounting Policies

1. BASIS OF PREPARATION

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions 2007 and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council.

2. BASIS OF ACCOUNTING

The Financial Statements are prepared under the historical cost convention modified for the valuation of Endowment Asset Investments, Fixed Asset Investments and Current Asset Investments.

3. BASIS OF CONSOLIDATION

The consolidated Financial Statements include the Financial Statements of the University and its subsidiary undertakings for the financial year to 31 July 2015. These are Sussex Innovation Centre Development Limited, Sussex U H Limited, Sussex Estates and Facilities LLP and Sussex Innovation Centre Management Limited. The results of the Students' Union are not consolidated because it is an independent charity with separate control.

4. RECOGNITION OF INCOME

Funding Council Grants are accounted for in the period to which they relate.

Tuition fee income is credited to the income and expenditure account in the year in which students are studying. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Research 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 deferred income within creditors.

Capital grants received in respect of the acquisition or construction of fixed assets are credited to deferred capital grants in the balance sheet and are released to the income and expenditure account over the useful economic life of the asset for which the grant was awarded.

Sale of goods and services receipts are credited to the income and expenditure account at the time of supply to the customers or when the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Revaluation Surplus on fixed and current asset investments is credited to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it exceeds a previous revaluation surplus. Increases or decreases in value arising on the revaluation or disposal of endowment assets, are accounted for by debiting or crediting the endowment asset, crediting or debiting the endowment fund and are reported in the statement of total recognised gains and losses.

5. CHARITABLE DONATIONS

Unrestricted donations are those with no restrictions on their application. Where there is also no requirement for their capital to be maintained, they are credited to the income and expenditure account when received. Unrestricted donations whose capital must be maintained are credited to permanent (unrestricted) endowments in the balance sheet.

Restricted donations are those which must be applied to a specific purpose. Where there is no requirement for capital to be maintained, a restricted donation is credited to expendable (restricted) endowments in the balance sheet and then released to the income and expenditure account to match expenditure incurred in meeting the objectives set out by the donor. However if the donation is to be applied to the acquisition or construction of a fixed asset it is credited to deferred capital grants and released to the income and expenditure account over the useful economic life of the asset which it has funded. A restricted donation whose capital must be maintained is credited to permanent (restricted) endowments.

6. AGENCY ARRANGEMENTS

Funds which the institution receives and disburses as paying agent on behalf of a funding body, are excluded from the income and expenditure of the institution where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Statement of Accounting Policies (continued)

7. LEASES AND HIRE PURCHASE CONTRACTS

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the Institution, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

8. TAXATION

The University is considered to pass the tests 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 potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The University is registered for and subject to VAT on its business activities. The University's charitable non-business activities fall outside the scope of VAT. Any irrecoverable input VAT suffered on the acquisition of goods and services forms part of the cost, charged to the income and expenditure account, of those goods and services and of the values attributed to assets and liabilities in the balance sheet.

The University's subsidiary companies are subject to taxes including corporation tax and VAT in the same way as any commercial organisation. The tax charged to the profit and loss account is based on the subsidiary companies' profit for the year and takes into account tax arising because of timing differences between the treatment of certain items for tax and accounting purposes.

In Sussex Innovation Centre Management Ltd deferred tax is recognised without discounting in respect of all material timing differences arising from the treatment of certain items for tax and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by Financial Reporting Standard (FRS) 19 "Deferred Tax". The remaining

subsidiary companies have put a deed of covenant in place to pay over taxable profits to the University and therefore do not expect to incur any income or capital tax liabilities.

9. PENSION SCHEMES

Pension schemes are accounted for in accordance with FRS17 "Retirement Benefits".

Defined contribution scheme contributions are charged to the income and expenditure account as they become payable.

Defined benefit multi-employer schemes, where the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, are accounted for as defined contribution schemes.

The accounting impact of defined benefit schemes is reflected throughout the financial statements. The difference between the fair value of the pension scheme's assets and the scheme's liabilities measured on an actuarial basis are recognised in the University's balance sheet. The bid value is used to determine the fair value of traded assets. Changes in the net asset/liability arising from the current service cost, interest cost on scheme liabilities and the expected return on scheme assets are charged to the income and expenditure account in the year in which they occur. Actuarial gains and losses are taken to the statement of consolidated total recognised gains and losses for the year.

10. FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

11. EQUIPMENT, LAND AND BUILDINGS

Equipment, Land and Buildings are stated at cost. Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

No depreciation is charged on assets in the course of construction and a full charge for the year is made for assets brought into use

Statement of Accounting Policies (continued)

during the year. No charge for depreciation is made in the year in which an asset is disposed of.

Freehold land is not depreciated; freehold buildings are depreciated over their expected useful economic life of 50 years and improvements to buildings over 20 years.

Leasehold land with an unexpired term of more than 50 years is not amortised. Leasehold land with an unexpired term of 50 years or less and leasehold buildings are amortised over the term of the lease up to a maximum of 50 years.

