

UNIVERSITY OF SUSSEX

# Financial Statements 2015-16

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UNIVERSITY  
OF SUSSEX

## Principal officers

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Her Majesty The Queen

**CHANCELLOR**

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BA (Hatfield)

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Christian Brodie  
MA (Oxon)

**VICE-CHAIR (FINANCE)**

Dr John Law  
MA (Birkbeck), PhD (London), ACA

**VICE-CHAIR (PERFORMANCE)**

Arjo Ghosh  
BA (Lanc)

**VICE-CHANCELLOR**

Professor Adam Tickell  
BA (Manc), PhD (Manc), AcSS

**PRO-VICE-CHANCELLOR**

Professor Michael Davies  
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**PRO-VICE-CHANCELLOR**

Professor Clare Mackie  
BSc (Strath), MSc (Glas), Phd (Strath), MCPP, MRPharms

**PRO-VICE-CHANCELLOR**

Professor Stephen Shute  
LLB (Kingston), BCL, MA (Oxon), PhD (Birm)

**REGISTRAR AND SECRETARY**

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**DIRECTOR OF FINANCE**

Allan Spencer  
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# Strategic Report

Founded in 1961, the University of 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.'

The University of 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.

## LEGAL STATUS

The University is an independent corporate body established by Royal Charter. It is an exempt Charity under the Charities Act 2011 and its objects, powers and framework of governance are set out in the Corporate Governance and Public Benefit statement on pages 13-19.

## ACCOUNTS

The Financial Statements for the Group comprise the consolidated results of the University and its subsidiary undertakings, which engage in 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 Management Limited, manager/operator of the Sussex Innovation Centre, and Sussex Estates and Facilities LLP, the University's facilities management partner.

In addition the University has an equal share in the Brighton and Sussex Medical School (BSMS), which is accounted for as a jointly controlled operation.

The consolidated accounts are prepared and presented for the first time under Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP) 2015. The comparative results data for 2014/15 has been restated, applying the new accounting practice and policies, to be consistent with the accounts prepared for 2015/16 and note 18 to the accounts provides the detail of this prior year adjustment. The strategic report is drawn up in accordance with the Financial Reporting Council's (FRC) Guidance on Strategic Reporting.

## STRATEGY

2015-16 is the third year of the University's five year strategy *Making the Future 2013-18* in which progress has been made towards achieving a range of academic, financial and other objectives that underpin the delivery of our vision for growth, quality and distinctiveness. It is our core aim in this plan period to grow our research and teaching, improve the quality of our output and increase the distinctiveness of learning and scholarship at Sussex. We intend to support these aims with major investments across a number of key priorities including new teaching and research buildings, improvements to physical infrastructure, creation of hi-tech IT infrastructure and computing facilities and delivering new modern student housing.

The plan sets out measures against which we will monitor our financial sustainability and among these are the objective to achieve surpluses which rise to at least 10% of turnover and to increase turnover by 50% over that recorded in 2012/13, both by the end of the plan period 2013-18. These targets provide the financial framework for sustainable financial operating that will deliver the funds required to support our investment plans over the plan period and are among the key performance indicators against which we measure our success in meeting our strategic investment and other objectives.

Council monitors performance of the institution through a number of Key Performance Indicators (KPIs) and risk measures. 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.

The economic conditions of the last eight years, since the financial crisis of the banking sector and subsequent global economic downturn, have been a major challenge to the University at a time during which we have pursued a strategy for growth and change. Reform of student funding and freeing up of Home and European undergraduate (HEU) student number controls have together created greater competition among higher education institutions and provided opportunity to those such as Sussex seeking growth in student numbers and income. Our ability to attract new students can be attributed to the excellence of our teaching output and high quality student experience which are evidenced by our sustained top 20 ranking. We have invested in new academic staff both to teach and to increase our capacity to do research and this in the context of real terms Government funding cuts in science.

# Strategic Report (continued)

The United Kingdom's decision to leave the European Union is a further challenge we will have to meet, not just because the future relationship of the UK with Europe will change but because our relationship with the rest of the world is to be redefined. 7% of the University's students come from non-UK EU member states as do 9.5% of our academic staff. In addition around 20% of our research grants and contracts income is derived from European Government funding and our arrangements for students to experience time abroad are dependent on established EU collaborations and funding mechanisms such as Erasmus and Socrates. Our medium-term focus remains unaltered and we continue vigorously to pursue our aims as stated in *Making The Future 2013-18* but as we come closer to achieving many of them, as the end of our plan period approaches in 2018, and with the emergence of new challenges in the external environment we have embarked upon the process, to be completed by June 2017, to establish a new strategic plan setting out the University's goals and aspirations to be achieved in the next plan period to 2025.

## UNIVERSITY RANKINGS

Council monitors the University's performance in published league tables and has set a target of being in the top 20 UK institutions. The University achieved an average UK league table position of 20 in 2013/14 and has since consolidated this achievement reaching 18th position in both the *Times and Sunday Times Good University Guide 2017* and *The Complete University Guide 2017*. The University is ranked 20th in *The Guardian University League Tables 2017* in which it is 7th for graduate prospects and in *The Times Higher Education World University Rankings 2016-17* is ranked 23rd in the UK and 149th in the world, continuing to outperform our target of 150.

Our ranking performance is driven by increasing student satisfaction, the proportion of students in employment or further study after graduating, research performance and investment in academic and student services; in *The Which? University Guide* 87% of our students "highly rated" their overall satisfaction and the rich political scene at Sussex while the National Student Survey 2016 recorded an overall student satisfaction rate of 89%; In the 2014 Research Excellence Framework (REF), over 75% of research activity at Sussex was categorised as world leading or internationally excellent in terms of originality, significance and rigour.

## FINANCIAL REVIEW

### RESULTS

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 surplus retained in the University for the year ended 31 July 2016 and the previous year are summarised as follows:

	2015/16	2014/15	2014/15 Pre FRS102
Income	260.7	221.4	223.6
Expenditure	244.3	232.6	220.3
Transfer from endowment	-	-	0.5
Surplus/(deficit) for the year	16.4	(11.2)	3.8
<b>Represented by:</b>			
Non-Controlling Interest	0.6	0.7	0.7
Surplus/(Deficit) retained within the Group	15.8	(11.9)	3.1

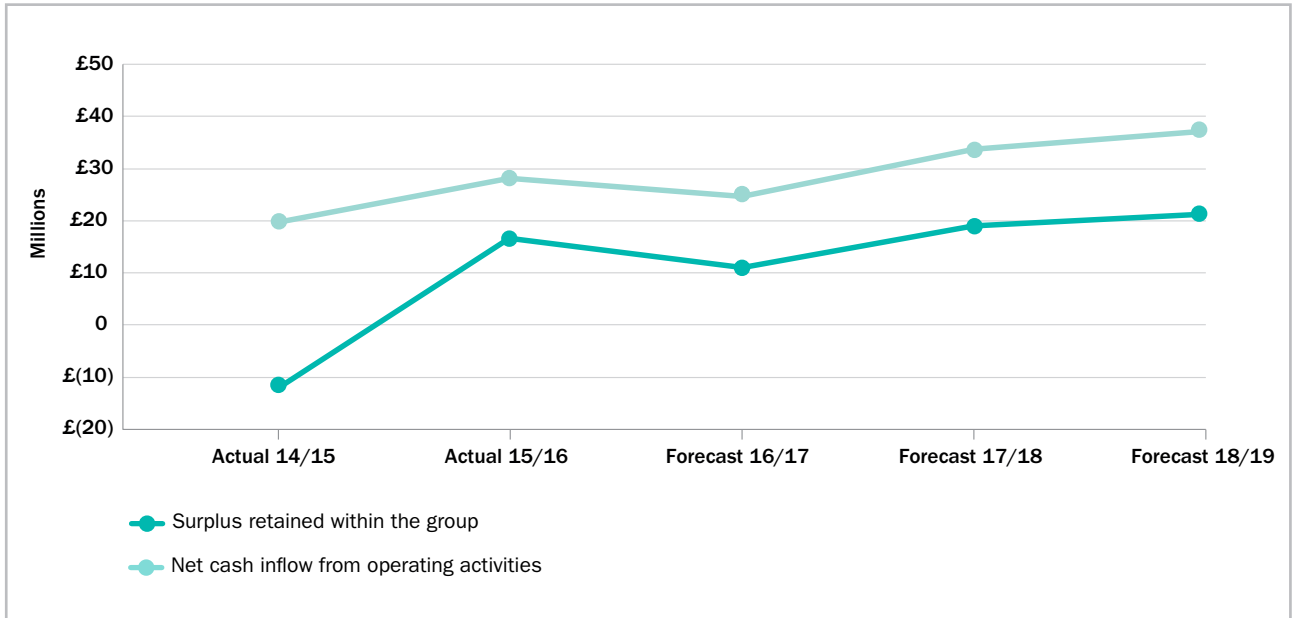
The University recorded a surplus in 2015/16 of £15.8m or 6.1% of turnover compared to a restated £11.9m deficit result for 2014/15; the result for 2014/15 was previously recorded as a £3.1m surplus under the old accounting rules. The differences under the new accounting regime are not the result of changes in performance, the underlying cash position being the same, moreover in the case of 2014/15 the movement from surplus to deficit is mainly the result of recognising future costs of the 2015 USS pension scheme recovery plan, which was implemented in that year and resulted in a one off charge to expenditure of £9.7m. Under FRS102 the future payments to be made under the USS pension scheme recovery plan are discounted to their present value and recorded as a liability on the balance sheet with a corresponding charge to income and expenditure. The restated result in 2014/15 includes two other significant items; an additional depreciation charge of £2.8m, which results from the revaluation of land and buildings at the 1st of August 2014 to its fair value as a deemed historic cost, which is a more reasonable and accurate reflection of the assets employed in the Group generating a charge to depreciation which allows a more realistic view of performance and sustainability; and an adjustment with a net difference of £2.5m relating to among other things capital grant, which in accordance with the application of policy choices under FRS102 is no longer deferred and released against depreciation in the University's accounts.

# Strategic Report (continued)

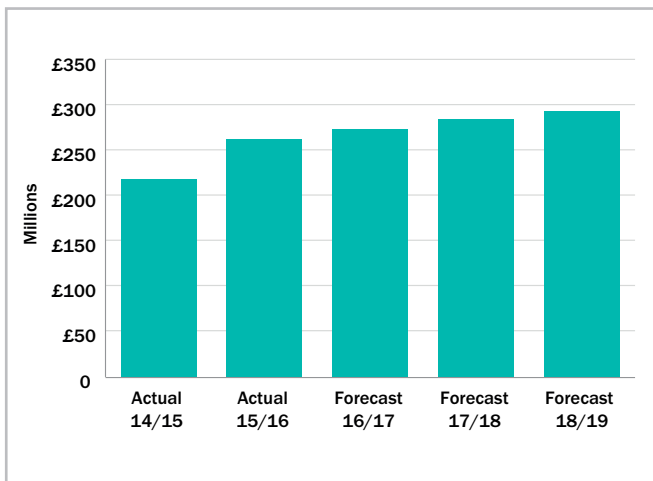
Cash performance remains a reliable indicator of performance. Actual and forecast surpluses and net operating cash under FRS102 are shown below demonstrating that cash performance has been and will continue to be positive and consistently so in contrast to accounting surpluses, which are subject to one-off non cash expenditure as a result of the technical accounting treatment of pensions. The University recorded positive net operating cash of £28.7m in 2015/16 up from £19.4m in 2014/15 and

expects steady growth in the remaining years of the plan period to 2018 as targets for student growth are reached. Turnover has grown to £260m in 15/16 from £221m in 14/15 reflecting strong performance in student recruitment and an improvement in research turnover albeit from a modest starting point and total Turnover is forecast to grow by 10% by 2018 reflecting continuing confidence that objectives for growth under *Making the Future 2013-18* can be achieved in the remaining years to 2018.

