

UNIVERSITY OF SUSSEX

Financial Statements 2016-17

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UNIVERSITY
OF SUSSEX

Principal officers

VISITOR

Her Majesty The Queen

CHANCELLOR

Sanjeev Bhaskar OBE
BA (Hatfield)

CHAIR OF COUNCIL

Christian Brodie
MA (Oxon)

VICE-CHAIR (FINANCE)

Kirstin Baker CBE
MA (Cantab), CGMA

VICE-CHANCELLOR

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

DEPUTY VICE-CHANCELLOR

Professor Saul Becker
BA, MA, CQSW, PhD (Notts), FRSA, RSW, FAcSS

CHIEF OPERATING OFFICER

Dr Tim Westlake
BSc, MSc, PhD (Cardiff)

PRO-VICE-CHANCELLOR

Professor Michael Davies
BSc (Eng) (Lond), AKC, MPhil, PhD (Cantab), CEng, FICE, FGS, FIPENZ, FRSE

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)

DIRECTOR OF FINANCE

Allan Spencer
MA (Oxon), ACA

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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 13-22.

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 under Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP) 2015. The strategic report is drawn up in accordance with the Financial Reporting Council's (FRC) Guidance on Strategic Reporting.

STRATEGY

The 2016-17 academic year is the fourth year of the University's five year strategy *Making the Future 2013-18*. 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 has been 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 have supported these aims with major investments across a number of key priorities including new teaching and research buildings, improvements to physical infrastructure, and starting construction on new student accommodation on campus.

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 7% 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 sector faces a number of regulatory challenges both specifically in regards to Higher Education and those emanating from broader external factors, including uncertainty arising from the United Kingdom exiting the European Union. Given that 7% of the University's students come from non-UK EU member states as do 9.5% of our academic staff, the University has been working closely with the sector body, Universities UK, to ensure we strongly represent our views to Government. The institution has also been working to identify ways to ensure a diverse student recruitment approach, alongside initiatives to secure continued student/staff exchange and research opportunities within European Union countries. In addition, around 20% of our research grants and contracts income is derived from European Government funding and as part of our research strategy, we continue to seek diversification of funding mechanisms.

Strategic Report (continued)

There is greater competition in the sector however Sussex is currently performing well against these headwinds. Although we continue to attract new students, the University has embarked upon a programme to build on the quality of teaching standards and improve the student experience so that we are providing an exceptional level of service. This includes a long-term transformation programme which puts students at the heart of the University's offering and covers the entire student journey. The Student Administration and Academic Transformation programme is also designed to provide greater efficiency and effectiveness to staff ways of working.

Our medium term focus remains unaltered and we continue to pursue our aims as stated in *Making The Future 2013-18*. Alongside this, the University has been developing a new strategic framework – *Sussex 2025* – which will set out the goals and aspirations to be achieved in the next plan period. It is expected the framework will be approved by the University's Council in late 2017 for launch and implementation from early 2018.

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 was ranked 20th in the UK by the *Times Higher Education Table of Tables 2018*, which is reached through combining the results of the three main UK university league tables. Sussex was ranked 19th in *The Complete University Guide 2018* and 20th in *The Guardian University League Tables 2018*, including being placed 3rd for graduate prospects. In the *THE World University Rankings 2018-19* the University was ranked joint 21st in the UK and 147th in the world, continuing to outperform our target of 150th.

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 (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 2017 and the previous two years are summarised as follows:

	2016/17 £m	2015/16 £m	2014/15 £m
Income	287.3	260.7	221.4
Expenditure	270.9	270.4	232.6
Surplus/(deficit) for the year	13.3	16.4	(11.2)
Represented by:			
Non-Controlling Interest	0.8	0.6	0.7
Surplus/(Deficit) retained within the Group	12.5	15.8	(11.9)

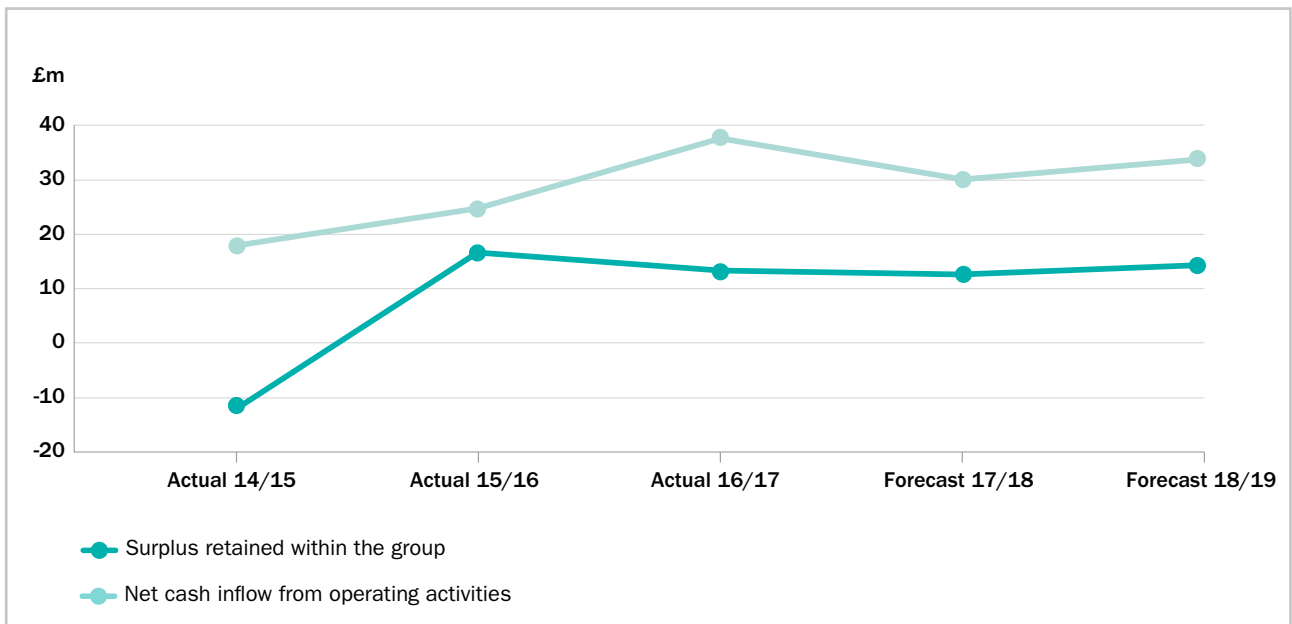
The University recorded a surplus in 2016/17 of £12.5m or 4.5% of income compared to £15.8m for 2015/16. The 2016/17 result is after a one-off loss on disposal of fixed assets of £3.3m which arose on the demolition of the Mantell building to make way for the new East Slope student residences which are under construction.