Equipment, including computers and software, costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life, as follows:

- General equipment 5 years
- Equipment acquired for specific research projects 3 years, and
- Structural equipment 10 years

Where buildings and equipment are acquired with the aid of specific grants, the assets are capitalised and depreciated in accordance with the policy set out above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

12. INVESTMENTS

Listed investments held as fixed assets or endowment assets are held at market value. Investments in subsidiary undertakings are held at the lower of cost or net realisable value, and investments in joint ventures are held in the consolidated balance sheet at the value of the attributable share of net assets.

Listed current asset investments are shown at market value. Unlisted current asset investments are shown at the lower of cost and net realisable value.

13. STOCKS

Stock is valued at the lower of cost and net realisable value.

14. REPAIRS AND MAINTENANCE

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred.

15. CASH FLOWS AND LIQUID RESOURCES

Cash flows comprise increases or decreases in cash. Cash includes cash-in-hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the Institution's treasury management activities. They exclude any such assets held as endowment asset investments.

16. PROVISIONS

Provisions are recognised when the institution has a present legal or constructive obligation where, as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

17. JOINT VENTURES

The University uses the gross equity method of consolidating joint venture entities in accordance with FRS 9. The University's share of income and expenditure in joint venture entities is recognised in the consolidated income and expenditure account and its share of assets and liabilities in joint venture entities are recognised in the consolidated balance sheet. Note 18 to the accounts provides additional information on the financial performance of the University's joint venture with the University of Brighton (The Brighton and Sussex Medical School).

18. INTRA-GROUP TRANSACTIONS

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Balances between the University and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity.

Notes to the Financial Statements

NOTE 1 INCOME

	2015 £'000	2014 £'000
1.1 FUNDING COUNCIL GRANTS		
RECURRENT GRANT		
HEFCE grant	21,460	30,073
National College for Teaching and Leadership (NCTL)	660	500
SPECIFIC GRANT		
Other	2,682	2,249
Deferred capital grants released in year		
Buildings	2,455	4,978
Equipment	195	357
	27,452	38,157
1.2 ACADEMIC FEES AND SUPPORT GRANTS		
Full-time students: UK/EU	71,245	61,500
Full-time students: international	47,167	43,286
Part-time and other	1,544	1,888
Research training support grants	167	196
Short courses	2,133	1,998
	122,256	108,868
1.3 RESEARCH GRANTS AND CONTRACTS		
Research councils	12,575	13,022
UK-based charities	5,832	5,044
European Commission	6,214	4,433
Other grants and contracts	5,002	4,703
Releases from deferred capital grants	1,284	859
	30,907	28,061
1.4 OTHER OPERATING INCOME		
Residences, catering and other operations	28,594	29,264
Other services rendered	3,440	4,022
General academic services	649	856
NHS grants	2,669	2,636
Staff and student services	1,635	1,816
Central administrative	2,677	2,557
Other	2,682	1,809
	42,346	42,960
1.5 ENDOWMENT INCOME AND INTEREST RECEIVABLE		
Income from endowment asset investments	254	256
Income from short-term investments	420	367
	674	623

NOTE 2 EXPENDITURE

2.1 STAFF COSTS

	2015	2014
	£'000	£'000
Wages and salaries	93,074	85,822
Social security costs	7,511	6,901
Other pension costs	12,972	12,904
	113,557	105,627
	2015	2014
	£'000	£'000
EMOLUMENTS OF THE VICE-CHANCELLOR		
Salary	230	230
Pension contributions	39	37
Other	18	13
	287	280
<p>The pension contributions are in respect of employer's contributions to USS and are paid at the same rates as for other academic and related staff.</p> <p>The average monthly number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents was:</p>		
	2015	2014
	NUMBER	NUMBER
ACADEMIC/CLINICAL	1,075	992
TECHNICAL	127	124
PROFESSIONAL MANAGEMENT AND PROFESSIONAL SUPPORT	833	805
OTHER, INCLUDING CLERICAL AND MANUAL	247	149
	2,282	2,070
TRUSTEE EXPENSES		
<p>Amount paid to or on behalf of trustees was £7,488 (2014: £6,796). The University had no linked charities during the year including the period up to signing the financial statements.</p>		
REMUNERATION OF HIGHER PAID STAFF (EXCLUDING THE VICE-CHANCELLOR AND EXCLUDING EMPLOYER'S PENSION CONTRIBUTIONS)	2015	2014
	NUMBER	NUMBER
£100,001–£110,000	10	7
£110,001–£120,000	13	6
£120,001–£130,000	4	7
£130,001–£140,000	6	5
£140,001–£150,000	1	5
£150,001–£160,000	5	2
£160,001–£170,000	0	2
£170,001–£180,000	0	2
£180,001–£190,000	1	1
£190,001–£200,000	1	1
£200,001–£210,000	2	1
£210,001–£220,000	0	-
£220,001–£230,000	1	-
£230,001–£240,000	0	-
£240,001–£250,000	0	1

There were no compensation payments for loss of office paid to former senior post-holders in 2015 (2014: £0).