## SURPLUS AND NET OPERATING CASH



## TURNOVER



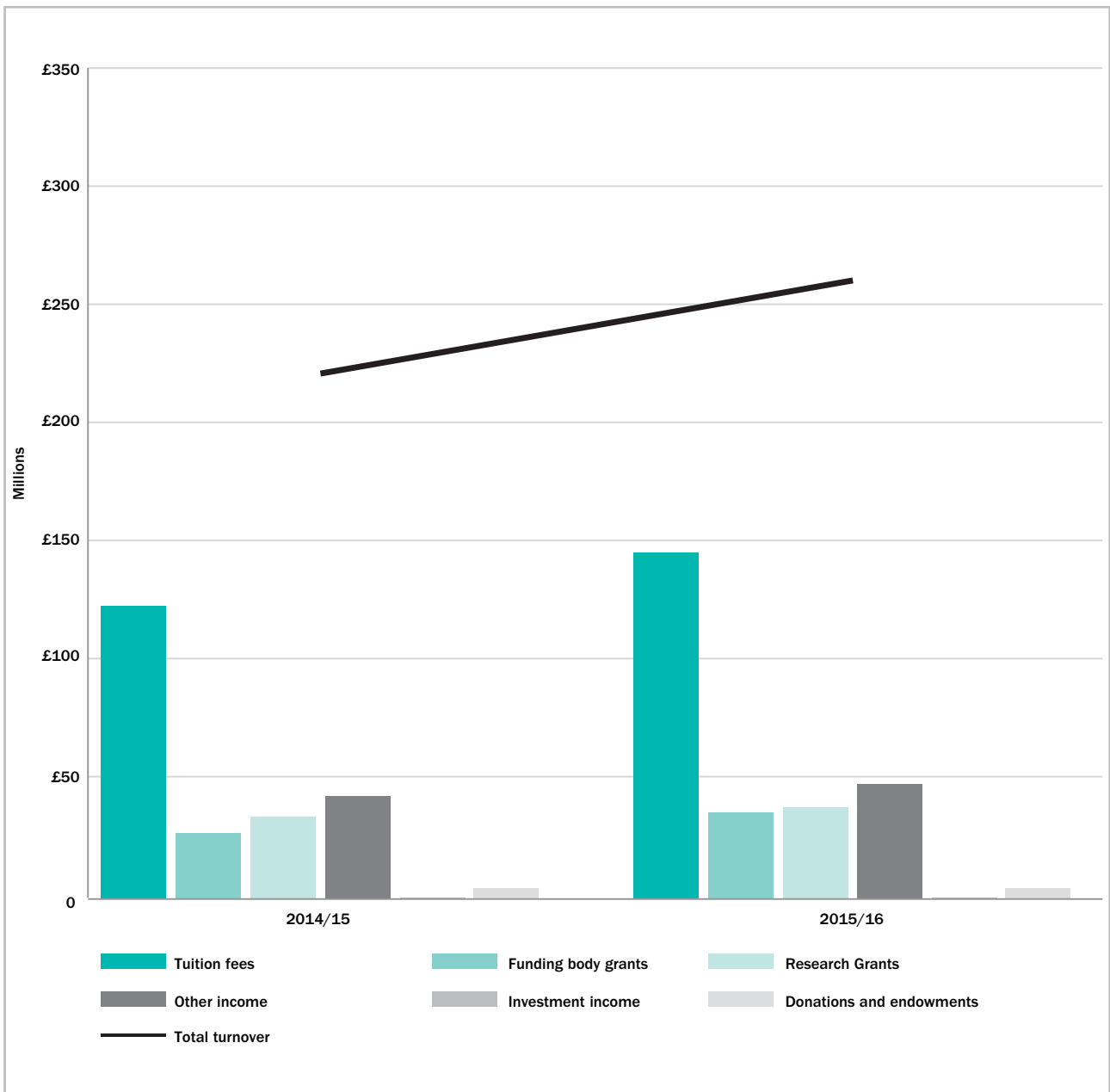
# Strategic Report (continued)

## INCOME

The University's turnover in 2015/16 was £260m, an increase of 17.7% compared to the previous year (£221m) reflecting a rise across all major income categories. Tuition fee income remains by far the most significant element of income making up 55% of total turnover in 2015/16 although this is down from 56% in 2014/15 reflecting growth across all main income categories and

some small improvement in resilience through diversified income although this is partly the result of capital grants being recognised in the year of receipt. In 2015/16 Research contract income and Other income remained at around 13% and 18% of turnover respectively with Funding body grants increasing to 12% from 11%.

## INCOME



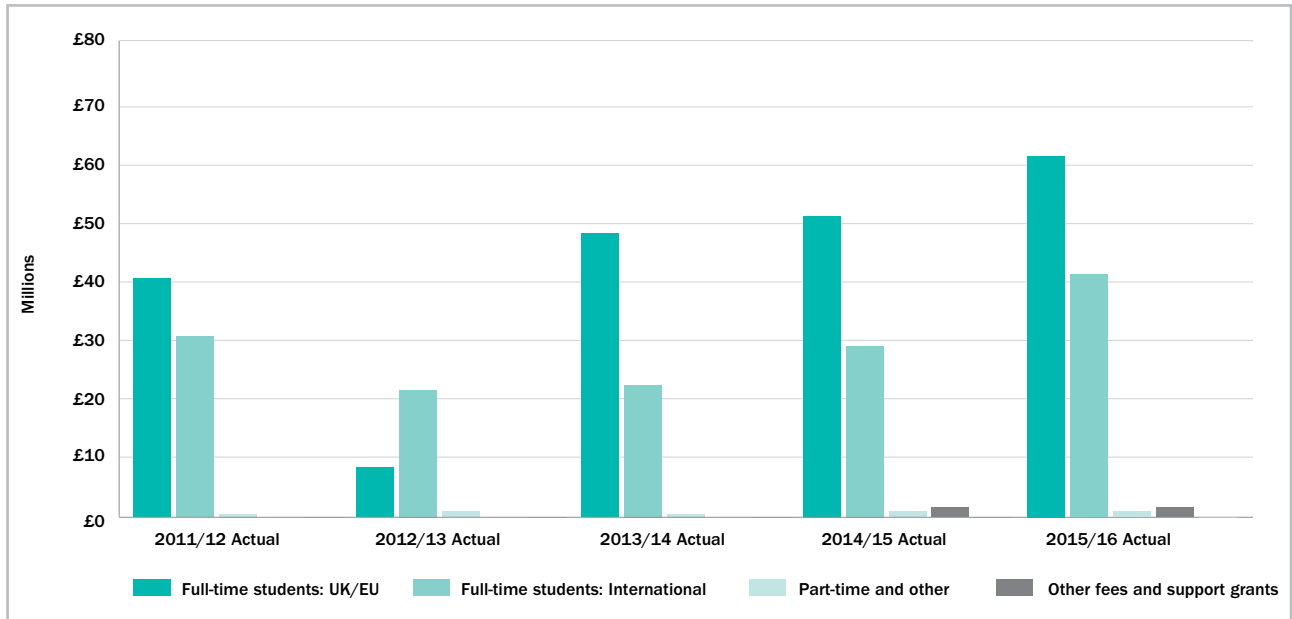


# Strategic Report (continued)

Strong performance in student recruitment in 2015/16 saw tuition income rise by 16.2% as the total population of students grew by 11.6% to 14,990 from 13,427 in 14/15, this driven by a new intake of students of 6865 which was 16.7% higher than the previous year. The student population grew across all student categories reflected by an increase in HEU tuition income of 11% to £81.6m (£73.1m in 14/15) and an increase in International student fee income of 24% to £58.6m (£47.2m in 14/15). 2015/16 is the first year, since the Government introduced a new funding regime for HEU undergraduates in 2012/13, that growth in tuition fee income has been almost entirely the product of increasing student numbers as opposed to tuition fee rises which were progressively implemented through the transition period 2012/13 to 2014/15.

The increase of £7.2m (30%) in Funding body grants is also a contributor to the increase in overall turnover and reflects the University's success in attracting HEFCE match funding grant to support its investment in facilities for STEM subjects. Capital grants, under the new accounting rules (FRS102) are recognised as income in the year that expenditure on the capital item is incurred which, while providing a more transparent cash based view of income will produce peaks in the Funding Body Grant income line in a given year by virtue of the project based funding stream which will ebb and flow from year to year.

## ACADEMIC FEES AND SUPPORT GRANTS



# Strategic Report (continued)

Research grants and contracts income was £35.6m in 2015/16 including a one-off research tax credit claimed (RDEC) of £1.6m. Adjusted performance on grants and contracts turnover reveals an increase of 14% to £34m from £29.6m in 2014/15, turnover under FRS102 also benefits in full from the equipment component of grants and contracts (previously recognised over the life of grants and contracts). This represents significant growth in a very challenging market in which the University competes with a number of research institutions for funding across the Russell Group and former 1994 institutions. There is a strong correlation between the number of teaching and research academics and the number and value of research funding applications and awards, which ultimately generate the recorded research grants and contracts income. At Sussex growth experienced in income from research grants and contracts is consistent with the investment in T&R staff during the 2013-18 plan period. A number of significant awards were received in the year including £2m from Wellcome Trust 'Replication, arrest, restart and genome instability', £1m from EPSRC 'Portable optical clocks based on atomic ions', £800k from MRC 'A window into the brain; imaging neural circuits involved in behavior and neuropathologies', £1m from EU 'NeuroVisEco – Zebrafish vision in its natural context; from natural scenes through retinal and central processing to behaviour'.

In 2015/16 income from Research Council grants increased by 20% to £15.1m representing 42% of research grants and contracts turnover while research income from European Government sources increased by 8.5% to £6.7m from £6.2m in 2014/15, being 19% of

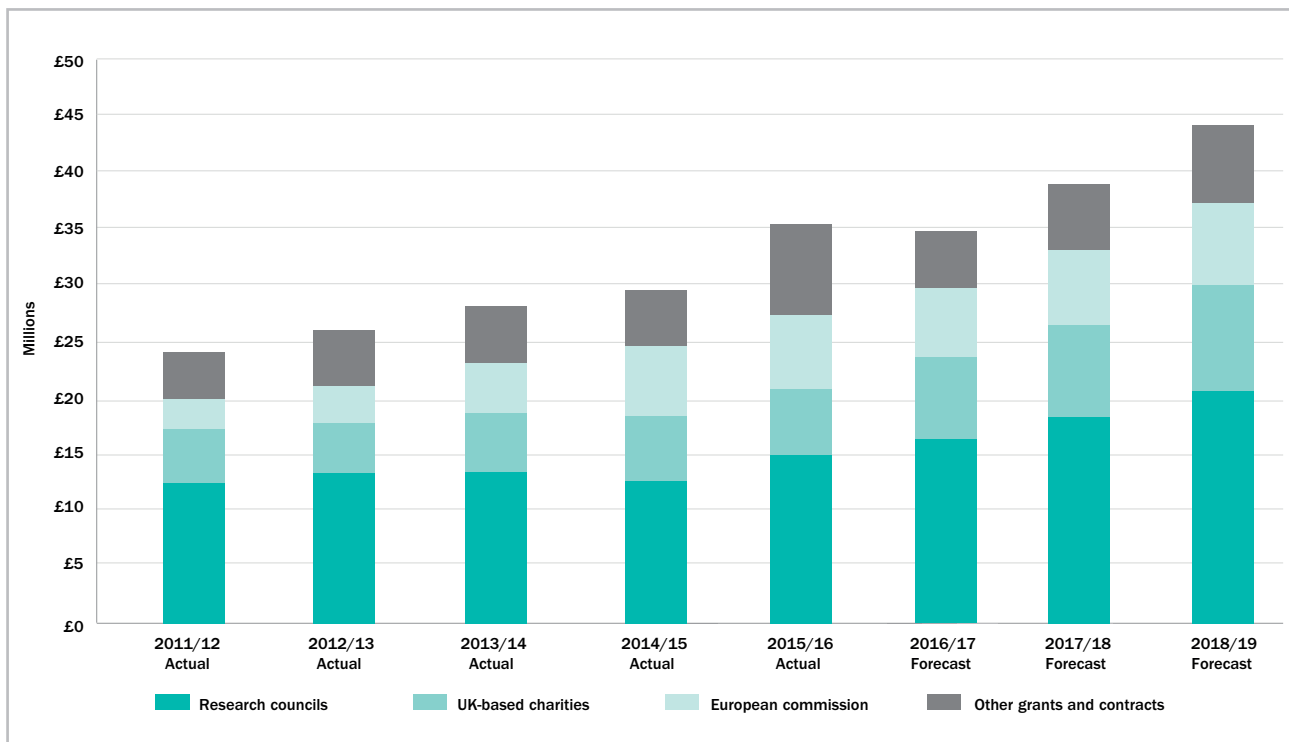
research income. The significance of European funded research to the University presents a challenge in the medium term as Government redefines the UK's relationship with Europe. A considered response will emerge as we work on the next strategic plan although in the short term we continue with our aim to double research turnover in the current plan period and performance in 2015/16 is encouraging.

The University's 'Other Income' increased to £45.8m in 2015/16, a rise of 12%, which is primarily due to the larger student population and its impact on income generated by student housing rents, catering and other services.

In 2015/16 the University raised just over £4.86m in cash and pledges from philanthropic sources, against a target of £3m, making it the most successful fundraising year to date. It also formally marked the end of the Making the Future fundraising campaign, whose target of £50m was reached a year ahead of schedule.