Strategic Report (continued)

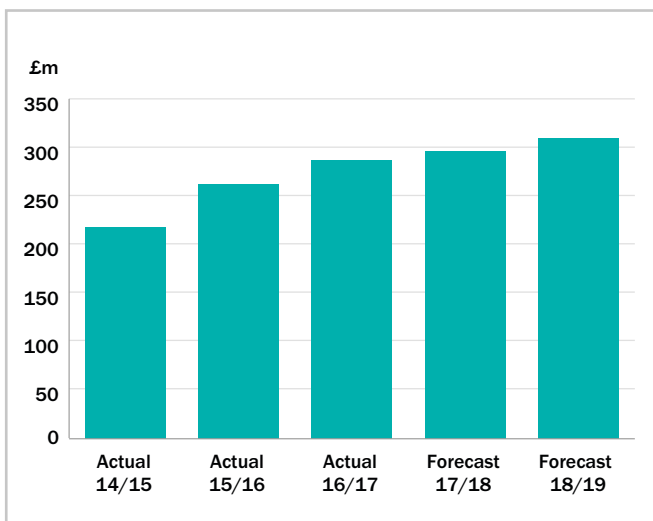
Cash performance remains a reliable indicator of performance. Actual and forecast surpluses and net operating cash are shown below demonstrating that cash performance has been and will continue to be positive and consistently so in contrast to accounting surpluses, which are subject to one-off non-cash

expenditure as a result of the technical accounting treatment of pensions. The University recorded positive net operating cash of £39.0m in 2016/17 up from £24.8m in 2015-16 and expects continuing positive cash generation in subsequent years.

SURPLUS AND NET OPERATING CASH



TURNOVER



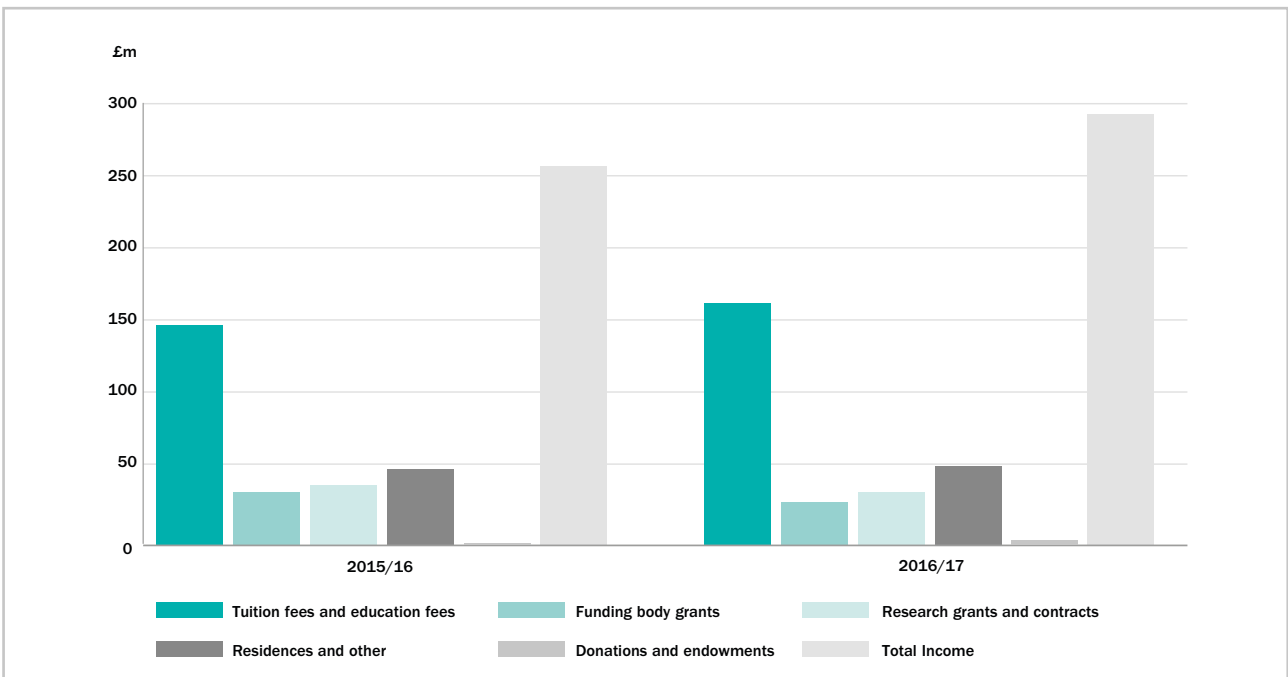
Strategic Report (continued)

INCOME

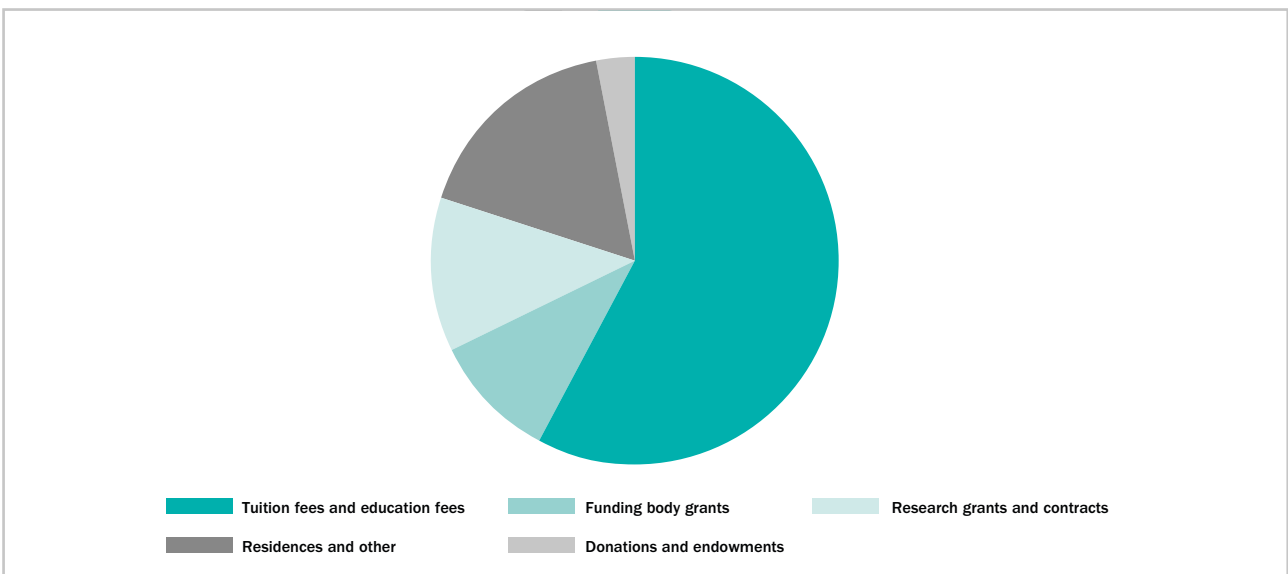
The University's turnover in 2016/17 was £287m, an increase of 10% compared to the previous year (£261m). Tuition fee income remains by far the most significant element of income, making up 58% of total turnover in 2016/17 (up from 55% in 2015/16).

Research contract income was steady in nominal terms at £35.6m. Other income increased by £2m, or 4%, and is chiefly the student residences and catering income.