NOTE 2 EXPENDITURE (CONTINUED)

2.2 INTEREST PAYABLE

	2015	2014
	£'000	£'000
Loans wholly repayable within five years	8	13
Loans not wholly repayable within five years	4,871	4,888
Finance leases	485	576
Net interest on pension liabilities	358	355
TOTAL	5,722	5,832

2.3 OTHER OPERATING EXPENSES

	2015	2014
	£'000	£'000
Academic fees and charges	7,191	6,658
Administrative and office costs	1,365	1,293
External auditor's remuneration in respect of other services		
Taxation	192	231
Audit	16	14
Other	34	30
External auditor's remuneration for annual accounts audit*	88	88
Books and periodicals	1,727	1,383
Management fees	3,673	2,544
Consultancy fees	5,769	5,364
Research and enterprise sub contracts	1,741	1,273
Consumables and equipment	15,667	15,959
Marketing and publicity	3,884	3,418
Facilities costs	12,593	7,011
Rent, rates and insurance	4,671	4,336
Scholarships, bursaries and prizes	15,749	13,212
Students' Union Grant	897	991
Subscriptions, fees and charges	3,923	5,267
Training, travel and employment costs	6,311	6,144
Utilities and services	5,391	5,582
TOTAL	90,856	80,798

*Includes £62,160 in respect of the University (2014: £61,440)

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NOTE 2 EXPENDITURE (CONTINUED)

2.4 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Depreciation	Other operating expenses	Interest payable	TOTAL 2015	Total 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Schools	69,948	4,217	27,719	-	101,884	89,877
Research grants and contracts	12,752	1,439	8,662	-	22,853	19,625
Academic services	11,442	1,243	9,854	-	22,539	21,729
Residences, catering and other operations	456	1,853	13,140	5,364	20,813	22,592
Premises	5,279	428	12,312	-	18,019	10,807
Administration	4,224	154	1,802	-	6,180	12,059
Staff and students	6,080	42	5,358	-	11,480	11,421
General education	2,792	-	12,209	-	15,001	11,532
Other expenses	584	151	(200)	-	535	908
Non Residential Estate	-	612	-	358	970	1,365
Capital Charges						
Impairment	-	-	-	-	-	2,930
Total per income and expenditure account	113,557	10,139	90,856	5,722	220,274	204,845
The depreciation charge has been funded by:					£'000	£'000
Deferred capital grants released					4,128	6,121
General income					6,010	6,467
TOTAL					10,139	12,588

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NOTE 3 TANGIBLE ASSETS

CONSOLIDATED

	Freehold £'000	Leasehold £'000	Assets in course of construction £'000	Equipment £'000	TOTAL £'000
COST AND VALUATION					
At 1 August 2014	22,132	235,816	21,752	38,181	319,137
Additions at cost	449	1,245	4,929	3,338	9,961
Transfer of constructed assets	6,609	14,131	(20,740)	-	-
Disposals	-	-	-	-	-
At 31 July 2015	29,190	251,192	5,941	42,775	329,098
DEPRECIATION					
At 1 August 2014	11,293	66,021	-	36,099	113,413
Disposals	-	-	-	-	-
Charge for year	806	7,089	-	2,105	10,000
At 31 July 2015	12,099	73,110	-	38,204	123,413
Net book value at 31 July 2015	17,091	178,082	5,941	4,571	205,685
Net book value at 31 July 2014	10,839	169,795	21,752	3,338	205,724
UNIVERSITY					
	£'000	£'000	£'000	£'000	£'000
COST AND VALUATION					
At 1 August 2014	16,981	235,816	21,997	39,075	313,869
Additions at cost	-	1,245	4,929	3,317	9,491
Transfer of constructed assets	6,609	14,131	(20,740)	-	-
Disposals	-	-	-	-	(587)
At 31 July 2015	23,590	251,192	6,186	42,392	323,360
DEPRECIATION					
At 1 August 2014	9,449	66,021	-	35,788	111,258
Disposals	-	-	-	-	-
Charge for year	677	7,089	-	2,082	9,848
Impairment charge	-	-	-	-	2,930
At 31 July 2015	10,126	73,110	-	37,870	121,106
Net book value at 31 July 2015	13,464	178,082	6,186	4,522	202,253
Net book value at 31 July 2014	7,532	169,795	21,997	3,287	202,611

NOTE 3 TANGIBLE ASSETS (CONTINUED)

Freehold land valued at £0.366m is included in Fixed Assets and is not subject to depreciation.

Included in the total net book value of leasehold land and buildings for the University and the Group is £3.223m (2014: £3.347m) in respect of assets held under finance leases. Depreciation for the year on these assets was £0.124m (2014: £0.124m).

NOTE 4 FIXED ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Listed securities	352	298	352	298
Unlisted securities (includes investments in subsidiaries and associates)	87	87	249	249
	439	385	601	547