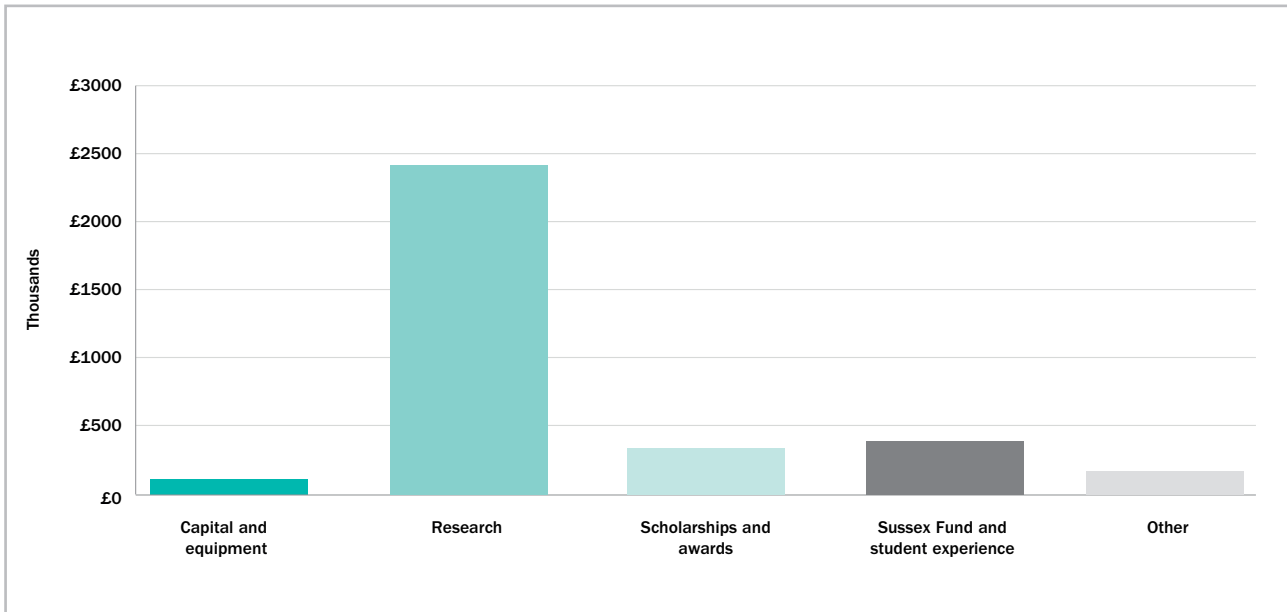
Income received amounted to £3.4m of philanthropic gifts in the year, £1.2m of this income is applied to specific research projects and recorded in the accounts under the income heading research grants and contracts. £2.2m is recorded under the donations and endowments income heading. The purposes to which these gifts have been applied is set out in the graph below. Major research programmes and initiatives funded through donations and endowments include the Sackler Centre for Consciousness Science, the Andrew and Virginia Rudd Centre for Adoption Research and Practice and the Peter Carpenter African Climate Change Scholarship programme.

## RESEARCH GRANT AND CONTRACTS



# Strategic Report (continued)

## PHILANTHROPIC INCOME 2015-16



## REVENUE EXPENDITURE

The University's cost base includes total staff costs of £124.6m. Staff cost increases are around 8.5%, commensurate with the cost of growing average staff numbers by 8% and pay increases of 1% on average across all staff groups. However a one off non cash pension cost of £9.7m was applied in 2014/15, being a charge for the increased net present value of future payments to be made under the USS recovery plan. The effect of this is that staff costs remain unchanged in total since 2014/15.

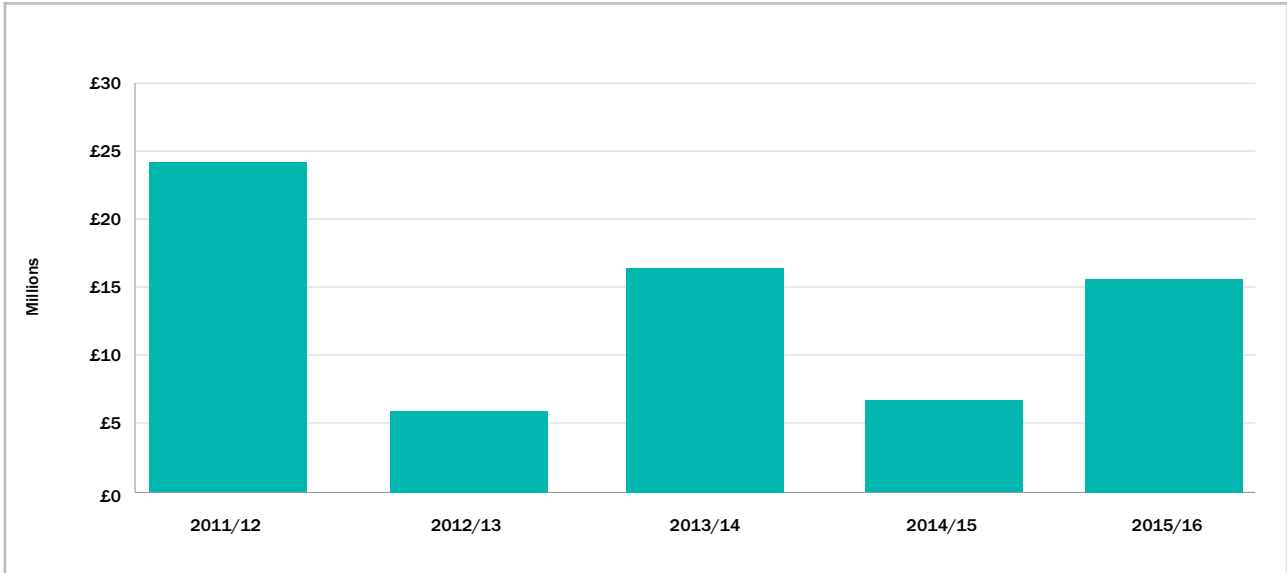
The University continues to invest heavily in scholarships and bursaries to support its widening access strategy and meet obligations under its agreement with the Office of Fair Access. Financial commitments associated with the 'first generation scholars' programme and other initiatives to improve participation from under-privileged and non-traditional entrants have been the most notable areas of investment during the year. Other operating expenditure increased by 9.5% to £98m from £89.4m largely as a result of these costs as additional bursaries and scholarships were extended to qualifying students as part of our recruitment and widening access strategy.

## CAPITAL INVESTMENT

The University is based at its campus in Falmer and during the year spent £15.1m as part of ongoing investment in our strategic capital programme that ultimately will deliver in excess of £400m of new and improved buildings during the plan period 2013-18. We are in advanced planning for our new Life Sciences building and bio-innovation centre and will soon begin work to replace and expand our East Slope student residences and construct a new Students' Union building, both of which will be delivered in the next three years. We have already invested £70m over the five year period since 2011/12 in a variety of projects including new student residences at Northfield, the Jubilee building providing academic space for the School of Business, Management and Economics and the conversion and refurbishment of the Freeman Building for use by the School of Law, Politics and Sociology. Significant projects progressed during 2015/16 include the completion and opening of the Attenborough Centre for the Creative Arts and the creation of a new centre for Computing, Robotics, Electronics and Mechatronics (CREaM) in the School of Engineering and Informatics, which is due to be completed in December 2016. In addition, a number of smaller projects to improve and increase the capacity of teaching space were undertaken including expansion of lecture space in Jubilee and Fulton buildings, a major refurbishment and conversion to teaching space of Ashdown House and upgraded and larger computing cluster facilities in the Shawcross building.

# Strategic Report (continued)

## INVESTMENT IN BUILDINGS



Note: The graph shows the amount invested in freehold and leasehold land and buildings in each of the years from 2011/12 -2015/16

In addition to this, the annual budget of £7m for the continued improvement of the physical estate was applied across a range of building related space improvement projects. In particular an amount of £800k was committed to upgrading general teaching space and associated technological infrastructure and IT/AV facilities.

## FINANCING, CASHFLOW AND LIQUIDITY

The University manages its liquidity by holding sufficient current asset investments, cash and cash equivalents to meet its financial obligations as they become due while ensuring that the cost of finance is kept to a minimum. The terms under which liquidity is managed are set out in treasury management policy informed by published CIPFA guidance and approved by Council annually.

A formal policy on borrowing and financing was approved by Council in 2009 resulting in a maximum borrowing for the University of £105m with around half of this to be secured as core borrowings on longer term non-amortising arrangements on an interest-only basis.

Accordingly the University took out a £40m long-term non-amortising interest-only facility with Barclays Bank plc, which was fully drawn by 2009/10 and £50m of amortising term funding from Lloyds Bank plc which was fully drawn by 2012/13 being part of a strategy to both consolidate and reduce the cost of existing older loans and to provide cash to fund the completion of the capital building programme completed as part of the previous strategic plan 2008-13.

The University has a long record of generating net operating cash surpluses in consecutive years up to the current year (2015/16) since before the current plan period 2013-18 began. In 2015/16 net operating cash of £27.8m (£19.4m in 2014/15) was achieved and cash and cash equivalents increased by £5.7m to £25.9m after cash outflows from investment activities of £14.2m, including a transfer of cash to current asset investment deposits of £4.1m and net cash outflows in respect of financing activities of £7.0m. This strong financial performance has enabled ongoing financing and support for the current capital plan and taken together with forecast cash surpluses will continue for the time being while at the same time ensuring the University is able to stay well within the parameters of the financial policy set in 2009.

The University holds £48.7m in current asset investments which include £10.1m of investments held in support of restricted endowment reserves. The remaining £36.6m is held in cash deposits with maturities of less than 12 months. At its meeting in Spring 2016 Council approved a new ethical investment policy and the University is currently in the process of selecting an appropriate investment manager to manage its investments in accordance with this policy.

# Strategic Report (continued)

## PENSIONS

The University participates in three major pension arrangements which all carry different accounting treatment under financial reporting standard FRS102. Details are set out in the notes to the accounts.

A total pension provision of £55.2m is recognised on the consolidated balance sheet made up of £22.2m in respect of the Universities Superannuation Scheme (USS) and £33.0m in respect of the University of Sussex Pension and Assurance Scheme (USPAS). The Sussex Stakeholder Scheme (SGSS) is a defined contribution scheme and as such there is no future obligation or asset recognisable on the balance sheet. The University accounts for the cash contributions it makes into USS and SGSS in the year these are incurred but under the USPAS scheme the accrued cost of the scheme obligation is recognised.

The USS, under FRS102, is a defined benefit multi-employer scheme and as such accounted for as a defined contribution scheme whereby the annual cost is charged to Income and Expenditure. However, the University provides for an obligation which is the net present value of future payments that will be made into the scheme under the deficit recovery plan. The total provision for this obligation is £22.2m under the USS recovery plan 2015, which was agreed following the triennial valuation at 31 March 2014. Under the plan the University will pay an additional 2.1% of pensionable payroll for 15 years ending in March 2013, which in cash terms is around £1.7m per annum rising to £2m. In 2015/16 the obligation under the recovery plan increased by £1.68m due to changes in staff growth assumption and the rate of discount which is derived from quoted bond yields at 31 July 2016. A corresponding charge of £1.68m to income and expenditure has been made within the staff cost line.

The provision of £33m recognised in relation to USPAS is the net pension obligation in respect of the scheme assets and future pension obligations, the "net pension obligation". The net pension obligation in accounting terms has increased by £5.6m principally as a result of a lower discount rate resulting from falls in corporate bond yields, which caused an increase in the value of the scheme's future pension obligations of £14.9m, although investment performance in the scheme's underlying assets and contributions paid that were higher than those required to meet FRS102 cost of benefits accruing have offset this. The net pension obligation is subject to actuarial assumptions at the balance sheet date (31 July) so may change year to year.

It is important to note however, the practical implications of the deficit in terms of cash commitments. The actuarial valuation of USPAS at 31 March 2015 was completed in Spring 2016. The University agreed a Recovery Plan with the Trustees (which has since been accepted by The Pension Regulator), which includes

paying the Technical Provisions deficit at 31 March 2015 over a period of 10 years from April 2016 to May 2025, through increased employer cash contributions of around £3.0m per annum rising in line with inflation.

The University opened a new defined contribution scheme – Sussex Group Stakeholder Pension Scheme – with life and health assurance benefits when the USPAS scheme was closed to new entrants on 1 April 2009. 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.

## RESERVES

Consolidated reserves have increased by £9.1m to £352.3m at the balance sheet date 31 July 2016 compared to £343.2m in 2014/15, reflecting a further year of surplus results. The value of net assets and reserves have been materially impacted by a small number of significant adjustments required under the conversion to FRS102 and taking effect from 1 August 2014 (transition date). These relate to presentational adjustments such as that in respect of capital grant (£58.1m), previously disclosed as a deferred creditor, but most significantly to the restatement of property assets to deemed historic cost. Under these transition arrangements land and buildings have been revalued at the transition date and are stated at their fair value resulting in a credit to reserves of £243.6m. The net impact on reserves at 1 August 2014 of adjustments under FRS102 was an increase of £288.2m. The inclusion of property assets at deemed historic cost creates a much clearer view of the University's sustainable operating capability. The value of total net assets is a more realistic representation of the assets employed in the institution and the resulting depreciation charges, which are markedly higher, a truer cost of operating enabling a more pragmatic assessment of performance through the monitoring of surpluses.

## Strategic Report (continued)

### FUTURE OUTLOOK

We approach the end of our current plan *Making the Future 2013-18* in the knowledge that the achievement of our strategic goals is closer. Growth in student numbers to 18,000 is within reach and we have made progress towards our aim of doubling our research turnover given a very challenging funding environment. The current funding regime has reached a steady state in which HEU students all pay £9,000 with only a few funded under the old regime and the Government have removed the cap preventing fees from increasing in line with inflation – a welcome development that improves our ability to fund inflation in our cost base. The continuing policy of reducing research funding impairs our ability to increase research capacity and the UK Government have not yet committed to replace European research funding when the UK leaves the EU nor do we know what funding arrangements will be in place for European students to study in the UK.