INCOME



INCOME 2016/17



Strategic Report (continued)

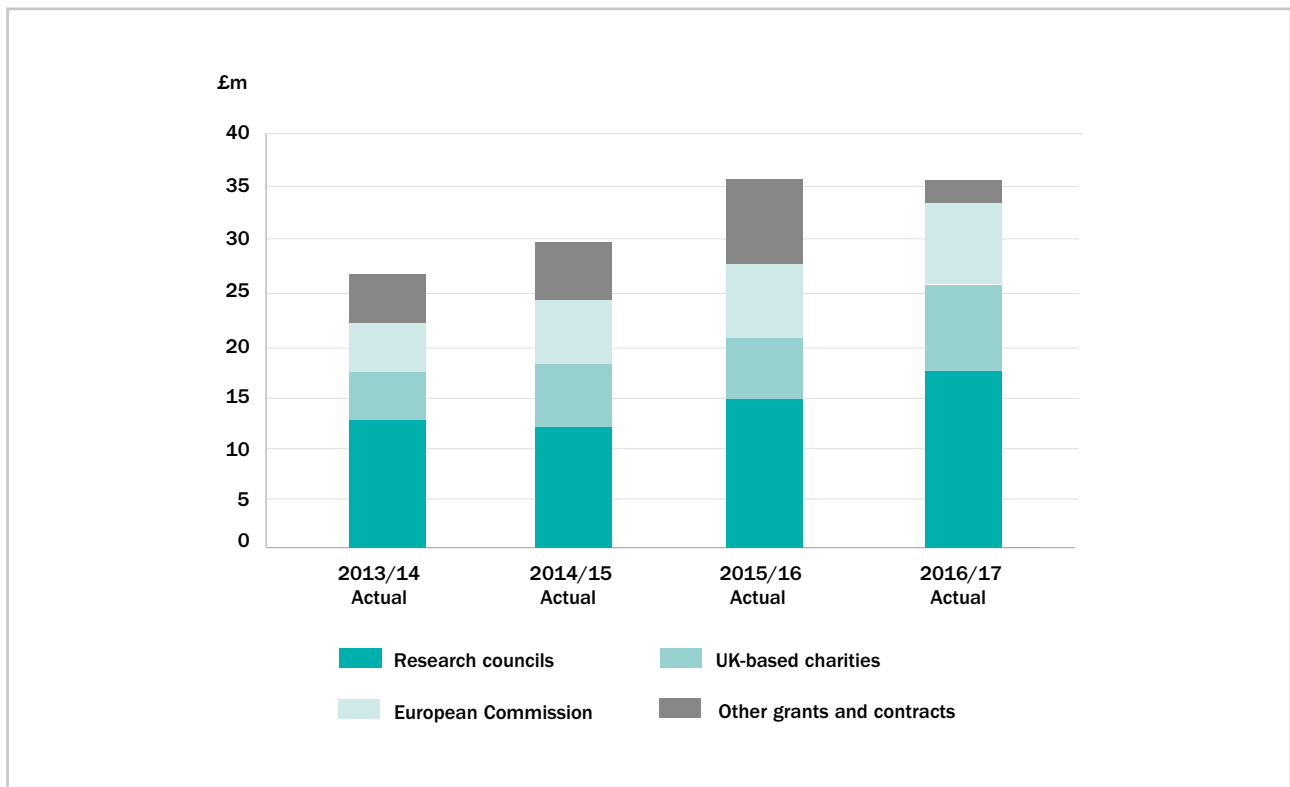
Strong performance in student recruitment saw tuition income rise by 14% as the number of students FTE grew by 10% to 16,343 from 14,868 in 2015/16, this driven by a new intake of students of 7,882 which was 17% higher than the previous year. The student population grew across all student categories except post graduate research students, resulting in an increase in HEU tuition income of 16% to £94.6m (£81.6m in 2015/16) and an increase in international student fee income of 13% to £66.0m (£58.6m in 2015/16).

The recurrent grants that the University receives from HEFCE increased by £2m, or 8%, to £26.3m largely driven by the increase in student numbers. In 2015/16 the University received a capital grant of £4.9m of HEFCE matched funding to support its investment in facilities for STEM subjects, and this one-off non-recurring item accounts for the reduction in total funding body grants comparing 2016/17 to 2015/16.

Research grants and contracts income remains at £35.6m, but in 2015/16 this number included a one-off research tax credit claimed (RDEC) of £1.6m. Therefore adjusted performance on

research grants and contracts income reveals an annual increase of 4.7%. This growth comes 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 £5.7m from the National Institute for Health Research for research on neglected tropical diseases, £2.5m from the Department for International Development for 'Migrating out of poverty', and £2m from the Medical Research Council for 'cellular and pathological responses to chromosomal DNA single-strand breaks'.

RESEARCH INCOME



Strategic Report (continued)

Income from Research Council grants increased by 18% to £17.8m representing 50% of research grants and contracts turnover while research income from European Government sources increased by 8% to £7.3m from £6.7m in 2015/16, being 20% 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 grow research turnover at a rate comparable to or above our benchmark group and performance in 2016/17 is encouraging.

The University's 'Other Income' increased to £47.5m in 2016/17, a rise of 3%, which is primarily due to the larger student population and its impact on income generated by student housing rents, catering and other services.

Income received amounted to £9.5m of philanthropic gifts in the year, £2.8m of this income is applied to specific research projects and recorded in the accounts under the income heading research grants and contracts; £5.7m is applied to capital and equipment, and £0.7m to scholarships and awards. 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.

REVENUE EXPENDITURE

The University's cost base includes total staff costs of £136m, which have increased around 9%, commensurate with the cost of growing average staff numbers by 6%, attracting and recruiting new staff, and pay increases of 1.1% on average across all staff groups, plus the introduction of the apprenticeship levy.

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 has continued to be an important area of investment. This year we have also increased investment in our IT systems, developing our next generation Student Record System as part of our Student Academic Administration Transformation project, and have spent over £7m on the maintenance and refurbishment of our campus. Other operating expenditure increased by 15% to £113m from £98m largely as a result of these costs.

CAPITAL INVESTMENT

The University is based at its campus in Falmer and during the year spent £19m 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 this year began 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. Other significant projects progressed during 2016/17 include the completion of a new centre for Computing, Robotics, Electronics and Mechatronics (CREaM) in the School of Engineering and Informatics, a major refurbishment and conversion to teaching space of Ashdown House and upgraded and larger computing cluster facilities in the Shawcross building.

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.

Strategic Report (continued)

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.

This borrowing policy was revised, as envisaged by *Making the Future 2013-18*, when Council agreed a new borrowing limit of £200m in March 2017. HEFCE permission to increase borrowings to £194m has been received. Council gave its approval for a private placement of £100m in April 2017. The private placement for £100m was entered into in September 2017.

The University has a long record of generating net operating cash surpluses in consecutive years up to the current year since before the current plan period 2013-18 began. A net operating cash inflow of £39.0m (£24.8m in 2015/16) was achieved and cash and cash equivalents increased by £13.3m to £39.2m after cash outflows from investment activities of £13m, including a transfer of cash to new short term investment deposits of £15.8m and net cash outflows in respect of financing activities of £12.7m.

The University holds £64.5m in current asset investments which include £11.0m of investments held in support of restricted endowment reserves. The remaining £53.5m is held in cash deposits with maturities of less than 12 months. At its meeting in Spring 2016 Council approved a new Socially Responsible Investment policy and the University has appointed an appropriate investment manager to manage its investments in accordance with this policy.