NOTE 5 INVESTMENT IN SUBSIDIARY AND ASSOCIATE COMPANIES AND MINORITY HOLDINGS

	Share class	No.	Ordinary holding	UNIVERSITY Value at cost		Nature of activity
				2015 £	2014 £	
Sussex Innovation Centre Development Ltd	Ord Pref	100 1,800,000	100% -	100 2	100 2	Property development
Sussex Innovation Centre Management Ltd	Ord Pref	200 2,235	100% -	161,616 437	161,616 437	Property management
Sussex U H Ltd	Ord	100	100%	100	100	Holding company
USPAS Trustee Ltd	Ord	100	100%	100	100	Pension corporate trustee
East Slope Housing Ltd	Ord	2	100%	2	2	Inactive
Sussex E F Ltd	Ord	100	100%	100	100	Inactive
Sussex University Developments Ltd	Ord	100	100%	100	100	Inactive
Interanalysis	Ord	20	20%	50,000	50,000	Software training
TribeHive Ltd	Ord	1,481	15%	15	0	Mobile connectivity Technology development
Re:Viral Ltd	Ord	1,200	9%	12	12	Research and development
Feedback Plc	Ord	9,400,000	5%	43,338	43,338	Medical imaging
CVCP Properties PLC	Ord	36,582	<1%	36,582	36,582	Investment property
The New Statesman Ltd	Ord	1,626	<1%	1,626	1,626	Media publication
Enterprise Therapeutics Ltd	Ord	12,371	<1%	0	0	Drug development

The University is unable to trade in shares of Feedback Plc due to a clause in the share purchase agreement, and consequently the shareholding is valued at cost.

The University is a member of Professional H.E Services Ltd, a company limited by guarantee.

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NOTE 6 ENDOWMENT ASSET INVESTMENTS

	CONSOLIDATED		UNIVERSITY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At 1 August 2014	9,075	8,312	9,075	8,312
Net disposals	(44)	503	(44)	503
Revaluation adjustment	601	260	409	260
AT 31 JULY 2015	9,446	9,075	9,440	9,075
Fixed interest stocks	158	121	158	121
Equities	6,676	6,335	6,676	6,335
Property	70	78	70	78
Bank balances	2,542	2,541	2,542	2,541
TOTAL ENDOWMENT ASSET INVESTMENTS	9,446	9,075	9,446	9,075

Endowment Fund investments of £9,446m (2014: £9.075m) at market value are included in the Balance Sheet as Long-Term Investments. Their market value is higher than cost by £1.768m and in 2014 higher by £1.397m.

NOTE 7 DEBTORS

	CONSOLIDATED		UNIVERSITY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts falling due within one year:				
Debtors and prepayments	16,486	14,398	14,607	14,038
Amounts due from subsidiary undertaking	-	-	3,721	2,059
	16,486	14,398	18,328	16,097
Amounts falling due after more than one year:				
Debtors	562	562	562	562
Amounts due from subsidiary undertaking	-	-	3,106	3,073
	562	562	3,668	3,635
TOTAL DEBTORS	17,048	14,960	21,996	19,732

NOTE 8 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		UNIVERSITY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Mortgages and other loans	1,607	1,546	1,460	1,408
Obligations under finance leases	448	418	448	418
Research creditor	12,558	12,086	12,558	12,086
Creditors and accruals	35,529	28,903	30,266	24,643
Amounts owed to subsidiary undertakings	-	-	4,013	2,264
TOTAL	50,142	42,953	48,745	40,819

NOTE 9 CREDITORS : PROVISIONS FOR LIABILITIES

	CONSOLIDATED £'000	UNIVERSITY £'000
At 1 August 2014	-	-
Additions	2,048	2,048
Amounts charged against provision	-	-
At 31 July 2015	2,048	2,048

A provision is made for a reduction of HEFCE Grant in 2015/16 arising from over recruitment against 2013/14 and 2014/15 student numbers.

NOTE 10 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED		UNIVERSITY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Mortgages and other loans between one and five years	8,662	7,869	7,976	7,223
Mortgages and other loans in five years or more	79,281	81,303	78,566	80,647
Obligations under finance leases between one and five years	2,189	1,963	2,189	1,963
Obligations under finance leases in five years or more	745	1,665	990	1,665
	90,877	92,800	89,721	91,498

Of the above consolidated loan figure, £90.726m of the total funded the purchase of land and buildings.

LENDER

	Year loan obtained	Year of final repayment	Interest	BALANCE 2015 £'000	Balance 2014 £'000
UNIVERSITY					
Barclays Bank	2009	2039	Fixed	40,000	40,000
HSBC	1996	2016	Variable	250	500
Lloyds	2012	2034	Fixed	47,432	48,465
HEFCE	2013	2016	Fixed	319	313
				88,001	89,278
SUBSIDIARY COMPANY					
Barclays Bank	2004	2022	Fixed	1,302	1,440
				89,303	90,718
Due within one year				1,606	1,546
Due between one and five years				8,663	7,869
Due in five years or more				79,034	81,303
				89,303	90,718

NOTE 11 DEFERRED CAPITAL GRANTS

	CONSOLIDATED £'000	UNIVERSITY £'000
AT 1 AUGUST 2014		
Land and buildings	55,843	55,338
Equipment	1,850	1,850
Other	462	462
TOTAL	58,155	57,650
CASH RECEIVABLE		
Land and buildings	1,691	1,691
Equipment	1,454	1,454
Other	355	355
TOTAL	3,500	3,500
RELEASED TO INCOME AND EXPENDITURE		
Land and buildings	2,813	2,793
Equipment	1,187	1,187
Other	355	-
TOTAL	4,355	3,980
AT 31 JULY 2015		
Land and buildings	55,057	54,236
Equipment	2,117	2,117
Other	107	462
TOTAL	57,281	56,815