As highlighted elsewhere in this Report, the timing and impact on the whole of the higher education sector of the UK's decision to leave the EU is uncertain. There are significant risks relating to the future funding and recruitment of students from EU countries, the recruitment and retention of high quality staff and research collaboration and funding. We will work with Universities UK to ensure that our voice is heard as the UK government considers the terms of the UK exit and future policy and funding arrangements.

In addition, the economic outlook for the next few years is also unknown, with little firm information available beyond expectations that the period will be challenging. The University's current financial performance and longer term Financial Strategy to deliver surpluses of 10% of income by 2018/19 will provide the space for the institution to adapt in a strategic way to any economic downturn, and also provide investment for initiatives to allow the University to take advantage of the opportunities that will also arise.

A substantial amount of work in this plan period is still underway and to be completed and the rewards of investments we have made already are in some cases still to be realised. Our strategic commitment to STEM subjects is a core part of our ongoing work including projects like the £9.8m HEFCE match-funded Centre for Computing, Robotics, Electronics and Mechatronics, which will open in the first half of 2016/17 and is at the centre of our vision to grow student numbers in the School of Engineering and Informatics. Our £120m investment in a new Life Sciences building will ultimately provide state of the art space for pharmacy and bioscience programmes, affirming our commitment to traditional life sciences subjects. It is important to us that as part of our expansion and growth we continue to provide the best possible higher education experience for our students and leading edge facilities and resources for our academic staff. Our investment in the academic estate is matched by our commitment to improve and grow the capacity of student housing on our campus through the development of East Slope (£130m), which will include a modern and flexible Students' Union building situated in the heart of our resident student community.

It is inevitable that we will begin to feel the constraints of our campus as we approach a student population of 18,000 and our aim of developing the provision of online distance learning (ODL) is an initiative that is underway and is key to our ambition for future growth. We must ensure that the quality of service and academic standards for ODL are as good as those on our campus and that the experience of distance learning students is as enriching as that of our campus-based population. Our ability to grow and change will be central to the development of our strategic plan 2017-25 which will be brought to the University's Council for approval in Summer 2017.



**Christian Brodie**  
Chair of Council



**Professor Adam Tickell**  
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. 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 and Regulations of the University. The majority are independent, non-staff, non-student members. The roles of Chair and Vice-Chairs 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 Research Postgraduate School representative sitting on Senate. Council meets at least four times a year and has five committees and two joint committees, one with Senate and one with the University of Brighton. 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 Memorandum of Assurance and Accountability 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 from amongst the independent members. The University is fully compliant with the key recommendations of the Committee of University Chairs (CUC) code.

Regulation 4 sets out the criteria for removal of Council members. Any member, other than an ex officio member, who fails to attend three ordinary meetings of Council in a row will be deemed to have resigned from Council unless Council considers that are exceptional circumstances. Attendance during 2015/16 is as set out below.

## Corporate Governance (continued)

	24 Sep 2015 (Away Day)	26 Nov 2015	12 Apr 2016	23 Jun 2016
Mr Chris Brodie (Chair)	✓	✓	✓	✓
Ms Kirstin Baker CBE	✓	A	✓	✓
Mr Andy Bryant	✓	✓	A	✓
Mr Alastair Da Costa	A	✓	A	✓
Ms Penny Francis	✓	✓	✓	✓
Ms Adrienne Fresko CBE	✓	A	✓	✓
Mr Mike Fuhr	A	✓	✓	✓
Ms Katie Ghose (term started 24.09.15)		✓	✓	✓
Mr Arjo Ghosh	✓	✓	A	A
Professor Sir Peter Knight	A	✓	✓	A
Dr John Law	✓	✓	✓	✓
Mr Martin McCann	✓	✓	✓	✓
Ms Catherine Moroz (term ended 31.05.16)	✓	✓	A	
Mrs Sharmila Nebhrajani	A	A	✓	✓
Dr Angela Smith (term started 24.09.15)		✓	✓	✓
Professor Michael Farthing (term ended 31.08.16)	✓	✓	✓	✓
Professor Clare Mackie (term ended 31.07.16)	✓	✓	✓	✓
Prof Andrea Cornwall	✓	✓	✓	A
Dr Elizabeth Craig	✓	✓	✓	✓
Professor Steve McGuire (term started 1.1.16)			✓	✓
Prof Jane Cowan	A	A	✓	✓
Prof Mariana Mazzucato	✓	A	✓	A
Mrs Paula Burr	✓	✓	✓	✓
<b>Mr Abraham Baldry</b> <b>(term ended 19.06.2016)</b>	✓	✓	✓	
<b>Ms Annie Pickering</b> <b>(term started 20.06.2016)</b>				✓
<b>Mr Josh Hutton</b> <b>(term started 1.1.16)</b>			✓	✓
Mr Tom Martin (term ended 31.12.15)	A	✓		
Professor Peter Clifton (term ended 31.12.15)	✓	✓		

### 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 Investments Committee meets three times a year and has a remit to review, monitor and approve (within a delegation framework) on behalf of Council the financial strategy and policy, budget setting and financial forecasting, financial performance, the significant 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), at least 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 and effective use of resources. It comprises a Chair and Deputy Chair appointed by Council from amongst the independent members, 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 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 Senior Executives 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, 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. Performance Committee meets three times a year. 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 on the appointment of the independent members of Council and for making appointments to Council Committees and Groups and Court.

**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. It oversees quality assurance and standards of education provided by 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.



## Corporate Governance (continued)

**Remuneration Committee** is a committee 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 University 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.

**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 BSMS; it considers the composition and structure of the senior management of BSMS and it receives and reviews the financial estimates of BSMS.

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

### SUB-COMMITTEES

**Human Resources Committee** is a sub-committee of Performance Committee with responsibility for recommending and assuring the University's Human Resources Strategy and advising on and recommending employment-related policy.

**Health, Safety and Environment Committee** is a sub-committee of Performance Committee that 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 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.

**The Vice-Chancellor**, appointed by Council after consultation with 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 P Burr, Professor A Cornwall, Professor J Cowan, Mr A Da Costa, Dr E Craig, Professor M Davies, Professor M Farthing, Ms P Francis, Ms A Fresko CBE, Mr M Fuhr CBE, Ms K Ghose, Mr A Ghosh, Mr J Hutton, Professor H Keating, Professor Sir P Knight, Dr J Law, Professor C Mackie, Mr T Martin, Professor M Mazzucato, Mr M McCann, Professor S McGuire, Ms C Moroz, Ms S Nebhrajani, Ms J Parsons, Ms A Pickering, Dr A Smith, Professor A Tickell.

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.

# Corporate Governance (continued)

## 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 current 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 globally and regionally.

## BENEFICIARIES AND ACTIVITIES THAT 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](http://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:

- Realising Rights to Global Health; An ethnographic analysis of rights-based organisations in promoting reproductive health in India tracking the transmission of rights ideas and practices transnationally and through to local recipients to understand how rights operate within different discursive spaces.
- Pathways of Women's Empowerment; an international research and communications programme established in 2006, which links academics with activists and practitioners to find out what works to enhance women's empowerment. New Economies of Development: Critical Engagements with the Bottom of the Pyramid; In recent years "bottom-of-the pyramid" (BoP) schemes have attracted significant interest from international development institutions seeking to harness private sector resources for development purposes. Yet despite the growing number of BoP initiatives across the world, there has been comparatively little engagement from development studies with this new paradigm. This project seeks to address this gap by creating a space for new thinking, approaches, research methodologies, and evidence that critically engage with the development implications of the BoP model.

### 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](http://www.sussex.ac.uk/aboutus/ourstrategy)

The quality of teaching and research is reflected in the University's position in league tables. Sussex now ranks in the top 20 UK universities in all three major UK league tables. According to the 2015 National Student Survey, 87% of Sussex students are satisfied with their overall experience. Sussex is among the top six best universities for graduate prospects (*The Times and Sunday Times Good University Guide 2017*). 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 many 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.

An important part of our policy and strategy for widening access to support those from disadvantaged backgrounds 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).

The University also ensures that those students who come from the most disadvantaged backgrounds also get full support to enter the workplace or continue to study after graduation. Data released by the Office For Fair Access in September 2016 showed that 90% of students who were eligible for first generation scholarships were in work or full time study six months after graduating.

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 that 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, which 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

Under the current rules applying to Home/EU undergraduates entering University the burden of funding is placed on the student through a combination of up front tuition fees and student loans. At Sussex this section of the student body makes up approximately 70% of the student population. 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](http://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.

# Corporate Governance (continued)

## 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 and Accountability.

### 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.

### 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 set out in the HEFCE Memorandum of Assurance and Accountability Annex A 'Audit Code of Practice'. It is also informed by the Audit Committee, which has oversight of internal audit and 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 University 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 framework classifies risks as financial, reputational, operational or people related. It operates at multiple levels with significant risks and or themes being escalated to the Institutional Risk Register. 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 – risks are reviewed termly with this review informing the Institutional Risk Register (and status of risks contained therein).
- a risk prioritisation methodology based on risk ranking has been established
- 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 2016 and up to the date of approval of the Financial Statements, that it is regularly reviewed by Council.

# 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 2014, other relevant accounting and financial reporting standards and within the terms and conditions of a Memorandum of Assurance and Accountability 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
- 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 Memorandum of Assurance and Accountability 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
- 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

## INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF THE UNIVERSITY OF SUSSEX

We have audited the financial statements of the University of Sussex for the year ended 31 July 2016 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## RESPECTIVE RESPONSIBILITIES OF THE UNIVERSITY'S COUNCIL AND AUDITORS

As explained more fully in the statement of responsibilities of the University's Council, the members of Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England. Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England.

## OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2016 and of the Group and University's income and expenditure, gains and losses, reserves and cash flows for the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

## OPINION ON OTHER MATTERS REQUIRED BY THE HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND AUDIT CODE OF PRACTICE

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, if relevant, managed in accordance with relevant legislation;
- 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 requirements of the HEFCE's Accounts Direction have been met.



**James Aston, Senior Statutory Auditor**  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick  
United Kingdom

Date: 25 November 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Statement of Comprehensive Income and Expenditure

	NOTES	YEAR ENDED CONSOLIDATED £'000	31 JULY 2016 UNIVERSITY £'000	YEAR ENDED CONSOLIDATED £'000	31 JULY 2015 UNIVERSITY £'000
<b>INCOME</b>					
Tuition fees and education contracts	1.1	144,479	141,584	124,091	121,598
Funding body grants	1.2	31,453	28,232	24,177	20,997
Research grants and contracts	1.3	35,609	34,142	29,625	28,181
Other income	1.4	46,268	41,855	40,970	37,577
Investment income	1.5	711	859	674	646
Total income before endowments and donations		258,520	246,672	219,537	208,999
Donations and endowments	1.6	2,146	2,197	1,837	1,829
<b>TOTAL INCOME</b>		<b>260,666</b>	<b>248,869</b>	<b>221,374</b>	<b>210,828</b>
<b>EXPENDITURE</b>					
Staff costs	2.1	124,599	111,889	124,534	113,285
Other operating expenses	2.3	98,440	98,529	89,402	91,256
Depreciation	3.0	14,893	14,526	13,028	12,714
Interest and other finance costs	2.2	6,523	6,529	6,090	6,005
Total expenditure		244,455	231,473	233,054	223,260
Surplus/deficit before other gains/(losses)		16,211	17,396	(11,680)	(12,432)
(Loss)/gain on investments		222	222	494	494
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>		<b>16,433</b>	<b>17,618</b>	<b>(11,186)</b>	<b>(11,938)</b>
Taxation		-	-	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>16,433</b>	<b>17,618</b>	<b>(11,186)</b>	<b>(11,938)</b>
Actuarial (loss)/gain in respect of pension schemes		(7,250)	(7,250)	4,134	4,134
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>9,183</b>	<b>10,368</b>	<b>(7,052)</b>	<b>(7,804)</b>
Represented by:					
Endowment comprehensive income for the year		480	480	520	520
Unrestricted comprehensive income for the year		8,703	9,888	(7,572)	(8,324)
		9,183	10,368	(7,052)	(7,804)
<b>SURPLUS FOR THE YEAR ATTRIBUTABLE TO</b>					
Non controlling interest		582	-	746	-
University		15,851	17,618	(11,932)	(11,938)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO</b>					
Non controlling interest		582	-	746	-
University		8,601	10,368	(7,798)	(7,804)