The University entered into contracts with Balfour Beatty Investments Limited ('BBI') in March 2017 in connection with development of student residences on the University's Falmer campus. The contracts grant a 54 year lease to a special purpose vehicle owned by BBI and a University subsidiary, East Slope Residences LLP ('ESR LLP'). ESR LLP will build 2,217 new bedspaces, demolishing just under 600 existing bedspaces,

and will provide back to the University the core and shell of a new Student Union Building, a car park and new campus road. The arrangement will give the University nomination rights on the student bedspaces on an annual basis a year in advance. Student rents will be set by reference to parameters set by the agreements. First delivery of bedspaces is expected in Autumn 2018. The arrangements will be treated as a Service Concession under accounting conventions and will result in an annual liability and asset at each balance sheet date for any rooms nominated (and thus guaranteed for rent payment) for the following academic year. There is no guaranteed rent at the balance sheet date.

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 £46.8m is recognised on the consolidated balance sheet made up of £22.2m in respect of the Universities Superannuation Scheme (USS) and £24.6m in respect of the University of Sussex Pension and Assurance Scheme (USPAS). The Sussex Group 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 2031, which in cash terms is around £1.7m per annum rising to £2m. The obligation under the recovery plan is unchanged from the prior year assessment, the years contribution matching the unwinding of discounting in the year.

The provision of £24.6m 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 reduced by £8.4m as a result of a higher discount rate resulting from rising corporate bond yields, coupled with good investment performance in the scheme's underlying assets and contributions paid that were higher than those required to meet the accounting cost of benefits accruing. The net pension obligation is subject to actuarial assumptions at the balance sheet date (31 July) so may change year to year.

Strategic Report (continued)

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 £20m to £361.4m at the balance sheet date 31 July 2017 compared to £341.3m in 2015/16 restated, reflecting a further year of surplus results. The prior year reserves and fixed assets have been restated after we identified that during the adoption of FRS102 last year, when fixed assets were revalued to deemed historic cost, some properties were included in error which the university did not have title to, but was in fact a lessor. The effect is to reduce fixed assets and opening reserves by £10m.

FUTURE OUTLOOK

As noted above, the University is preparing a new strategic framework for the period until 2025. The financial strategy will be reviewed to ensure that it delivers the resources required to deliver this new strategy. In the meantime, the University's current financial strategy, developed in 2013 as part of the University's *Making the Future 2013-18* strategy remains in place. Key provisions are:

- Growth in student numbers to 18,000 by 2018 – on track to be delivered.
- Doubling research grants and contract income to £54m per annum – progress has been made and this remains our aspiration, but the challenging external funding environment means that this will not be achieved for 2018.
- Generate a surplus of 10% of income to allow for strategic investments in capital infrastructure. Following the implementation of FRS102 in 2015/16, this target was revised to a cash equivalent figure of 7% of income. This is on track to be delivered and is not adversely impacted by the fact that the target to increase research income will be missed.

The University's track record in recruiting students means that the financial outlook remains positive, despite the presence of significant risks and uncertainties in the higher education sector.

As the government negotiates the details of the UK's withdrawal from the European Union, the impact on the higher education sector is still uncertain. The significant risks highlighted last year 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 remain. We continue to ensure that we are aware of the current situation and possible outcomes, have taken and continue to take positive action in order to provide reassurance to staff and students and continue to work with Universities UK to ensure that our voice is heard during the negotiations and as the government develops future policy and funding arrangements.

In addition, the economic outlook for the next few years is also uncertain, with little firm information available beyond expectations that the period will be challenging. The University's current financial performance and longer term Financial Strategy provides 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.

Following the June 2017 General Election campaigns the issue of the level of full time undergraduate fees for UK and current EU students (currently £9,250 for 2017-18) has created much discussion both in the press and within political circles. The Higher Education and Research Act 2017 allows for fees to be raised by an amount for inflation each year until 2020, after which increases in fees are linked to performance in the Teaching Excellence Framework (TEF). The University's current forward financial projections allow for fees to increase with an assumed rate of inflation so that the value of fees is not eroded further. However, the government announced in October 2017 that fees will be frozen at £9,250 for 2018/19 and there will be a review of fees and student funding. Whilst the impact of this is not certain as no firm proposals have been published it can be assumed that there is a significant risk that the fee increases legislated for in the Higher Education and Research Act will not materialise, and that fee levels will reduce significantly in real terms. If so, then the University will consider the action needed to maintain its performance in accordance with its long term financial strategy.

The significant growth in students and staff over the past five years now means that the continued expansion of our operations is constrained by the space available to accommodate new initiatives. In order to address this a number of major capital projects are in progress or are being planned.

Strategic Report (continued)

Our £145m investment in a new Life Sciences building (funded via a private bond placement) will ultimately provide state of the art space for pharmacy and bioscience programmes, affirming our commitment to traditional life sciences subjects. This building is expected to open in 2020/21. In order to enable this and other campus developments a new multi-storey car park is also being constructed on campus at a cost of £7m. In addition, the University continues to invest in smaller schemes to improve both efficiency in the use of space and the quality of accommodation for students and staff.

Further capital schemes, including investment in information technology and digital technologies to enhance capacity and opportunities in this area, will be brought forward as part of the next stage of the University's development plan.



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-Chair(s) 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 three times a year and during 2016/17 had five committees and two joint committees, one with Senate and one with the University of Brighton. Following an effectiveness review undertaken during 2016/17, from 1 August 2017 there are four committees of Council and one joint committee (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. During 2016/17 there were a Chair, Vice-Chair (Performance) and Vice-Chair (Finance) in place who were appointed from amongst the independent members. Subject to the final approval of Council on 28 November 2017, for 2017/18 there will be a Chair and single Vice-Chair in place, appointed from amongst the independent members. The University is fully compliant with the key recommendations of the Committee of University Chairs (CUC) code.

Corporate Governance (continued)

MEMBERSHIP OF COUNCIL

Independent members of Council are appointed for three year terms, which can be extended twice making a total permissible period on Council of nine years. Members of Council are also trustees of the University as an exempt charity under the meaning of the Charities Act 2011.