NOTE 12 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

12.1 RECONCILIATION OF CONSOLIDATED SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	Note	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of fixed assets at cost, disposal of assets and transfers from endowment income but before tax and non-controlling interest		3,880	14,206
Depreciation		9,999	12,472
Deferred capital grants released to income	11	(4,355)	(6,121)
Investment income		(734)	(576)
Interest payable	2.2	5,722	5,832
Net pension credit		(2,934)	(3,932)
Decrease in stocks		(16)	144
(Increase)/Decrease in Debtors		(2,085)	3,668
Transfer from endowment		(520)	(382)
Overhead recovery charge		62	74
Investment in joint venture		(461)	(922)
Increase in creditors		7,044	1,268
Loss on disposal of fixed asset investment		-	50
Net cash inflow from operating activities		15,603	25,781

12.2 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £'000	2014 £'000
Income from endowments	410	255
Income from short-term investments	324	321
Interest paid	(5,365)	(5,477)
TOTAL	(4,631)	(4,901)

12.3 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015 £'000	2014 £'000
Tangible fixed assets acquired (other than leased equipment)	(9,961)	(18,409)
Fixed asset investments	-	(23)
Endowment asset investments acquired	44	(503)
	(9,917)	(18,935)
Deferred capital grants received	3,500	1,850
Endowments received	482	885
TOTAL	(5,935)	(16,200)

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NOTE 12 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

12.4 ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR

	Finance leases	Mortgages loans/other	Preference share capital	TOTAL
	£'000	£'000	£'000	£'000
BALANCE AT 1 AUGUST 2014	4,046	90,718	1,802	96,566
Capital repayments	(419)	(1,734)	-	(2,153)
New finance acquired	-	319	-	319
BALANCES AT 31 JULY 2015	3,627	89,303	1,802	94,732

12.5 ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 2014 £'000	Cash flows £'000	AT 31 JULY 2015 £'000
Cash at bank and in hand	7,889	3,420	11,309
Short-term deposits	43,550	(217)	43,333
Debt due within one year	(1,962)	(91)	(2,053)
Debt due after more than one year	(92,800)	1,923	(90,877)
NET DEBT	(43,323)	5,035	(38,288)

NOTE 13 MOVEMENT ON RESERVES

13.1 INCOME AND EXPENDITURE ACCOUNT RESERVE

	CONSOLIDATED 2015 £'000	UNIVERSITY 2015 £'000	Consolidated 2014 £'000	University 2014 £'000
BALANCES AT 1 AUGUST 2014	50,412	47,974	44,021	42,373
Surplus after depreciation and tax	3,361	3,024	13,824	13,034
Non-controlling interest	(746)	(746)	(181)	(181)
Transfer from endowment fund	520	520	382	382
Surplus retained for the year	3,134	2,802	14,025	13,235
Actuarial gain/(loss) on pension scheme	2,742	2,742	(7,634)	(7,634)
BALANCES AT 31 JULY 2015	56,288	53,514	50,412	47,974
BALANCE REPRESENTED BY:				
Pension reserve	(27,403)	(27,403)	(32,721)	(32,721)
Income and expenditure account reserve excluding pension reserve	83,691	80,917	83,133	80,695
BALANCES AT 31 JULY 2015	56,288	53,514	50,412	47,974

NOTE 13 MOVEMENT ON RESERVES (CONTINUED)

13.2 CONSOLIDATED REVALUATION RESERVE

	2015 £'000	2014 £'000
BALANCE AT 1 AUGUST 2014	261	206
Increase in the value of fixed asset investments	54	22
Increase in the value of investment held as current asset	33	33
BALANCE AT 31 JULY 2015	349	261

13.3 CONSOLIDATED CAPITAL RESERVE

	2015 £'000	2014 £'000
BALANCE AT 31 JULY 2015	1,802	1,802

The capital reserve balance of £1.802m arises on consolidation of the University's subsidiary companies, Sussex Innovation Centre Developments Limited and Sussex Innovation Centre Management Limited, and relates to the acquisition of £1.8m and £0.002m respectively of preference shares (nominal value) in the companies on the 31 July 2008 for a consideration of £2.

NOTE 14 MOVEMENT ON ENDOWMENTS CONSOLIDATED AND UNIVERSITY

	Permanent Restricted £'000	Permanent Unrestricted £'000	Permanent Total £'000	Expendable Restricted £'000	TOTAL £'000
BALANCE AT 1 AUGUST 2014					
Capital	3,584	40	3,624	4,390	8,014
Accumulated income	649	14	663	398	1,061
	4,233	54	4,287	4,788	9,075
Additions	16	0	16	466	482
Revaluation of endowment Asset Investments	174	2	179	229	408
Income	124	2	126	134	260
Expenditure	(101)	0	(101)	(678)	(779)
	216	4	220	151	371
BALANCE AT 31 JULY 2015	4,449	58	4,507	4,939	9,446
Represented by:					
Capital	3,777	42	3,819	4,031	7,851
Accumulated income	672	16	688	908	1,595
	4,449	58	4,507	4,939	9,446

NOTE 15 PENSION SCHEMES

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Sussex Pension and Assurance Scheme (USPAS) and the Sussex Group Stakeholder Scheme (SGSS). The USS and USPAS schemes are defined benefit schemes, which are valued every three years by actuaries using the projected unit method. The rates of contribution payable are determined by the trustees on the advice of the actuaries. Both schemes provide benefits based on final pensionable salary. In 2012 the University opened the Sussex Group Stakeholder Defined Contribution Scheme, which is the primary pension scheme for new support staff.