All items of income and expenditure relate to continuing activities



# Balance Sheet

	NOTES	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
		CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
<b>NON-CURRENT ASSETS</b>					
Fixed assets	3	451,513	446,941	446,350	441,763
Investments	4	457	619	439	601
		<b>451,970</b>	<b>447,560</b>	<b>446,789</b>	<b>442,364</b>
<b>CURRENT ASSETS</b>					
Stock		63	44	62	46
Trade and other receivables	5	16,633	17,075	17,776	18,328
Investments	6	48,680	48,615	52,774	52,773
Cash and cash equivalents		25,902	15,569	20,179	8,322
		<b>91,278</b>	<b>81,303</b>	<b>90,791</b>	<b>79,469</b>
Less: Creditors: amounts falling due within one year	7	(46,512)	(43,638)	(53,701)	(49,977)
<b>NET CURRENT ASSETS</b>		<b>44,766</b>	<b>37,665</b>	<b>37,090</b>	<b>29,492</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>496,738</b>	<b>485,225</b>	<b>483,879</b>	<b>471,856</b>
<b>DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	5	<b>103</b>	<b>4,041</b>	<b>562</b>	<b>3,668</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	8	<b>(88,363)</b>	<b>(87,364)</b>	<b>(90,874)</b>	<b>(89,723)</b>
<b>PROVISIONS</b>					
Pension provisions	17	(55,159)	(55,159)	(47,906)	(47,906)
Other provisions	9	(1,024)	(1,024)	(2,548)	(2,548)
<b>TOTAL NET ASSETS</b>		<b>352,295</b>	<b>345,719</b>	<b>343,113</b>	<b>335,347</b>
<b>RESTRICTED RESERVES</b>					
Income and expenditure reserve – endowment reserve		<b>10,117</b>	<b>10,117</b>	<b>9,446</b>	<b>9,446</b>
<b>UNRESTRICTED RESERVES</b>					
Income and expenditure reserve – unrestricted		<b>338,252</b>	<b>335,237</b>	<b>330,555</b>	<b>325,553</b>
Capital Reserve		<b>1,802</b>	<b>-</b>	<b>1,802</b>	<b>-</b>
Revaluation reserve		<b>365</b>	<b>365</b>	<b>347</b>	<b>347</b>
		<b>350,537</b>	<b>345,719</b>	<b>342,151</b>	<b>335,347</b>
Non-controlling interest		<b>1,758</b>	<b>-</b>	<b>962</b>	<b>-</b>
<b>TOTAL RESERVES</b>		<b>352,295</b>	<b>345,719</b>	<b>343,113</b>	<b>335,347</b>

The financial statements were approved by the Council on 25 November 2016 and were signed on its behalf on that date by:



Adam Tickell, Vice-Chancellor



Christian Brodie, Chair of Council



Allan Spencer, Director of Finance

# Consolidated Cash Flow Statement

	Notes	2016 £'000	2015 £'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus for the year		16,433	(11,186)
<b>ADJUSTMENT FOR NON-CASH ITEMS</b>			
Depreciation	3	14,893	13,028
(Loss)/Gain on investments	4	(18)	(54)
Decrease/(increase) in stock		(1)	(16)
Decrease/(increase) in debtors		1,952	(2,771)
Increase/(decrease) in creditors		(8,726)	4,876
Increase/(decrease) in pension provision		7,253	4,350
Increase/(decrease) in other provisions		(1,524)	2,548
Actuarial (loss)/gain on pensions	17	(7,250)	4,134
<b>ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES</b>			
Investment income	1.5	(711)	(734)
Interest payable		6,524	5,722
Endowment income	10	(945)	(482)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>27,863</b>	<b>19,415</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Withdrawal of/(new) deposits	6	4,094	(149)
Investment income	1.5	711	734
Payments made to acquire fixed assets	3	(20,058)	(9,961)
New non-current asset investments		-	44
		<b>(15,237)</b>	<b>9,332</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(5,185)	(5,365)
Endowment cash received	10	945	482
New secured loans		-	319
New unsecured loans		-	217
Repayments of amounts borrowed	7 & 8	(2,441)	(1,734)
Capital element of finance lease and service cession payments	7 & 8	(222)	(419)
		<b>(6,903)</b>	<b>(6,500)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		<b>5,723</b>	<b>3,583</b>
Cash and cash equivalents at beginning of the year		20,179	16,596
Cash and cash equivalents at end of the year		25,902	20,179

# Statement of Changes in Equity

	Endowment	Unrestricted	Capital reserve	Revaluation reserve	Total excluding non controlling interest	Non controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>CONSOLIDATED</b>							
<b>BALANCE AT 1 AUGUST 2014</b>	9,075	338,665	1,802	261	349,802	216	<b>350,018</b>
Surplus/(deficit) from the income and expenditure statement	482	(12,763)	-	-	(12,281)	-	<b>(12,281)</b>
Non-controlling interest	-	-	-	-	-	746	<b>746</b>
Increase in value of fixed asset investments	409	-	-	54	463	-	<b>463</b>
Increase in the value of investment held as current asset	-	-	-	33	33	-	<b>33</b>
Other comprehensive income	-	4,134	-	-	4,134	-	<b>4,134</b>
Release of restricted funds spent in year	(520)	520	-	-	-	-	<b>-</b>
	<b>371</b>	<b>(8,110)</b>	<b>-</b>	<b>87</b>	<b>(7,652)</b>	<b>746</b>	<b>(6,906)</b>
<b>BALANCE AT 1 AUGUST 2015</b>	9,446	330,555	1,802	347	342,151	962	<b>343,113</b>
Surplus/(deficit) from the income and expenditure statement	946	14,469	-	-	15,415	-	<b>15,415</b>
Non-controlling interest	-	-	-	-	-	796	<b>796</b>
Increase in the value of investment held as current asset	204	-	-	18	222	-	<b>222</b>
Other comprehensive income	-	(7,250)	-	-	(7,250)	-	<b>(7,250)</b>
Release of restricted funds spent in year	(480)	480	-	-	-	-	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>671</b>	<b>7,698</b>	<b>-</b>	<b>18</b>	<b>8,387</b>	<b>796</b>	<b>9,183</b>
<b>BALANCE AT 31 JULY 2016</b>	<b>10,117</b>	<b>338,253</b>	<b>1,802</b>	<b>365</b>	<b>350,537</b>	<b>1,758</b>	<b>352,295</b>
<b>UNIVERSITY</b>							
<b>BALANCE AT 1 AUGUST 2014</b>	9,075	333,670	-	261	343,006	-	<b>343,006</b>
Surplus/(deficit) from the income and expenditure statement	482	(12,770)	-	-	(12,288)	-	<b>(12,288)</b>
Increase in value of fixed asset investments	409	-	-	54	463	-	<b>463</b>
Increase in the value of investment held as current asset	-	-	-	33	33	-	<b>33</b>
Other comprehensive income	-	4,134	-	-	4,134	-	<b>4,134</b>
Release of restricted funds spent in year	(520)	520	-	-	-	-	<b>-</b>
	<b>371</b>	<b>(8,117)</b>	<b>-</b>	<b>87</b>	<b>(7,659)</b>	<b>-</b>	<b>(7,659)</b>
<b>BALANCE AT 1 AUGUST 2015</b>	9,446	325,553	-	347	335,347	-	<b>335,347</b>
Surplus/(deficit) from the income and expenditure statement	946	16,933	-	-	17,880	-	<b>17,880</b>
Increase in the value of investment held as current asset	204	-	-	18	222	-	<b>222</b>
Other comprehensive income	-	(7,250)	-	-	(7,250)	-	<b>(7,250)</b>
Release of restricted funds spent in year	(480)	-	-	-	(480)	-	<b>(480)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>671</b>	<b>9,683</b>	<b>-</b>	<b>18</b>	<b>10,372</b>	<b>-</b>	<b>10,372</b>
<b>BALANCE AT 31 JULY 2016</b>	<b>10,117</b>	<b>335,236</b>	<b>-</b>	<b>365</b>	<b>345,719</b>	<b>-</b>	<b>345,719</b>

# Statement of Principal Accounting Policies and Estimation Techniques

## 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards FRS102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102.

The financial statements are prepared in accordance with the historical cost convention modified by valuation of endowment asset investments, fixed asset investments and current asset investments.

The financial statements conform to guidance published by the Higher Education Funding Council for England.

The University is preparing its financial statements in accordance with FRS102 for the first time and consequently has applied the first time adoption requirements. The date of transition was 1 August 2014. An explanation of how the transition to the SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 18.

Application of first time adoption grants certain exemption from the full requirements of the SORP in the transition period. The following exemptions have been taken into these financial statements:

Revaluation to deemed historical cost – at 31 July 2014, fair value has been used as the deemed historical cost for property.

The University has changed its accounting policy in respect of the following:

- i. Government Revenue and Capital Grants; which are no longer accrued, now being recognised in the Statement of Comprehensive Income in accordance with the performance conditions of each grant.
- ii. Staff holiday entitlement; previously not recognised, the liability in respect of holiday entitlement accrued but not taken at the balance sheet date is recognised.
- iii. Land and Buildings; continues to be carried at historic cost but the option available under FRS102 transition has been adopted, which permits the use of fair value of an asset at the date of transition 1st August 2014 to be used as the deemed historic cost.

In preparing the separate financial statements of the University, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the University
- Disclosures in respect of the University's financial instruments have not been presented, as equivalent disclosures have been provided in respect of the group as a whole

## 2. BASIS OF ACCOUNTING

The consolidated financial statements include the financial statements of the University and its subsidiary undertakings for the financial year to 31 July 2016. These are Sussex Innovation Centre Development Limited, Sussex U H Limited, Sussex Estates and Facilities LLP and Sussex Innovation Centre Management Limited.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions. The Students' Union is an independent charity with separate control.

## 3. INCOME RECOGNITION

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

**Tuition 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.

**Capital grants** are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

**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.

**Income received in advance** of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

**Donations and endowments** are non exchange transactions without performance related conditions.

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point

# Statement of Principal Accounting Policies and Estimation Techniques (continued)

the income is released to general reserves through a reserve transfer.

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

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

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

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

## AGENCY ARRANGEMENTS

Funds that 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.

## 4. EMPLOYMENT BENEFITS

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

## 5. FINANCE LEASES

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 6. OPERATING LEASES

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## 7. TAXATION

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011, and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

In Sussex Innovation Centre Management Ltd deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

# Statement of Principal Accounting Policies and Estimation Techniques (continued)

## 8. ACCOUNTING FOR RETIREMENT BENEFITS

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Sussex Pension and Assurance Scheme (USPAS). The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to University at members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

### DEFINED CONTRIBUTION PLAN

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### DEFINED BENEFIT PLAN

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

## 9. FOREIGN CURRENCY

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit for the financial year.

## 10. FIXED ASSETS

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Land and buildings that had been revalued to fair value on or prior to the date of transition to the 2015 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

### LAND AND BUILDINGS

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

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
- 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 income in accordance with the performance model for capital grants.

# Statement of Principal Accounting Policies and Estimation Techniques (continued)

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.

## BORROWING COSTS

Borrowing costs are recognised as expenditure in the period in which they are incurred unless they are directly attributable to the acquisition, construction or production of a qualifying asset, where they are capitalised.

## 11. 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.

## 12. STOCKS

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

## 13. 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.

## 14. CASH AND CASH EQUIVALENTS

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. They include term deposits, government securities and loan stock held as part of the treasury management activities. They exclude any such assets held as endowment asset investments.

## 15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

- the University has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of economic benefits will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the Notes.

## 16. ACCOUNTING FOR JOINT VENTURES

The University accounts for its share of transactions from its jointly controlled operation, in the Brighton and Sussex Medical School, in the Consolidated Statement of Comprehensive Income and the Balance Sheet.

## 17. INTRA-GROUP TRANSACTIONS

Gains or losses on any intra-group transactions are eliminated in full, on consolidation. 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

# Statement of Principal Accounting Policies and Estimation Techniques (continued)

## 18. RESERVES

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

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

## 19. SIGNIFICANT ESTIMATES AND JUDGEMENTS EXERCISED IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the Council have made the following judgements:

- Tangible fixed assets (note 3) are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Trade debtors (note 5): the estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.
- Determine whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the University's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- The critical underlying assumptions in relation to the estimate of the University of Sussex Pension and Assurance Scheme defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- The underlying assumptions in relation to the estimate of the present value of the obligation in respect of the funding deficit plan for the USS pension scheme such as the salary inflation over the period of the funding deficit plan and the discount rate to be used.
- The determination as basic financial instruments of loan agreements that contain compensation clauses. Other key sources of estimation uncertainty.