Name	Status	Start date on council	Term	Current term end date
Chris Brodie	Independent Chair of Council	27 March 2009	3	31 July 2018
Arjo Ghosh	Independent	1 August 2008	3	Resigned 31 July 2017
Mike Fuhr CBE	Independent	2 June 2009	3	31 July 2018
John Law	Independent	1 August 2010	3	Resigned 31 July 2017
Sharmila Nebhrajani	Independent	1 August 2011	3	31 July 2020
Andy Bryant	Independent	1 August 2012	2	31 July 2018
Adrienne Fresko CBE	Independent	1 August 2013	2	31 July 2019
Penny Francis	Independent	1 August 2013	2	Resigned 31 July 2017
Prof Sir Peter Knight	Independent	1 August 2013	2	31 July 2019
Martin McCann	Independent	1 August 2013	2	31 July 2019
Alastair da Costa	Independent	1 August 2013	2	Resigned 31 July 2017
Kirstin Baker CBE	Independent	1 August 2014	2	31 July 2020
Katie Ghose	Independent	24 Sept 2015	1	31 July 2018
Dr Angela Smith	Independent	24 Sept 2015	1	31 July 2018
Jane Parsons	Independent	1 August 2016	1	31 July 2019
Dame Denise Holt	Independent	1 August 2017	1	31 July 2020
Mark Devlin	Independent	1 October 2017	1	31 July 2020
Rosemary Martin	Independent	1 October 2017	1	31 July 2020
Prof Adam Tickell	Ex-officio (Vice-Chancellor)	1 Sept 2016		
Prof Saul Becker	Ex-officio (Deputy Vice-Chancellor)	11 Sept 2017		
Annie Pickering	Ex-officio (President of the Students' Union)	20 June 2016		16 June 2017
Frida Gustafsson	Ex-officio (President of the Students' Union)	17 June 2017		31 July 2018
Josh Hutton	Ex-officio (Research post-graduate student on Senate)	1 Jan 2016		31 Dec 2017
Peter Overbury	Ex-officio (Research post-graduate student on Senate)	1 Jan 2017		31 Dec 2017
Prof Michael Farthing	Ex-officio (Vice-Chancellor)	1 Sept 2007		Resigned 31 August 2016
Dr Elizabeth Craig	Elected by Senate	1 August 2014		31 July 2017
Prof Andrea Cornwall	Elected by Senate	1 August 2015		31 July 2017
Prof Steve McGuire	Elected by Senate	1 August 2016		31 Dec 2018
Prof Kate O'Riorden	Elected by Senate	29 Sept 2017		31 July 2020
Mark Fisher	Elected by Senate	16 October 2017		31 July 2020
Paula Burr	Elected by Professional Service staff	1 August 2014		31 July 2017
Fran Barnard	Elected by Professional Service staff	1 August 2017		31 July 2020
Prof Jane Cowan	Elected by academic staff	1 Jan 2016		31 Dec 2018
Prof Heather Keating	Elected by academic staff	1 August 2016		31 July 2019

Corporate Governance (continued)

ATTENDANCE AT COUNCIL

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 there are exceptional circumstances. Attendance during 2016/17 at ordinary sessions of Council is as set out below:

	19 Sept 2016 (Away Day)	24 Nov 2016 (Briefing)	25 Nov 2016	25 Jan 2017 (Briefing)	6 Feb 2017 (Away Day)	7 Feb 2017 (Away Day)	16 Mar 2017 (Briefing)	17 Mar 2017	27 Apr 2017	23 June 2017
Mr Chris Brodie (Chair)	✓	✓	✓	A	✓	✓	✓	✓	✓	✓
Ms Kirstin Baker CBE	✓	✓	✓	✓	✓	✓	✓	✓	A	✓
Mr Arjo Ghosh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Professor Adam Tickell	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy VC (Vacancy)										
Dr John Law	✓	✓	✓	✓	✓	✓	✓	✓	✓	A
Mr Andy Bryant	✓	A	✓	✓	✓	✓	A	✓	✓	✓
Mr Alastair Da Costa	✓	A	A	✓	A	A	A	A	A	A
Ms Penny Francis	✓	✓	✓	A	A	A	A	✓	✓	✓
Ms Adrienne Fresko CBE	✓	✓	✓	✓	A	A	✓	✓	A	✓
Mr Mike Fuhr	✓	✓	✓	✓	✓	✓	✓	✓	A	✓
Professor Sir Peter Knight	✓	A	A	✓	A	A	A	✓	✓	✓
Mr Martin McCann	✓	✓	✓	✓	A	A	✓	✓	✓	✓
Ms Jane Parsons	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs Sharmila Nebhrajani	✓	✓	✓	✓	✓	✓	A	✓	A	A
Dr Angela Smith	✓	✓	✓	✓	✓	✓	A	✓	A	✓
Ms Katie Ghose	✓	✓	✓	✓	✓	✓	A	✓	A	✓
Professor Steve McGuire	A	A	✓	✓	✓	✓	✓	✓	A	✓
Prof Andrea Cornwall	✓	✓	✓	✓	✓	✓	A	A	✓	✓
Dr Elizabeth Craig	✓	✓	✓	✓	A	✓	✓	✓	✓	✓
Prof Jane Cowan	✓	✓	✓	✓	A	✓	A	✓	✓	A
Professor Heather Keating	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs Paula Burr	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Frida Gustafsson (term started 17 June 2017)										✓
Ms Annie Pickering (term ended 16 June 2017)	✓	✓	✓	✓	A	A	✓	✓	✓	
Mr Josh Hutton (term ends 31 December 2016)	A	✓	✓							
Mr Peter Overbury (term started 1 January 2017)				✓	✓	✓	A	A	A	✓

Corporate Governance (continued)

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.

COMMITTEES OF COUNCIL

Council embarked on a two phase review of its effectiveness in 2015. The first phase focused mainly on compliance with the CUC Code. Phase two commenced in summer 2016 and involved an external review undertaken by the Good Governance Institute. As a consequence of this review, Council has agreed changes to its committee structure for 2017/18. The section below outlines the structure in place during the 2016/17 financial year and that implemented from 1 August 2017 and therefore in operation as at the date of approval of the Annual Report and Financial Statements in November 2017.

COMMITTEE STRUCTURE OPERATING DURING 2016/17

Finance and Investments Committee (FIC) was 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 met nine times during 2016/17. This number of meetings was required as part of the scrutiny and approval process for the agreement with Balfour Beatty to build an additional 1,600 student rooms on campus (value £175m) and the private placement bond issue (value £100m). The Committee had 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 comprised the Vice-Chair (Finance), at least four independent members of Council, the Vice-Chancellor and Deputy Vice-Chancellor (position vacant during 2016/17).

Audit Committee provided assurance on governance, accounting integrity, internal controls, data integrity, risk management and the efficient and effective use of resources. It comprised a Chair and Deputy Chair appointed by Council from amongst the independent members, plus three independent members of Council who were not members of the Finance and Investment Committee. It had the power

to co-opt up to two other independent members from outside of Council with financial, accounting or audit experience. It met five times during 2016/17. Although Senior Executives attended meetings of the Audit Committee as necessary, they were not members, and the Committee reserved sessions for independent discussion with the auditors without Senior Executives present.

Performance Committee was a committee of Council providing oversight of the University's performance in delivering strategies, projects and plans that had been agreed by Council, including identifying and measuring the indicators by which plans were monitored. The Committee monitored performance against a range of operational indicators agreed by Council, which enabled 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 monitored the management of the main risks. The Committee also monitored the University's compliance against a range of statutory requirements. Performance Committee met three times during 2016/17. The Committee was chaired by the Vice-Chair (Performance) and comprised: 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 reported to Council and was 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. The Committee was chaired by the Chair of Council and members comprised four independent members of Council, one Senate member of Council, the Vice-Chancellor and Deputy Vice-Chancellor (position vacant during 2016/17).

Remuneration Committee was a committee of Council that determined 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 oversaw the framework for the remuneration of all Heads of School, Professional Services Directors at grade 10, the Librarian, and the Professoriate. The Committee was chaired by the Chair of Council and membership included the two Vice-Chairs, a third independent member of Council and the Vice-Chancellor. As a member of the Committee the Vice-Chancellor, along with other senior executives in attendance at the meetings, would withdraw from the meeting whenever their own remuneration was under discussion.