UNIVERSITIES SUPERANNUATION SCHEME (USS)

The University 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 University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2015, the percentage was 16% (2014: 16%). The University 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.

The total cost charged to the University's income and expenditure account is £10,801M (2014: £9,813M). 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 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second 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 £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 LIABILITY NUMBERS HAVE BEEN PRODUCED FOR THE ACCOUNTS USING THE FOLLOWING ASSUMPTIONS:

	2015	2014
DISCOUNT RATE	3.3%	4.5%
PENSIONABLE SALARY GROWTH	3.5% in the first year and 4.0% thereafter	4.4%
PRICE INFLATION (CPI)	2.2%	2.6%

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	S1NA ["light"] YoB tables – No age rating
FEMALE MEMBERS' MORTALITY	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 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

MALES (FEMALES) CURRENTLY AGED 65	24.2 (26.3) years
MALES (FEMALES) CURRENTLY AGED 45	26.2 (28.6) years

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could perhaps be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

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ASSUMPTION	CHANGE IN ASSUMPTION	IMPACT ON SCHEME LIABILITIES
Investment return	Decrease by 0.25%	Increase by £1.6 billion
Gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve was included, in addition, on account of the variability mentioned above.

NEW ENTRANTS

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

NORMAL PENSION AGE

The Normal pension age was increased for future service and new entrants, to age 65.

FLEXIBLE RETIREMENT

Flexible retirement options were introduced.

MEMBER CONTRIBUTIONS INCREASED

Contributions were uplifted to 7.5% per annum and 6.5% per annum. for FS Section members and CRB Section members respectively.

COST SHARING

If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

PENSION INCREASE CAP

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at the 31 March 2011, allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

NOTE 15 PENSION SCHEMES (CONTINUED)

The trustee's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of scheme funding, backed as it is by a robust Higher Education (HE) Sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and targeted at achieving returns required to meet the scheme's liabilities. Recently, the trustee has invested directly in infrastructure assets. These investments are typically illiquid, but can achieve attractive inflation-linked returns in ways often not available in the publicly traded markets and which can match the scheme's liabilities to a high degree.

NOTE 15 PENSION SCHEMES (CONTINUED)

UNIVERSITY OF SUSSEX PENSION AND ASSURANCE SCHEME (USPAS)

The University operates a Final Salary Defined Benefit Pension Scheme. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Scheme has been closed to new entrants since 31 March 2009.

The most recent actuarial valuation was carried out at 31 March 2012. The results have been updated to 31 July 2015 by a qualified independent actuary.

	AT 31 JULY 2015 £'000	At 31 JULY 2014 £'000
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at the beginning of the year	125,249	115,485
Current service cost	1,412	1,542
Curtailement cost	-	436
Interest cost	5,070	5,241
Scheme participants' contributions	50	62
Curtailement cost	-	436
Actuarial losses	1,991	7,582
Benefits paid	(4,674)	(5,099)
Benefit obligation at the end of the year	129,098	125,249
CHANGE IN SCHEME ASSETS		
Fair value of scheme assets at the beginning of the year	92,528	86,828
Expected return on scheme assets	4,712	4,886
Actuarial gains/(losses)	4,733	(52)
Employer contribution	4,346	5,903
Member contributions	50	62
Benefits paid	(4,674)	(5,099)
Fair value of plan assets at the end of the year	101,695	92,528
FUNDED STATUS		
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	(27,403)	(32,721)
COMPONENTS OF PENSION COST:		
Current service cost	1,412	1,542
Curtailement cost	-	436
Interest cost	5,070	5,241
Expected return on scheme assets	(4,712)	(4,886)
Total cost recognised in income and expenditure account	1,770	2,333
AMOUNTS RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Actuarial Losses	2,742	(7,634)

NOTE 15 PENSION SCHEMES (CONTINUED)

SCHEME ASSETS

The weighted average asset allocation at the 31 July 2015 was:

	AT 31 JULY 2015	AT 31 JULY 2015 £'000	At 31 JULY 2014	At 31 JULY 2014 £'000
Equities	50%	50,979	51%	46,896
Bonds	19%	19,364	20%	18,184
Gilts	31%	31,210	29%	27,319
Cash	0%	142	0%	129
TOTAL MARKET VALUE OF ASSETS		101,695		92,528
ACTUAL RETURN ON ASSETS OVER THE PERIOD		9,904		4,834

The overall expected return on assets assumption of 4.80% per annum as at 31 July 2015 has been derived by calculating the weighted average of the expected rate of return for each asset class. The following approach has been used to determine the expected rate of return for each asset class:

- fixed interest securities, current market yields
- equities, Net Dividend Yield plus RPI plus 1.4% dividend growth less 0.5% for investment expenses
- property, return assumption for equities less 1.5%
- cash, CPI inflation assumption
- a deduction of 0.5% to allow for scheme expenses