# Notes to the Financial Statements

## NOTE 1 INCOME

	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
<b>1.1 TUITION FEES AND EDUCATION CONTRACTS</b>				
Full-time home and EU students	81,629	78,936	73,080	71,403
Full-time international students	58,605	58,453	47,167	46,388
Part-time students	1,504	1,504	1,544	1,544
Research Training Support Grant	147	141	167	159
Short Courses	2,594	2,550	2,133	2,104
	<b>144,479</b>	<b>141,584</b>	<b>124,091</b>	<b>121,598</b>
<b>1.2 FUNDING BODY GRANTS (i)</b>				
Recurrent grant	19,884	16,746	21,460	18,356
Higher Education Funding Council	1,434	1,434	660	584
National College for Teaching and Leadership	10,135	10,053	2,057	2,057
	<b>31,453</b>	<b>28,232</b>	<b>24,177</b>	<b>20,997</b>
<b>1.3 RESEARCH GRANTS AND CONTRACTS (i)</b>				
Research councils	15,095	14,656	12,575	12,575
UK-based charities	5,975	5,624	5,832	5,832
European Commission	6,739	6,483	6,214	6,214
Other grants and contracts	7,800	7,379	5,004	3,560
	<b>35,609</b>	<b>34,142</b>	<b>29,625</b>	<b>28,181</b>
<b>1.4 OTHER INCOME</b>				
Residences, catering and other operations	32,438	32,418	28,594	28,545
Other services rendered	4,119	3,977	3,440	3,389
General academic services	663	637	649	541
NHS grants	2,746	705	2,669	181
Staff and student services	1,423	1,423	1,635	1,635
Central administrative	4,066	1,237	1,301	2,660
Other income	813	1,458	2,682	506
	<b>46,268</b>	<b>41,855</b>	<b>40,970</b>	<b>37,457</b>
<b>1.5 INVESTMENT INCOME</b>				
Investment income on endowments	262	282	254	226
Investment income on restricted reserves	449	577	420	420
	<b>711</b>	<b>859</b>	<b>674</b>	<b>646</b>
<b>1.6 DONATIONS AND ENDOWMENTS (ii)</b>				
New endowments	946	946	482	482
Donations with restrictions	1,200	1,251	1,355	1,347
	<b>2,146</b>	<b>2,197</b>	<b>1,837</b>	<b>1,829</b>

(i) No income has been recognised in the accounts in respect of government grants whose conditions of award have not been fulfilled at 31 July 2016.

(ii) Donations and endowments are received in support of the University's charitable educational activities, which are primarily teaching and research.

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NOTE 2 EXPENDITURE

2.1 STAFF COSTS

	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Salaries	99,050	88,441	93,359	81,497
Social security costs	8,481	7,552	7,511	6,511
Other pension costs	17,068	15,896	23,664	25,277
Total	124,599	111,889	124,534	113,285

	2016	2015
	£'000	£'000
<b>EMOLUMENTS OF THE VICE-CHANCELLOR</b>		
Salary	230	230
Benefits	24	18
Pension contributions to USS	41	39
	295	287

A new Vice-Chancellor, Professor A. Tickell, joined the University on 1 September 2016 following the departure of Professor M.J. Farthing on 31 August 2016.

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.

REMUNERATION OF OTHER HIGHER PAID STAFF, EXCLUDING EMPLOYER'S PENSION CONTRIBUTIONS

	2016	2015
	NUMBER	NUMBER
£100,000 to £109,999	10	9
£110,000 to £119,999	9	8
£120,000 to £129,999	3	2
£130,000 to £139,999	4	4
£140,000 to £149,999	1	1
£150,000 to £159,999	1	1
	28	25

The total remuneration paid to key management personnel was £735k in 2016 (£714k in 2015) excluding remuneration of the Vice Chancellor which is detailed above.

There were no compensation payments for loss of office paid to former senior post-holder in 2016 (2015: £0)

THE AVERAGE NUMBER OF PERSONS (INCLUDING SENIOR POST HOLDERS) EMPLOYED BY THE UNIVERSITY

DURING THE YEAR, EXPRESSED AS FULL-TIME EQUIVALENTS WAS:

	2016	2015
	NUMBER	NUMBER
Academic	1,176	1,075
Technical	128	127
Management & specialist	900	833
Technical	259	247
Other	2,463	2,282

TRUSTEE EXPENSES

The University's council members are the trustees for charitable law purposes. The total expenses paid to or on behalf of 15 council members was £10,685 (2015: £7,488 to 15 council members and none were paid for their services). The University had no linked charities during the year including the period up to signing the financial statements.

**NOTE 2 EXPENDITURE (CONTINUED)**

	YEAR ENDED CONSOLIDATED £'000	31 JULY 2016 UNIVERSITY £'000	YEAR ENDED CONSOLIDATED £'000	31 JULY 2015 UNIVERSITY £'000
<b>2.2 INTEREST AND OTHER FINANCE COSTS</b>				
Loans wholly repayable within five years	3	3	8	8
Loans not wholly repayable within five years	5,102	5,108	4,871	4,786
Finance leases	504	504	485	485
Net interest on pension liabilities	914	914	726	726
	<b>6,523</b>	<b>6,529</b>	<b>6,090</b>	<b>6,005</b>

**2.3 OTHER OPERATING EXPENDITURE**

Academic fees and charges	7,790	7,750	7,191	7,398
Administrative and office costs	3,064	1,730	1,575	1,487
Foreign Exchange (gain)/loss	(414)	(414)	32	32
External auditors remuneration for annual accounts audit	117	85	88	62
Books and periodicals	1,690	1,770	1,727	1,778
Management fees	2,880	1,694	3,673	4,277
Consultancy fees	10,244	12,511	7,510	7,904
Consumables and equipment	14,438	14,396	14,187	14,748
Marketing and publicity	4,413	4,547	3,884	4,289
Facilities costs	12,452	12,914	12,593	11,188
Operating Lease Costs	1,800	1,800	1,800	1,800
Rent, rates and insurance	3,836	4,092	2,871	3,006
Scholarships, bursaries and prizes	19,504	20,069	15,749	16,203
Students Union Grant	945	990	897	923
Subscriptions, fees and charges	3,644	2,480	3,923	4,036
Training, travel and employment costs	6,893	6,795	6,311	6,577
Utilities and services	5,144	5,320	5,391	5,548
	<b>98,440</b>	<b>98,529</b>	<b>89,402</b>	<b>91,256</b>

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NOTE 3 TANGIBLE ASSETS

CONSOLIDATED

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets Course of construction £'000	Total £'000
<b>COST AND VALUATION</b>					
At 1 August 2015	27,841	418,666	44,830	6,175	497,512
Additions	-	12,028	4,907	3,132	20,067
Transfers	-	5,682	-	(5,682)	-
Disposals	-	-	(26)	-	(26)
At 31 July 2016	27,841	436,376	49,712	3,625	517,553
<b>DEPRECIATION:</b>					
At 1 August 2015	2,400	9,286	39,477	-	51,163
Additions	555	11,471	2,867	-	14,893
Disposals	-	-	(16)	-	(16)
At 31 July 2016	2,955	20,757	42,328	-	66,040
<b>NET BOOK VALUE</b>					
At 31 July 2016	24,886	415,619	7,383	3,625	451,513
At 31 July 2015	25,441	409,381	5,353	6,175	446,350
<b>UNIVERSITY</b>					
<b>COST AND VALUATION</b>					
At 1 August 2015	22,935	419,665	42,392	6,175	491,167
Additions	-	11,780	4,792	3,132	19,704
Transfers	-	5,682	-	(5,682)	-
At 31 July 2016	22,935	437,127	47,185	3,625	510,871
<b>DEPRECIATION:</b>					
At 1 August 2015	429	11,106	37,870	-	49,405
Charge for the year	428	11,408	2,690	-	14,526
Disposals	-	-	-	-	-
At 31 July 2016	857	22,514	40,560	-	63,931
<b>NET BOOK VALUE</b>					
At 31 July 2016	22,078	414,610	6,622	3,625	446,941
At 31 July 2015	22,506	408,559	4,522	6,175	441,763

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NOTE 4 NON-CURRENT INVESTMENTS

CONSOLIDATED

	SUBSIDIARY COMPANIES £'000	OTHER FIXED ASSETS INVESTMENTS £'000	TOTAL £'000
At 1 August 2015	-	439	439
Gain/(Loss) in value	-	18	18
At 31 July 2016	-	457	457

UNIVERSITY

	£'000	£'000	£'000
At 1 August 2015	162	439	601
Gain/(Loss) in value	-	18	18
At 31 July 2016	162	457	619

The non-current investments have been valued at market value where available, otherwise at cost less impairment. The investment in the subsidiary company relates to the introduction of additional share capital to enable it to fund the extension to facilities.

	Share Class	No.	Ordinary Holding	University Value at cost		Nature of Activity
				2016 £	2015 £	
Sussex Innovation Centre Management Ltd	Ord Pref	200 2235	100% -	161,616 437	161,616 437	Property Management
Sussex Innovation Centre Development Ltd (DEVCO)	Ord Pref	100 1,800,000	100% -	100 2	100 2	Property Development
Sussex UH 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 EF Ltd	Ord	100	100%	100	100	Inactive
Interanalysis	Ord	20	20%	50,000	50,000	Software Technology
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%	-	-	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 holding is valued at cost.

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

**NOTE 4 NON-CURRENT INVESTMENTS (CONTINUED)**

**OTHER NON-CURRENT INVESTMENTS CONSIST OF:**

**CONSOLIDATED  
AND UNIVERSITY  
£'000**

<b>Listed Securities</b>	
Mercantile Investment Trust	190
Legal & General Industrial Property Investment Fund Feeder Unit Trust	134
Feedback PLC	43
	<b>367</b>
<b>Unlisted Shares</b>	
CVCP Properties	37
The New Statesman	1
Interanalysis	50
InCrowd	2
	<b>90</b>
<b>Total</b>	<b>457</b>

[note that any investments that are listed are held at fair value]

**NOTE 5 TRADE AND OTHER RECEIVABLES**

	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Debtors and Prepayments	15,356	13,753	12,572	9,403
Research Debtors	1,277	879	5,204	5,204
Amounts due from subsidiary companies	-	2,443	-	3,721
	<b>16,633</b>	<b>17,075</b>	<b>17,776</b>	<b>18,328</b>
Amounts falling due after more than one year:				
Debtors	103	100	562	562
Amounts due from subsidiary undertaking	-	3,941	-	3,106
	<b>103</b>	<b>4,041</b>	<b>562</b>	<b>3,668</b>

**NOTE 6 CURRENT INVESTMENTS**

	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Short term investment in shares	9,180	9,115	9,440	9,440
Short term deposits	39,500	39,500	43,334	43,333
	<b>48,680</b>	<b>48,615</b>	<b>52,774</b>	<b>52,773</b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2016 the average interest rate of these fixed rate deposits was 0.63% per annum and the remaining average period for which the interest rate is fixed on these deposits was 201 days. The fair value of these deposits was not materially different from the book value.

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**NOTE 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Mortgages and other loans	1,492	1,685	1,607	1,460
Obligations under finance leases	414	414	448	448
Research Creditor	6,719	6,719	12,558	12,558
Creditors and accruals	37,887	34,820	39,088	35,511
	<b>46,512</b>	<b>43,638</b>	<b>53,701</b>	<b>49,977</b>

**NOTE 8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Obligations under finance lease	2,746	2,746	2,934	3,179
Unsecured loans	85,617	84,618	87,940	86,544
	<b>88,363</b>	<b>87,364</b>	<b>90,874</b>	<b>89,723</b>
Analysis of loans:				
Due within one year or on demand (Note 7)	1,906	2,099	2,056	1,909
Due between two and five years	11,476	10,745	10,853	10,165
Due in five years or more	76,887	76,619	80,024	79,556
Due after more than one year	88,363	87,364	90,876	89,721
Total secured and unsecured loans	<b>90,269</b>	<b>89,463</b>	<b>92,933</b>	<b>91,630</b>

Included in loans & leases are the following:

LENDER	AMOUNT OUTSTANDING £'000	TERM	INTEREST RATE %	BORROWER
Lloyds	45,796	25	5.815	University
B&N Lease	2,857	30	8.97	University
Kelsey Finance	322	35	11.22	University
HEFCE	150			
Barclays	40,000	30	5.60	University
	<b>89,125</b>			
Barclays	1,144	20	6.21	Subsidiary
Total	<b>90,269</b>			

All interest rates stated are fixed.