Corporate Governance (continued)

Brighton and Sussex Medical School Joint Board was 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 ensured that BSMS operated within policies and frameworks set by the parent bodies; it planned for the strategic development and resourcing of BSMS; it considered the composition and structure of the senior management of BSMS and it received and reviewed the financial forecasts for BSMS.

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

SUB-COMMITTEES

Human Resources Committee was 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 was a sub-committee of Performance Committee that advised on the University's Health and Safety Policy; acted as the consultative body of the University on matters of health, safety and environment; audited the health, safety and environmental performance of the University and provided assurance to Council that the University is meeting its regulatory obligations in matters of health, safety and environment.

Equality and Diversity Committee was a sub-committee of Performance Committee that formulated, and provided advice on, policies for the promotion of equality and diversity across the University; monitored the University's equal opportunities policies; advised on the fulfilment of statutory obligations and promoted activities aimed at furthering equality and diversity in the University.

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

COMMITTEE STRUCTURE IN OPERATION IN 2017/18

The new committee structure in place from 1 August 2017 and therefore operating as at the date of approval of this Annual Report and Financial Statements is as follows:

Audit and Risk Committee provides oversight of the University's risk management, control and governance arrangements. It ensures that mechanisms exist for economy, efficiency and effectiveness in the University's activities and advises Council on the University's internal

and external audit arrangements and on all Financial Reporting matters. Its membership comprises a Chair with appropriate financial, accounting or audit qualifications and experience appointed by Council from amongst the independent members, plus four independent members of Council who are not members of the Strategic Performance and Resources Committee. With the approval of Nominations Committee, it may co-opt up to two other independent members from outside of Council with financial, accounting or audit experience. It meets five 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.

Strategic Performance and Resources Committee has responsibility for shaping and recommending to Council a robust strategic process for the development of long-term strategy within the University as well as shaping key enabling strategies; scrutiny of financial planning and budgeting; and scrutiny of the overall performance of the University in line with its strategy and financial plans. It is chaired by an independent member of Council and its membership includes at least four other independent members of Council, the Vice-Chancellor, the President of the Students' Union and two staff members of Council. It meets six times a year.

Nominations Committee supports both Council and its constituent committees to be effective through oversight of Council appointments, regular skills audits, ensuring a robust framework is in existence for induction, ensuring individual performance reviews are undertaken and the co-ordination of annual effectiveness reviews of Council and its committees. It is chaired by the Chair of Council and membership includes the Vice-Chancellor, four other independent members of Council and one Senate member of Council. It meets three times a year with additional meetings arranged as necessary.

Remuneration Committee determines the principles and strategy for the reward of staff. It also determines the remuneration of the Vice-Chancellor, Deputy Vice-Chancellor, Pro Vice-Chancellor, Chief Operating Officer and Secretary and the framework for the remuneration of the broader University Leadership Team and Professoriate. The Committee is chaired by an independent member of Council who is not chair of any other committee and its membership includes the Chair of Council, the Chair of Strategic Performance and Resources Committee, the Chair of Audit and Risk Committee and one other independent members of Council. The Vice-Chancellor is no longer a member of Remuneration Committee. The Committee meets once a year with additional meetings arranged as necessary.

Brighton and Sussex Medical School Joint Board remains in place with no significant changes to its remit or membership. It retains responsibility 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

Corporate Governance (continued)

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 forecasts for BSMS.

Honorary Degrees Committee is no longer a joint committee of Senate and Council, but is now solely a Senate committee.

SUB-COMMITTEES

There are no longer any sub-committees reporting to the committees of Council. Capital Programmes Committee has been disbanded and Human Resources Committee, Health Safety and Environment Committee and Equality and Diversity Committee are now management committees reporting to the University Executive Group.

VICE-CHANCELLOR

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.

REGISTER OF INTERESTS

A Register of Members' Interests is maintained by the Chief Operating Officer, 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 Schedule 3 of the Charities Act 2011 and members of Council are also trustees. 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.

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. The University brings a wide range of public benefits to individual students and to society as a whole through the quality of education provided and the quality of students who leave the institution and enter work and/or undertake community-based activities as well as through the dissemination and practical application of our research.

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

Corporate Governance (continued)

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

Our research combines expertise from across the University and works in partnership with external stakeholders to undertake research focussed on key global challenges. 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.

Recent projects and other activity that are beneficial to wider society include:

- The University's UK Trade Policy Observatory (UKTPO) provides research, comment and opinion on a range of issues, particularly over the past year on issues relating to Brexit. As a result, UKTPO has influenced policy by engaging with politicians and officials at the highest level, including the Department for Exiting the EU and the Department for International Trade, as well as giving evidence to Parliament.
- Professor Gordon Harold's research for the Early Intervention Foundation informed the government's new approach to prevention of mental health issues in young people.
- A study led by Professor Peter Dolton into children's Body Mass Index (BMI) published in *Economics and Human Biology* found that 35-40% is inherited from their parents. For the most obese children, the proportion rises to 55-60%, suggesting that more than half of their tendency towards obesity is determined by genetics and family environment. The study used data on the heights and weights of 100,000 children and their parents spanning the UK, USA, China, Indonesia, Spain and Mexico. 20% of the readers of the paper were practitioners, indicating the usefulness of the research to doctors and healthcare professionals.

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 quality of teaching and research is reflected in the University's position in league tables. Sussex now ranks in the top 30 UK universities in all three major UK league tables. According to the 2017

National Student Survey, 88% of Sussex students are satisfied with their overall experience. In the last Research Excellence Framework (REF) exercise undertaken in 2014, 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, Malaysia, Nigeria, Pakistan and Vietnam).

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 collected for the annual *Destination of Leavers in Higher Education* survey show that for the 2015/16 cohort surveyed in spring 2017, 96% of students who were eligible for First-Generation Scholarships were in work or full time study six months after graduating (up from 90% in the previous year).

Corporate Governance (continued)

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.

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.

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. We also have policies relating to the acceptance of donations.

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 fee 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/about/access-to-education) includes a commitment to re-investing fee income, equating to £11.7m in 2016/17 (or 40% of the additional fee income over the basic £6,000 fee), 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. Decisions on whether to offer a student a place at Sussex are made independently of an assessment of whether a student is eligible for a scholarship or other support, so that all applicants who meet our academic or other professional criteria are offered a place.

In addition to the financial support provided through the First-Generation Scholars Scheme students are provided with a range of transition, retention and employability support options to help their progression through pre-entry, academic and study skills development, work placement, careers advice and ongoing careers and employability support post graduation, or assistance with access to postgraduate study.

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

Council, as the governing body of the University, has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is 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 evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

Corporate Governance (continued)

REVIEW OF EFFECTIVENESS

Council's review of the effectiveness of the system of internal control is informed by the work of internal auditors, not employed by the University, who operate to the standards 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 and for reviewing the effectiveness of the system of internal control. For this purpose, the Audit Committee (from 1 August 2017 the Audit and Risk Committee) oversees and provides assurance on the operation of the internal control systems and risk management 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 Professional Service Divisions 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 Divisions 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 three 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 issues of risk, internal controls and their effectiveness, 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, 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 Committee also receives an Annual Report from the Director of Finance on compliance with the Financial Regulations and other key financial control policies and procedures.