FINANCIAL ASSUMPTIONS

	2015	2014
Discount rate	3.50%	4.10%
Salary increases	3.45%	3.90%
Rate of increases of pensions in payment – pensioners		
CPI capped at 6% per annum	2.20%	2.40%
CPI capped at 3% per annum	2.00%	2.20%
Rate of increases of pensions in payment – non-pensioners		
CPI capped at 6% per annum	2.20%	2.40%
CPI capped at 3% per annum	2.00%	2.20%
Rate of increase for deferred pensioners (non GMP)		
RPI	3.20%	3.50%
CPI	2.00%	2.50%
Expected return on assets	4.80%	5.10%

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NOTE 15 PENSION SCHEMES (CONTINUED)

DEMOGRAPHIC ASSUMPTIONS

	2015	2014
Mortality (pre-retirement)	AMC00/AFC00	AMC00/AFC00
Mortality (post-retirement)	S2NA CMI_2014_M/F [1.25%] (yob)	S1NA CMI_2013_M/F [1.25%] (yob)

Weighted average life expectancy for mortality tables used to determine benefit obligations

	2015		2014	
	MALE	FEMALE	MALE	FEMALE
Member age 65 (current life expectancy)	22.6	24.7	22.6	24.6
Member age 45 (life expectancy at age 65)	24.3	26.6	24.3	26.5

FIVE-YEAR HISTORY

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
BENEFIT OBLIGATION	129,098	125,249	115,485	112,229	98,790
FAIR VALUE OF SCHEME ASSETS	101,695	92,528	86,828	75,212	73,266
DEFICIT	(27,403)	(32,721)	(28,657)	(37,017)	(25,524)
EXPERIENCE GAINS AND (LOSSES) ON SCHEME ASSETS:					
Amount (£'000)	4,733	(52)	8,556	(1,533)	(3,753)
Percentage of Scheme Assets	5%	-	10%	(2%)	5%
GAINS AND (LOSSES) ON SCHEME LIABILITIES:					
Due to experience (£'000)	-	81	(2,497)	(36)	108
Percentage of the present value of scheme liabilities	-	-	(2%)	-	-
Due to change of basis	(1,991)	(7,663)	1,243	(10,618)	3,631
Percentage of the present value of scheme liabilities	2%	(6%)	1%	(9%)	4%
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND (LOSSES):					
Amount (£'000)	2,742	(7,634)	7,302	(12,187)	7,492
Percentage of the present value of the scheme liabilities	2%	(6%)	6%	(11%)	8%

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses (since 2002) is (£27,790m).

FUTURE FUNDING OBLIGATION

The last actuarial valuation of the Scheme was performed by the Actuary for the Trustee as at 31 March 2012. The employers agreed to pay at least 23.9% of Pensionable Earnings, less member contributions until 30 June 2013 and at least 29.4% of Pensionable Earnings, less member contributions from 1 July 2013. The Employers also agreed to pay £0.032m per month from 1 July 2013 to 30 September 2014. In respect of the shortfall in funding, the Employers agreed to pay £0.1m per month until 31 July 2013, £0.235m per month from 1 August 2013 until 31 March 2028 increasing at 3.2% each year on 1 August, and a lump sum of £1.1m on 1 August 2013. The University expects to pay £4.0m to the Scheme during the accounting year beginning 1 August 2015.

NOTE 15 PENSION SCHEMES (CONTINUED)

SUSSEX GROUP STAKEHOLDER SCHEME (SGSS)

Sussex Group Stakeholder Scheme (SGSS) is a defined contribution scheme for newly employed technical, clerical and other support staff. The scheme allows members to contribute a minimum 3% of monthly salary and offers life assurance and income protection in addition to pension benefits. The University contributes two times the member contribution up to a maximum 12% of monthly salary.

THE PENSION COSTS FOR THE UNIVERSITY AND ITS SUBSIDIARIES WERE

	2016 FORECAST £'000	2015 £'000	2014 £'000
Contributions to USS	10,916	10,801	9,813
Contributions to USPAS	3,987	3,893	5,346
Contributions to SGSS	829	663	548
Other contributions	400	405	1,122

NOTE 16 HEFCE ACCESS FUNDS

	2015 £'000	2014 £'000
BALANCE AT 1 AUGUST 2014	1	5
HEFCE grants	-	177
Disbursed to students	(1)	(181)
Balance unspent at 31 July	-	1

The University holds Access Funds in its capacity as paying agent for the Higher Education Funding Council. Grants and related disbursements from the funds are excluded from the Consolidated Income and Expenditure Account.

NOTE 17 NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP (NCTL) TRAINING BURSARIES

	2015 £'000	2014 £'000
BALANCE AT 1 AUGUST 2014	5	382
NCTL grants	2,111	1,340
Disbursed to students	(2,335)	(1,684)
Administration costs	-	(33)
Balance owing to NCTL at 31 July	(219)	5

The University holds training bursaries in its capacity as paying agent for the National College for Teaching and Leadership (NCTL). Grants and related disbursements from the funds are excluded from the Consolidated Income and Expenditure Account.