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NOTE 9 PROVISIONS FOR LIABILITIES

CONSOLIDATED

	Obligation to fund deficit on USS Pension (note 17)	Defined Benefit obligations (note 17)	Total Pensions Provisions	Other	Total Other
	£'000	£'000	£'000	£'000	£'000
At 1 August 2015	(20,504)	(27,403)	(47,907)	(2,048)	(49,955)
Utilised in year			-	2,048	2,048
Additions	(1,675)	(5,577)	(7,252)	(1,024)	(8,276)
<b>At 31 July 2016</b>	<b>(22,179)</b>	<b>(32,980)</b>	<b>(55,159)</b>	<b>(1,024)</b>	<b>(56,183)</b>

NOTE 10 ENDOWMENT RESERVES

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2016 Total	2015 Total
	£'000	£'000	£'000	£'000	£'000
<b>Balances at 1 August</b>					
Capital	3,777	43	4,940	8,760	8,335
Accumulated income	670	16	-	686	740
	4,447	59	4,940	9,446	9,076
New endowments	27	-	918	945	481
Investment income	130	2	138	270	260
Expenditure	(96)	-	(654)	(750)	(780)
	34	2	(516)	(480)	(520)
(Decrease) / increase in market value of investments	65	2	138	205	409
<b>At 31 July</b>	<b>4,574</b>	<b>63</b>	<b>5,480</b>	<b>10,117</b>	<b>9,446</b>
<b>Represented by:</b>					
Capital	3,870	45	5,449	9,365	8,760
Accumulated income	704	17	30	751	686
	4,574	63	5,480	10,117	9,446
<b>Analysis by type of purpose:</b>					
Lectureships	97	-	-	97	65
Scholarships and bursaries	1,172	-	578	1,750	1,653
Research support	1,972	-	497	2,469	2,400
Prize funds	285	-	31	316	306
General	1,048	63	4,374	5,485	5,022
	4,574	63	5,480	10,117	9,446
<b>Analysis by asset</b>					
Fixed assets				165	158
Current and non-current asset investments				6,915	6,746
Cash & cash equivalents				3,037	2,542
				10,117	9,446



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NOTE 11 INVESTMENT IN JOINT VENTURE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR	UNIVERSITY	UNIVERSITY	JOINT	JOINT VENTURE
	OF SUSSEX	OF BRIGHTON	VENTURE	TOTAL
	2016	2016	2016	2015
INCOME	£'000	£'000	£'000	£'000
HEFCE Grant	3,221	3,130	6,351	6,286
NHS Funds	2,565	2,565	5,130	4,553
Academic Fees	2,895	2,895	5,790	5,408
Research grants and contracts	1,467	1,256	2,723	2,630
Other	1,151	1,113	2,264	2,153
<b>Total Income</b>	<b>11,298</b>	<b>10,958</b>	<b>22,256</b>	<b>21,029</b>
<b>EXPENDITURE</b>				
Staff Costs	6,057	5,753	11,810	10,653
Depreciation	146	146	292	280
Other operating expenses	5,263	5,179	10,442	9,748
<b>Total Expenditure</b>	<b>11,466</b>	<b>11,078</b>	<b>22,544</b>	<b>20,681</b>
Surplus on continuing operations	(168)	(120)	(288)	349
Surplus brought forward for the year	8,148	7,713	15,861	15,512
Surplus retained for the year	7,980	7,593	15,573	15,861

BALANCE SHEET AS AT 31 JULY 2016

	UNIVERSITY	UNIVERSITY	JOINT	JOINT VENTURE
	OF SUSSEX	OF BRIGHTON	VENTURE	TOTAL
	2016	2016	2016	2015
	£'000	£'000	£'000	£'000
Fixed Assets	221	221	442	670
<b>Current Assets</b>				
Debtors	1,924	1,885	3,809	2,544
Cash at banks and in hand	8,404	8,028	16,432	17,287
<b>Current Liabilities</b>				
Creditors	(2,569)	(2,541)	(5,110)	(4,640)
Net current assets	7,759	7,372	15,130	15,191
Total net assets	7,980	7,593	15,573	15,861
Represented by:				
Income and expenditure account	7,980	7,593	15,573	15,861
	7,980	7,593	15,573	15,861

**NOTE 11 INVESTMENT IN JOINT VENTURE (CONTINUED)**

**BACKGROUND**

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

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.

**ACCOUNTING ARRANGEMENTS**

The income and expenditure of the BSMS for the year ended 31 July 2016 is reflected in the audited Financial Statements of both Universities as stated 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.

**NOTE 12 CAPITAL AND OTHER COMMITMENTS**

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

	YEAR ENDED 31 JULY 2016 CONSOLIDATED £'000	YEAR ENDED 31 JULY 2015 CONSOLIDATED £'000
Commitments contracted for	4,684	-
	4,684	-

**NOTE 13 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.

	YEAR ENDED 31 JULY 2016 CONSOLIDATED £'000	YEAR ENDED 31 JULY 2015 CONSOLIDATED £'000
Annual rentals under operating leases payable and Due within one year	1,800	1,800
Due between two and five years	9,000	9,000
Due in five years or more	7,200	9,000

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**NOTE 14 HEFCE POST GRADUATE SUPPORT SCHEME**

	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
	CONSOLIDATED		CONSOLIDATED	
	£'000		£'000	
Balance at 1 August 2015				
Funding Council Grants	1,590		330	
Disbursement to students	(1,590)		(330)	
Balance unspent at 31 July 2016	-		-	

University holds support scheme funds as paying agent for HEFCE. These funds and related disbursements from the funds are excluded from the Consolidated Statement of Comprehensive Income.

**NOTE 15 NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP (NCTL) TRAINING BURSARIES**

	YEAR ENDED 31 JULY 2016		YEAR ENDED 31 JULY 2015	
	UNIVERSITY		UNIVERSITY	
	£'000		£'000	
Balance at 1 August	(219)		5	
NCTL Grants	3,823		2,111	
Disbursement to students	(3,860)		(2,335)	
Balanced (owed)/owing to/from NCTL at 31 July	(256)		(219)	

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

**NOTE 16 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. The University's Financial Regulations, systems of internal control and policies, including purchasing are designed to ensure that all the University's transactions are conducted transparently.

For the 12 month period to 31 July 2016 Related party transactions in respect of the following four relationships took place and were either complete or outstanding:

- 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, the University's Vice Chancellor up to 31 August 2016, who was a trustee of the Institute of Development Studies (IDS). The University receives and pays amounts in respect of tuition income and payroll on behalf of IDS.
- iii) A Baldry and A Pickering, Presidents of the University of Sussex Student Union, to which the University provides a grant.
- (iv) Sussex Estates and Facilities LLP is a 65% subsidiary of Sussex U H Ltd and supplies facilities management services to the University.

	STUDENT		SUSSEX ESTATES &		UNIVERSITY OF SUSSEX		INSITUTE OF	
	LOANS COMPANY		FACILITIES LLP		STUDENTS' UNION		DEVELOPMENT STUDIES	
	2016	2015	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	142,902	122,095	-	-	890	757	-	-
Expenditure	-	-	30,477	25,916	-	-	-	-
Debtors	-	-	43	43	-	-	36	6
Creditors	-	-	3,971	3,176	-	-	-	-

**NOTE 17 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 its "Group Stakeholder" defined contribution scheme, which is the primary pension scheme for new support staff.

	FORECAST YEAR ENDED 2017	ACTUAL YEAR ENDED 2016	ACTUAL YEAR ENDED 2015
	£'000	£'000	£'000
CONTRIBUTIONS TO USS	12,305	12,175	10,801
CONTRIBUTIONS TO USPAS	3,923	3,746	3,893
CONTRIBUTIONS TO SGSS	961	769	663
OTHER CONTRIBUTIONS	432	436	405
	<b>17,621</b>	<b>17,126</b>	<b>15,762</b>

**(I) THE UNIVERSITIES SUPERANNUATION SCHEME (USS)**

The Institution participates in the Universities Superannuation Scheme. Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund, Universities Superannuation Scheme Limited. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The Institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by section 28 of FRS102 "Employee Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arises from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

FRS102 makes the distinction between a Group Plan and a Multi-Employer Scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit and loss. The directors are satisfied that the scheme provided by the USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

**NOTE 17 PENSION SCHEMES (CONTINUED)**

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

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

	2016	2015
<b>DISCOUNT RATE</b>	3.60%	3.60%
<b>PENSIONABLE SALARY GROWTH</b>	N/A	3.5% in the first year and 4.0% thereafter
<b>PENSION INCREASES (CPI)</b>	2.20%	2.20%

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

<b>MALE MEMBERS' MORTALITY</b>	98% of S1NA ["light"] YoB tables – No age rating
<b>FEMALE MEMBERS' MORTALITY</b>	99% of S1NA ["light"] YoB tables – rated down 1 year

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

	2016	2015
<b>MALES CURRENTLY AGED 65 (YEARS)</b>	24.3	24.2
<b>FEMALES CURRENTLY AGED 65 (YEARS)</b>	26.5	26.4
<b>MALES CURRENTLY AGED 45 (YEARS)</b>	26.4	26.3
<b>FEMALES CURRENTLY AGED 45 (YEARS)</b>	28.8	28.7

	2016	2015
<b>SCHEME ASSETS</b>	£49.8bn	£49.1bn
<b>TOTAL SCHEME LIABILITIES</b>	£58.3bn	£60.2bn
<b>FRS102 TOTAL SCHEME DEFICIT</b>	£8.5bn	£11.1bn
<b>FRS102 TOTAL FUNDING LEVEL</b>	85%	82%

**NOTE 17 PENSION SCHEMES (CONTINUED)**

**(II) UNIVERSITY OF SUSSEX PENSION AND ASSURANCE SCHEME (USPAS)**

The University operates a UK-registered-trust-based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at retirement (or date of leaving if earlier). The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are three categories of pension scheme members:

- Active members: currently employed by the University
- Deferred members: members of the Scheme who have not yet retired
- Pensioner members: members of the Scheme now in receipt of a Scheme pension.

The results of the most recent formal actuarial valuation as at 31 March 2015 have been updated to 31 July 2016 by a qualified independent actuary.

**ASSUMPTIONS**

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	AT 31 JULY 2016	AT 31 JULY 2015
	% PA	% PA
PRICE INFLATION (RPI)	2.80%	3.20%
PRICE INFLATION (CPI)	1.80%	2.20%
RATE OF INCREASE IN SALARIES	3.05%	3.45%
RATE OF INCREASE OF PENSIONS IN PAYMENT FOR USPS MEMBERS		
POST 88 GMP	1.80%	2.20%
PRE 09 PENSION	1.60%	2.00%
POST 09 PENSION	1.80%	2.20%
RATE OF INCREASE FOR DEFERRED PENSIONERS (NON GMP)		
PRE 09 LEAVERS	2.80%	3.20%
POST 09 LEAVERS	1.80%	2.20%
DISCOUNT RATE	2.30%	3.50%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	MALE		FEMALE	
	PENSIONER	NON-PENSIONER (CURRENTLY AGED 45)	PENSIONER	NON-PENSIONER (CURRENTLY AGED 45)
AT 31 JULY 2016	22.2	23.9	24.2	26.1
AT 31 JULY 2015	22.6	24.3	24.7	26.6

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NOTE 17 PENSION SCHEMES (CONTINUED)

SCHEME ASSETS AND EXPECTED RATE OF RETURN FOR USPAS

The assets in the scheme were:

	AT 31 JULY 2016	FAIR VALUES AS AT 31 JULY 2015	AT 31 JULY 2014
	£'000	£'000	£'000
EQUITIES	56,535	50,979	46,896
GOVERNMENT BONDS	21,278	19,364	18,184
CORPORATE BONDS	33,498	31,210	27,319
ANNUITIES	281	274	-
CASH	192	142	129
<b>TOTAL</b>	<b>111,784</b>	<b>101,969</b>	<b>92,528</b>

The weighted average expected long-term rates of return were:

	AT 31 JULY 2016	AT 31 JULY 2015	AT 31 JULY 2014
	%PA	%PA	%PA
	3.5	4.1	5.6

	YEAR ENDED 31 JULY 2016	YEAR ENDED 31 JULY 2015
	£'000	£'000
<b>ANALYSIS OF THE AMOUNT SHOWN IN THE BALANCE SHEET FOR USPAS</b>		
Scheme assets	111,784	(129,098)
Scheme liabilities	(144,764)	101,695
<b>DEFICIT IN THE SCHEME - NET PENSION LIABILITY RECORDED WITHIN PENSION PROVISIONS</b>	<b>(32,980)</b>	<b>(27,403)</b>
Current service cost	(1,256)	(1,412)
Past service costs	-	-
Total operating charge:	(1,256)	(1,412)
<b>ANALYSIS OF THE AMOUNT CHARGED TO INTEREST PAYABLE/ CREDITED TO OTHER FINANCE INCOME FOR USPAS PENSIONS</b>		
Interest cost	3,546	5,070
Expected return on assets	7,616	6,125
Interest on net deficit	(4,460)	-
<b>NET CHARGE TO OTHER FINANCE INCOME</b>	<b>6,702</b>	<b>11,195</b>
<b>ANALYSIS OF OTHER COMPREHENSIVE INCOME FOR USPAS PENSIONS:</b>		
Gain on assets	7,616	6,125
Experience loss on liabilities	(14,866)	(1,991)
Loss on liabilities	-	-
Past service credit arising on change of pension increase assumption in 2014-2015 financial year	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME BEFORE DEDUCTION FOR TAX</b>	<b>(7,250)</b>	<b>4,134</b>

FINANCIAL STATEMENTS 2015-16

NOTE 17 PENSION SCHEMES (CONTINUED)

History of experience gains and losses – USPAS

	YEAR TO				
	31 JULY 2016	31 JULY 2015	31 JULY 2014	31 JULY 2013	31 JULY 2012
<b>DIFFERENCE BETWEEN ACTUAL AND EXPECTED RETURN ON SCHEME ASSETS</b>					
Amount (£'000)	7,616	5,673	(52)	8,556	(1,533)
% of assets at end of year	6.81	5.56	0.06	9.85	2.04
<b>EXPERIENCE (GAINS)/LOSSES ON SCHEME LIABILITIES</b>					
Amount (£'000)	-	4733	52	8556	1533
% of liabilities at end of year	-	5	-	10	2

	AT 31 JULY 2016	AT 31 JULY 2015
	£'000	£'000
<b>ANALYSIS OF MOVEMENT IN SURPLUS/(DEFICIT) FOR USPAS PENSIONS DEFICIT AT BEGINNING OF YEAR</b>	(27,403)	(32,721)
Contributions or benefits paid by the University	4,190	4,346
Current service cost	(1,256)	(1,412)
Past service cost	-	-
Other finance charge	(347)	(459)
Interest cost	(914)	(1,291)
Gain recognised in other comprehensive income	(7,250)	4,134
<b>DEFICIT AT END OF YEAR</b>	<b>(32,980)</b>	<b>(27,403)</b>

	YEAR TO 31 JULY 2016	YEAR TO 31 JULY 2015
	£'000	£'000
<b>ANALYSIS OF MOVEMENT IN THE PRESENT VALUE OF USPAS LIABILITIES AT THE START OF THE YEAR</b>	(129,372)	(125,249)
Current service cost (net of member contributions)	(1,256)	(1,412)
Past service cost	-	-
Interest cost recorded within other Comprehensive Income.	(4,460)	(5,070)
Actual member contributions (including notional contributions)	(46)	(50)
Actuarial loss	(14,866)	(1,991)
Actual benefit payments	5,236	4,674
<b>PRESENT VALUE OF USPAS LIABILITIES AT THE END OF THE YEAR</b>	<b>(144,764)</b>	<b>(129,098)</b>



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NOTE 17 PENSION SCHEMES (CONTINUED)

	YEAR TO 31 JULY 2016 £'000	YEAR TO 31 JULY 2015 £'000
<b>ANALYSIS OF MOVEMENT IN THE FAIR VALUE OF SCHEME ASSETS FAIR VALUE OF ASSETS AT THE START OF THE YEAR</b>	<b>101,969</b>	<b>92,528</b>
Expected return on assets	7,616	6,125
Admin expense	(347)	(459)
Interest income	3,546	3,779
Actuarial gain on assets	-	-
Actual contributions paid by the University	4,190	4,346
Actual member contributions (including notional contributions)	46	50
Actual benefit payments	(5,236)	(4,674)
<b>FAIR VALUE OF SCHEME ASSETS AT THE END OF THE YEAR</b>	<b>111,784</b>	<b>101,695</b>

USPAS assets do not include any of the University's own financial instruments, or any property occupied by the University.