From 1 August 2017, this role will be undertaken by the Audit and Risk Committee, which will meet at least five times a year.

- 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 Heads of School and Directors of Professional Service Divisions, together with their management teams, undertake a detailed review of the risks facing each School or Division – risks are reviewed termly with this review informing the Institutional Risk Register (and status of risks contained therein).
- The Institutional Risk Register is reviewed by University Executive Group prior to submission to Audit Committee, members of which use their knowledge of the University and the external environment to validate the Register.
- An assurance map has been considered by Audit Committee.
- A system of key performance indicators has been developed to enable Council through Performance Committee (and from 1 August 2017 the Strategic Performance and Resources Committee) to monitor progress towards the achievement of strategic objectives, and risk management considerations are addressed specifically on all major projects and decision-making papers through the committee structure.

Council's full review of the effectiveness of the system of internal control for the year ended 31 July 2017 was informed by the Audit Committee, the work of the internal auditors and the senior managers in the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditor in its management letter and other reports. Council is of the view that there is an ongoing process for ensuring the effectiveness of the system of internal controls and for identifying, evaluating and managing the University's significant risks and that it has been in place for the year ended 31 July 2017 and up to the date of approval of the Financial Statements.

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

OPINION

We have audited the financial statements of the University of Sussex ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2017 which comprise the Consolidated and University Statement of Comprehensive Income, the Balance Sheets for the Group and the University, Consolidated and University Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2017 and of the Group's and the University's income and expenditure, gains and losses, changes in equity and of the group's cash flows for the year then ended;
- 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 and relevant legislation.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Council are responsible for the other information. Other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report, Statement of Corporate Governance and Internal Controls and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS REQUIRED BY THE HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND ("HEFCE") 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 HEFCE's Accounts Direction have been met.

RESPONSIBILITIES OF COUNCIL

As explained more fully in the Council's responsibilities statement set out on page 22, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

This report is made solely to the University Council, as a body, in accordance with the 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 Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.



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

Date: 28 November 2017

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

Statement of Comprehensive Income

	NOTES	YEAR ENDED 31 JULY 2017 CONSOLIDATED	UNIVERSITY	YEAR ENDED 31 JULY 2016 CONSOLIDATED	UNIVERSITY RESTATED
		£'000	£'000	£'000	£'000
INCOME					
Tuition fees and education contracts	1.1	165,196	165,196	144,479	144,478
Funding body grants	1.2	28,925	28,925	31,453	31,453
Research grants and contracts	1.3	35,591	35,591	35,609	35,609
Other income	1.4	47,504	46,353	46,268	45,513
Investment income	1.5	1,428	1,428	711	917
Total income before endowments and donations		278,644	277,493	258,520	257,970
Donations and endowments	1.6	8,607	8,607	2,146	2,197
TOTAL INCOME		287,251	286,100	260,666	260,167
EXPENDITURE					
Staff costs	2.1	136,140	128,932	124,599	117,945
Other operating expenses	2.3	112,725	119,788	98,440	103,790
Depreciation	3.0	15,445	15,211	14,893	14,672
Interest and other finance costs	2.2	6,616	6,423	6,523	6,529
TOTAL EXPENDITURE		270,926	270,354	244,455	242,936
Surplus before other gains/(losses)		16,325	15,746	16,211	17,231
Loss on disposal of fixed assets		(3,256)	(3,256)	-	-
Gain on investments		277	277	222	222
SURPLUS BEFORE TAX		13,346	12,767	16,433	17,453
Taxation		-	-	-	-
SURPLUS FOR THE YEAR		13,346	12,767	16,433	17,453
Actuarial gain/(loss) in respect of pension schemes	17	6,720	6,720	(7,250)	(7,250)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		20,066	19,487	9,183	10,203
Represented by:					
Endowment comprehensive income for the year	10	850	850	480	480
Unrestricted comprehensive income for the year		19,216	18,637	8,703	9,723
		20,066	19,487	9,183	10,203
SURPLUS FOR THE YEAR ATTRIBUTABLE TO:					
Non-controlling interest		782	-	582	-
University		12,564	12,767	15,851	17,453
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:					
Non-controlling interest		782	-	582	-
University		19,284	19,487	8,601	10,203

Balance Sheet

	NOTES	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016	
		CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
		£'000	£'000	RESTATED £'000	RESTATED £'000
NON-CURRENT ASSETS					
Fixed assets	3	437,145	432,679	441,486	436,913
Investments	4	6,489	896	457	619
		443,634	433,575	441,943	437,532
CURRENT ASSETS					
Stock		72	53	63	44
Trade and other receivables	5	25,276	37,655	16,657	17,733
Investments	6	64,493	64,493	48,680	48,615
Cash and cash equivalents		39,187	34,656	25,902	14,989
		129,028	136,857	91,302	81,381
Less: Creditors: amounts falling due within one year	7	(63,904)	(61,135)	(47,472)	(43,860)
NET CURRENT ASSETS		65,124	75,722	43,830	37,521
TOTAL ASSETS LESS CURRENT LIABILITIES		508,758	509,297	485,773	475,053
DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	5	12,805	12,805	103	4,041
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8	(112,115)	(110,856)	(88,363)	(87,364)
PROVISIONS					
Pension provisions	9	(46,778)	(46,778)	(55,159)	(55,159)
Other provisions	9	(1,288)	(1,288)	(1,024)	(1,024)
TOTAL NET ASSETS		361,382	363,180	341,330	335,547
RESTRICTED RESERVES					
Income and expenditure reserve – endowment reserve		10,991	10,991	10,141	10,141
UNRESTRICTED RESERVES					
Income and expenditure reserve – unrestricted		347,442	351,824	328,226	325,041
Capital Reserve		1,802	-	1,802	-
Revaluation reserve		365	365	365	365
		360,600	363,180	340,534	335,547
Non-controlling interest		782	-	796	-
TOTAL RESERVES		361,382	363,180	341,330	335,547

The financial statements were approved and authorised for issue by the Council on 28 November 2017 and were signed on its behalf on that date by:



Professor Adam Tickell, Vice-Chancellor



Christian Brodie, Chair of Council



Allan Spencer, Director of Finance

Consolidated Cash Flow Statement

	NOTES	2017 £'000	2016 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		13,346	16,433
ADJUSTMENT FOR NON-CASH ITEMS			
Depreciation	3	15,445	14,893
Gain on investments	4	(277)	(18)
Decrease/(increase) in stock		(9)	(1)
Decrease/(increase) in debtors	5	(8,580)	1,952
Increase/(decrease) in creditors	7	14,012	(8,724)
Increase/(decrease) in other provisions		264	(1,524)
ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES			
Investment income		(1,464)	(711)
Interest payable	2.2	6,616	6,524
Operating lease income		(160)	-
Endowment income	10	(853)	(945)
Loss on disposal of fixed assets		3,256	-
Capital grant income		(2,630)	(3,032)
NET CASH INFLOW FROM OPERATING ACTIVITIES		38,966	24,847
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital grant receipts		2,630	3,032
Withdrawal of deposits	6	-	4,094
East slope lease premium receipt		23,500	-
Investment income received	1.5	1,428	711
Payments made to acquire fixed assets	3	(19,011)	(20,058)
New non-current asset investments		(5,755)	-
New short term deposits		(15,813)	-
		(13,021)	(12,221)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(6,066)	(5,185)
Interest element of finance lease		(563)	-
East Slope cost payments		(4,626)	-
Endowment cash received		853	945
Repayments of amounts borrowed	7	(1,933)	(2,441)
Capital element of finance lease	7	(325)	(222)
		(12,660)	(6,903)
INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		13,285	5,723
Cash and cash equivalents at beginning of the year		25,902	20,179
Cash and cash equivalents at end of the year		39,187	25,902