NOTE 18 HEFCE NATIONAL SCHOLARSHIP PROGRAMME FUNDS

	2015 £'000	2014 £'000
BALANCE AT 1 AUGUST 2014	-	-
Funding council grants	330	717
Disbursed to students	(330)	(717)
Balance unspent at 31 July	-	-

The University holds scholarship funds in its capacity as paying agent for the Higher Education Funding Council. Scholarships and related disbursements from the funds are excluded from the Consolidated Income and Expenditure Account.

NOTE 19 BRIGHTON AND SUSSEX MEDICAL SCHOOL

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2015

	UNIVERSITY OF SUSSEX 2015 £'000	UNIVERSITY OF BRIGHTON 2015 £'000	JOINT VENTURE TOTAL 2015 £'000	Joint venture Total 2014 £'000
INCOME				
HEFCE grant	3,254	3,179	6,433	6,786
NHS funds	2,488	2,488	4,976	4,426
Academic fees	2,704	2,704	5,408	4,742
Research grants and contracts	1,443	1,187	2,630	2,891
Other	1,080	1,073	2,153	2,939
TOTAL INCOME	10,969	10,631	21,601	21,784
EXPENDITURE				
Staff costs	5,466	5,187	10,653	9,686
Depreciation	139	140	280	232
Other operating expenses	4,902	4,846	9,748	10,032
Total expenditure	10,507	10,173	20,681	19,950
SURPLUS ON CONTINUING OPERATIONS	461	459	920	1,834
INCOME AND EXPENDITURE ACCOUNT BROUGHT FORWARD	6,766	6,333	13,099	11,265
INCOME AND EXPENDITURE ACCOUNT CARRIED FORWARD	7,227	6,792	14,019	13,099

NOTE 19 BRIGHTON AND SUSSEX MEDICAL SCHOOL (CONTINUED)

BALANCE SHEET AS AT 31 JULY 2015

	UNIVERSITY OF SUSSEX	UNIVERSITY OF BRIGHTON	JOINT VENTURE TOTAL	Joint venture Total
	2015	2015	2015	2014
	£'000	£'000	£'000	£'000
FIXED ASSETS	335	335	670	710
CURRENT ASSETS				
Debtors	1,290	1,254	2,544	1,169
Cash at bank and in hand	8,870	8,417	17,287	16,969
CURRENT LIABILITIES				
Creditors	(3,120)	(3,066)	(6,187)	(5,305)
NET CURRENT ASSETS	7,040	6,605	13,644	12,833
TOTAL NET ASSETS	7,375	6,939	14,314	13,543
REPRESENTED BY:				
DEFERRED CAPITAL GRANTS	148	147	295	444
INCOME AND EXPENDITURE ACCOUNT	7,227	6,792	14,019	13,099
	7,375	6,939	14,314	13,543

EXPLANATORY NOTES

(I) BACKGROUND

The Brighton & Sussex Medical School (BSMS) is an equal partnership between the Universities of Sussex and Brighton. However it is agreed that the University of Sussex will be allocated 75% of the income and expenditure relating to Oncology Research.

In accordance with FRS 9 transactions are reported under the definition of a “joint venture”.

All revenue income received in respect of the BSMS by each University is held in a “community chest”, managed by the University of Sussex. Expenditure incurred by each university on behalf of the BSMS is reimbursed from the community chest.

(II) ACCOUNTING ARRANGEMENTS

The income and expenditure of the BSMS for the year ended 31 July 2015 is reflected in the audited Financial Statements of both Universities as reflected in the table above. Each University has included its share of the gross assets and liabilities of the joint venture and its share of the turnover and surplus.

(III) CASH AT BANK AND IN HAND

The balance of £17,287m was held on behalf of the School at 31 July 2015 by the University of Sussex to meet expenditure commitments in 2015-16 to be settled by claims for reimbursement of expenditure from each University.

(IV) FUNDING

The University of Sussex received funding of £499,203 from the Big Lottery Fund which was used to support the BSMS.

NOTE 20 CAPITAL COMMITMENTS

	2015 £'000	2014 £'000
Authorised and contracted for at 31 July 2015		
Wholly or partly funded from loans and consolidated reserves	1,240	5,305
	1,240	5,305

NOTE 21 OPERATING LEASE COMMITMENTS

The University entered into an operating lease in September 2007 on a new student residence comprising 450 rooms.

The lease has a minimum term of 20 years with annual rents of £1.8m.

	2015 £'000	2014 £'000
Annual rentals under operating leases payable and expiring after five years	1,800	1,800

NOTE 22 RELATED PARTY TRANSACTIONS

To capture information on related party transactions the University maintains a register of interests of Council members and senior officers.

Due to the nature of the University's operations and the composition of the University's Council, being drawn from commerce, industry and the public sector, it is inevitable that transactions will take place with organisations in which a member of the Council has an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations.

THREE EXAMPLES OF SUCH RELATIONSHIPS ARE:

- i) C Brodie, who is non-executive Chairman of the Student Loans Company Ltd, with which the University transacts for a proportion of its student fee income.
- ii) Professor M J G Farthing, who is a trustee of the Institute of Development Studies (IDS), from which the University receives income in respect of the provision of academic facilities to IDS students.
- iii) A Baldry, who is President of the University of Sussex Student Union, to which the University provides a grant.

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