NOTE 17 ACCOUNTING ESTIMATES AND JUDGEMENTS

The Trustees are required to carry out an actuarial valuation every three years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 31 March 2015. This valuation revealed a funding shortfall of £36.7 million. The University agreed to pay at least 28.1% of Pensionable Earnings, less member contributions from 1 July 2016. The University also agreed to pay £250,281 per month from 1 May 2016 to 31 May 2025, increasing at 3.2% each year on 1 August. The University expects to pay £3.1m to the Scheme during the accounting year beginning 1 August 2016.

SUSSEX GROUP STAKEHOLDER SCHEME (SGSS)

Sussex Group Stakeholder Scheme (SGSS) is a defined contribution scheme for new 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.

## FINANCIAL STATEMENTS 2015-16

### NOTE 18 TRANSITION TO FRS102 AND THE 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS102 and The SORP 'Accounting for Further and Higher Education'. The accounting policies set out on pages 26-29 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS102 Statement of Financial Position at 1 August 2014. In preparing its FRS102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

UNIVERSITY BALANCE SHEET	RESTATED AT 31 JULY 2014 EFFECT OF TRANSITION			RESTATED AT 31 JULY 2015 EFFECT OF TRANSITION		
	2007 SORP	ADJUSTMENT	2015 SORP	2007 SORP	ADJUSTMENT	2015 SORP
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>						
Fixed assets (i)	202,611	242,375	444,985	202,254	239,509	441,763
Investments	547	-	547	601	-	601
	203,158	242,375	445,532	202,855	239,509	442,364
<b>Endowment assets (ii)</b>	9,075	(9,075)	-	9,440	(9,440)	-
<b>Current assets</b>						
Stock	46	-	46	46	-	46
Trade and other receivables	19,735	3	19,735	21,996	-	21,996
Investments (ii)	43,550	9,075	52,625	43,333	9,440	52,773
Cash and cash equivalents	4,437	-	4,437	8,322	-	8,322
	67,765	9,078	76,843	73,967	9,440	83,138
Less: Creditors: amounts falling due within one year (iii)	(40,819)	(3,498)	(44,317)	(48,745)	(3,780)	(52,525)
<b>Net current (liabilities)/assets</b>	26,946	5,580	32,526	24,951	5,662	30,613
<b>Total assets less current liabilities</b>	239,179	238,879	478,058	237,246	235,730	472,976
Creditors: amounts falling due after more than one year (iv)	(149,148)	57,651	(91,497)	(146,536)	56,815	(89,721)
<b>Provisions</b>						
Provisions for liabilities	(32,721)	(10,835)	(43,556)	(27,403)	(20,503)	(47,906)
<b>Total net assets</b>	57,311	285,695	343,006	63,308	274,039	335,347

**NOTE 18 TRANSITION TO FRS102 AND THE 2015 SORP  
(CONTINUED)**

	RESTATED AT 31 JULY 2014 EFFECT OF TRANSITION			RESTATED AT 31 JULY 2015 EFFECT OF TRANSITION		
	2007 SORP	ADJUSTMENT	2015 SORP	2007 SORP	ADJUSTMENT	2015 SORP
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Restricted reserves</b>						
Income and expenditure reserve – endowment reserve	9,076	-	9,076	9,447	-	9,447
<b>Unrestricted reserves</b>						
Income and expenditure reserve – unrestricted	47,974	285,695	333,669	53,514	272,039	325,556
Revaluation reserve (v)	261	-	261	347	-	347
<b>Total reserves</b>	<b>57,311</b>	<b>285,695</b>	<b>343,006</b>	<b>63,308</b>	<b>272,039</b>	<b>335,347</b>

**NOTE 18 TRANSITION TO FRS102 AND THE 2015 SORP  
(CONTINUED)**

**UNIVERSITY STATEMENT OF  
COMPREHENSIVE INCOME AND  
EXPENDITURE**

**RESTATED 2014-15  
EFFECT OF TRANSITION  
ADJUSTMENT**

	2007 SORP	2015 SORP
<b>Income</b>	<b>£'000</b>	<b>£'000</b>
Funding body grants (viii)	24,198	20,997
Tuition fees and education contracts (viii)	119,552	121,598
Research grants and contracts (viii)	29,464	28,181
Other income (viii)	37,577	37,577
Investment income	646	646
<b>Total income before donations and endowments</b>	<b>211,437</b>	<b>208,999</b>
Donations and endowments (ix)	1,347	1,829
<b>Total income</b>	<b>212,784</b>	<b>210,828</b>
<b>Expenditure</b>		
Staff costs (ii) + (x) + (xi)	102,308	113,285
Other operating expenses (viii)	92,710	91,256
Depreciation (xii)	9,848	12,714
Interest and other finance costs (x)	5,637	6,005
<b>Total expenditure</b>	<b>210,503</b>	<b>223,260</b>
Gain/(loss) on investments (xiii)	-	494
<b>Surplus before tax</b>	<b>2,281</b>	<b>(11,938)</b>
Taxation	-	-
<b>Surplus for the year after tax</b>	<b>2,281</b>	<b>(11,938)</b>
Actuarial (loss)/gain in respect of pension schemes (xi)	520	4,134
<b>Total comprehensive income for the year</b>	<b>2,801</b>	<b>(7,804)</b>

FINANCIAL STATEMENTS 2015-16

NOTE 18 TRANSITION TO FRS102 AND THE 2015 SORP  
(CONTINUED)

CONSOLIDATED  
BALANCE SHEET

RESTATED AT 31 JULY 2014  
EFFECT OF TRANSITION TO

RESTATED AT 31 JULY 2015  
EFFECT OF TRANSITION TO

	2007 SORP	ADJUSTMENT	2015 SORP	2007 SORP	ADJUSTMENT	2015 SORP
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>						
Fixed assets (i)	205,724	243,574	449,298	205,685	240,665	446,350
Investments	385	-	385	439	-	439
Investment in joint venture (vii)	6,766	(6,766)	-	7,227	(7,227)	-
	212,875	236,807	449,682	213,351	233,438	446,789
Endowment assets (ii)	9,075	(9,075)	-	9,446	(9,446)	-
<b>Current assets</b>						
Stock	46	-	46	62	-	62
Trade and other receivables (vii)	14,960	607	15,567	17,048	1,290	18,338
Investments (ii)	43,550	9,075	52,625	43,333	9,441	52,774
Cash and cash equivalents (vii)	7,889	8,707	16,596	11,309	8,870	20,179
	66,445	18,389	84,834	71,752	19,601	91,353
Less: Creditors: amounts falling due within one year (iii) + (vii)	(42,953)	(5,190)	(48,143)	(50,142)	(6,107)	(56,249)
<b>Net current (liabilities)/assets</b>	23,492	13,199	36,691	21,610	13,494	35,104
<b>Total assets less current liabilities</b>	245,442	240,931	486,373	244,407	237,486	481,983
Creditors: amounts falling due after more than one year (iv) + (vii)	(150,955)	58,156	(92,799)	(148,158)	57,284	(90,874)
<b>Provisions</b>						
Pension liabilities (v)	(32,721)	(10,835)	(43,556)	(27,403)	(20,503)	(47,906)
<b>Total net assets</b>	61,766	288,252	350,018	68,846	274,267	343,113

**NOTE 18 TRANSITION TO FRS102 AND THE 2015 SORP  
(CONTINUED)**

	RESTATED AT 31 JULY 2014 EFFECT OF TRANSITION			RESTATED AT 31 JULY 2015 EFFECT OF TRANSITION		
	2007 SORP	ADJUSTMENT	2015 SORP	2007 SORP	ADJUSTMENT	2015 SORP
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Restricted reserves</b>						
Income and expenditure reserve	9,076	-	9,076	9,447	-	9,447
– endowment reserve						
<b>Unrestricted reserves</b>						
Income and expenditure reserve (vi)	50,412	288,252	338,664	56,288	274,267	330,555
– unrestricted						
Capital reserve	1,802	-	1,802	1,802	-	1,802
Revaluation reserve	261	-	261	347	-	347
	61,551	288,252	349,801	67,884	274,267	342,151
Non-controlling interest	216	-	216	962	-	962
<b>Total reserves</b>	61,766	288,252	350,018	68,846	274,267	343,113

**NOTE 18 TRANSITION TO FRS102 AND THE 2015 SORP  
(CONTINUED)**

**CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME  
AND EXPENDITURE**

**RESTATED 2014-15  
EFFECT OF TRANSITION**

<b>Income</b>	<b>2007 SORP £'000</b>	<b>ADJUSTMENT £'000</b>	<b>2015 SORP £'000</b>
Funding body grants (viii)	27,452	(3,275)	24,177
Tuition fees and education contracts (viii)	122,256	1,835	124,091
Research grants and contracts (viii)	30,907	(1,283)	29,624
Other income (viii)	40,999	(20)	40,979
Investment income	674	-	674
<b>Total income before donations and endowments</b>	<b>222,288</b>	<b>(2,743)</b>	<b>219,545</b>
Donations and endowments (ix)	1,347	482	1,829
<b>Total income</b>	<b>223,635</b>	<b>(2,262)</b>	<b>221,373</b>
<b>Expenditure</b>			
Staff costs (iii) + (x) + (xi)	113,557	10,977	124,534
Other operating expenses (viii)	90,856	(1,454)	89,402
Depreciation (xii)	10,139	2,889	13,028
Interest and other finance costs (x)	5,722	368	6,090
<b>Total expenditure</b>	<b>220,274</b>	<b>12,780</b>	<b>233,054</b>
Gain/(loss) on investments (xiii)	-	494	494
<b>Surplus before tax</b>	<b>3,361</b>	<b>(14,547)</b>	<b>(11,186)</b>
Taxation	-	-	-
<b>Surplus after tax</b>	<b>3,361</b>	<b>(14,547)</b>	<b>(11,186)</b>
Non controlling interest	(746)	-	(746)
<b>Surplus for the year</b>	<b>2,615</b>	<b>(14,547)</b>	<b>(11,932)</b>
Actuarial (loss)/gain in respect of pension schemes (xi)	520	3,614	4,134
<b>Total comprehensive income for the year</b>	<b>3,135</b>	<b>(10,933)</b>	<b>(7,798)</b>

(i) Land and buildings have been revalued by Gerald Eve and restated to deemed historic cost at 31 July 2014

(ii) Endowment assets have been moved to investments

(iii) Staff holiday pay accrual

(iv) Deferred capital grant is initially included in creditors for presentational purposes and then moved to the unrestricted income and expenditure reserve

(v) Recognition of the USS pension deficit liability based on the 2012 recovery plan

(vi) Net adjustment to the income and expenditure reserve

(vii) Share in BSMS assets and liabilities are consolidated as a jointly controlled operation

(viii) Deferred capital grant received/recognised adjustment

(ix) New endowments received are now recognised as income in the year – previously shown in the statement of total recognised gains and losses

(x) USPAS pension scheme costs previously recognised in the statement of total recognised gains and losses now included in the surplus/deficit for the year

(xi) USS pension deficit liability adjustment based on the 2015 recovery plan

(xii) Incremental depreciation based on the revalued deemed historic cost

(xiii) Items previously shown in the statement of total recognised gains and losses – appreciation of endowment asset investments and unrealised gain on the revaluation of fixed asset – now included in the surplus/deficit for the year.

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