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
CONSOLIDATED							
BALANCE AT 1 AUGUST 2015	9,446	330,555	1,802	347	342,150	962	343,112
Surplus/(deficit) for the year	947	14,468	-	-	15,415	-	15,415
Non-controlling interest	-	-	-	-	-	796	796
Increase in the value of investment held as current asset	204	-	-	18	222	-	222
Other comprehensive income	-	(7,250)	-	-	(7,250)	-	(7,250)
Release of restricted funds spent in year	(480)	480	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	671	7,698	-	18	8,387	796	9,183
BALANCE PER FINANCIAL STATEMENTS AT 31 JULY 2016	10,117	338,253	1,802	365	350,537	1,758	352,295
Brought forward non-controlling interest distributed 2014/15	-	-	-	-	-	(962)	(962)
Prior year adjustment	24	(10,027)	-	-	(10,003)	-	(10,003)
BALANCE AT 1 AUGUST 2016	10,141	328,226	1,802	365	340,534	796	341,330
Surplus/(deficit) for the year	1,095	12,219	-	-	13,314	(796)	12,518
Non-controlling interest	-	-	-	-	-	782	782
Increase in value of fixed asset investments	-	-	-	-	-	-	-
Increase in the value of investment held as current asset	598	277	-	-	875	-	875
Other comprehensive income	-	6,720	-	-	6,720	-	6,720
Release of restricted funds spent in year	(843)	-	-	-	(843)	-	(843)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	850	19,216	-	-	20,066	(14)	20,052
BALANCE AT 31 JULY 2017	10,991	347,442	1,802	365	360,600	782	361,382

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
UNIVERSITY							
BALANCE AT 1 AUGUST 2015	9,446	325,553	-	347	335,346	-	335,346
Surplus/(deficit) for the year	946	16,765	-	-	17,711	-	17,711
Increase in the value of fixed asset investments	-	-	-	-	-	-	-
Increase in the value of investment held as current asset	205	-	-	18	223	-	223
Other comprehensive income	-	(7,250)	-	-	(7,250)	-	(7,250)
Release of restricted funds spent in year	(480)	-	-	-	(480)	-	(480)
	671	9,515	-	18	10,204	-	10,204
BALANCE PER FINANCIAL STATEMENTS AT 31 JULY 2016	10,117	335,068	-	365	345,550	-	345,550
Prior year adjustment	24	(10,027)	-	-	(10,003)	-	(10,003)
BALANCE AT 1 AUGUST 2016	10,141	325,041	-	365	335,547	-	335,547
University share of BSMS assets 2015/16	-	8,146	-	-	8,146	-	8,146
Surplus/(deficit) for the year	1,095	11,640	-	-	12,735	-	12,735
Increase in the value of investment held as current asset	598	277	-	-	875	-	875
Other comprehensive income	-	6,720	-	-	6,720	-	6,720
Release of restricted funds spent in year	(843)	-	-	-	(843)	-	(843)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	850	18,637	-	-	19,487	-	19,487
BALANCE AT 31 JULY 2017	10,991	351,824	-	365	363,180	-	363,180



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

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 2017. These are Sussex Innovation Centre Development Limited, Sussex UH Limited, Sussex Estates and Facilities LLP, Sussex Innovation Centre Management Limited, Sussex UH ESR Holding Limited and Sussex UH ESR Intermediate 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 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.

Statement of Principal Accounting Policies and Estimation Techniques (continued)

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. SERVICE CONCESSION ARRANGEMENTS

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

7. 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.

8. 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.

9. 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.

Statement of Principal Accounting Policies and Estimation Techniques (continued)

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.

10. 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.

11. 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.

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.

Statement of Principal Accounting Policies and Estimation Techniques (continued)

12. FINANCIAL INSTRUMENTS

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

13. STOCKS

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

14. REPAIRS AND MAINTENANCE

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

15. CASH 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.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

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

17. 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.

18. 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.

19. 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.

Statement of Principal Accounting Policies and Estimation Techniques (continued)

20. 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:

- 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:

- 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.



Notes to the Financial Statements

NOTE 1 INCOME

	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
1.1 TUITION FEES AND EDUCATION CONTRACTS				
Full-time home and EU students	94,575	94,575	81,629	81,628
Full-time international students	65,959	65,959	58,605	58,605
Part-time students	1,806	1,806	1,504	1,504
Research Training Support Grant	121	121	147	148
Short courses	2,735	2,735	2,594	2,593
	165,196	165,196	144,479	144,478
1.2 FUNDING BODY GRANTS (i)				
Higher Education Funding Council	22,202	22,202	19,884	19,963
National College for Teaching and Leadership	1,489	1,489	1,434	1,434
Capital Grants	2,630	2,630	3,032	3,032
SPECIFIC GRANTS:				
Higher Education Innovation Fund	2,190	2,190	3,741	3,819
Other grants	414	414	3,362	3,205
	28,925	28,925	31,453	31,453
1.3 RESEARCH GRANTS AND CONTRACTS (i)				
Research councils	17,808	17,808	15,095	16,123
UK-based charities	8,252	8,252	5,975	5,624
European Commission	7,286	7,286	6,739	6,483
Other grants and contracts	2,245	2,245	7,800	7,379
	35,591	35,591	35,609	35,609
1.4 OTHER INCOME				
Residences, catering and other operations	35,521	35,521	32,438	32,438
Other services rendered	3,488	3,488	4,119	4,143
General academic services	568	568	663	637
NHS grants	3,790	3,790	2,746	3,270
Staff and student services	639	639	1,423	1,423
Central administrative	563	563	4,066	1,237
Other income	2,935	1,784	813	2,365
	47,504	46,353	46,268	45,513
1.5 INVESTMENT INCOME				
Investment income on endowments	840	840	262	282
Investment income on restricted reserves	588	588	449	635
	1,428	1,428	711	917
1.6 DONATIONS AND ENDOWMENTS (ii)				
New endowments	853	853	946	946
Donations with restrictions	7,754	7,754	1,200	1,251
	8,607	8,607	2,146	2,197

(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 2017.

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

FINANCIAL STATEMENTS 2016-17

NOTE 2 EXPENDITURE

2.1 STAFF COSTS

	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016	
	CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
Salaries	107,244	100,935	99,050	93,403
Social security costs	11,447	10,942	8,481	8,015
Other pension costs	17,449	17,055	17,068	16,527
Total	136,140	128,932	124,599	117,945

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

EMOLUMENTS OF THE VICE-CHANCELLOR PROFESSOR ADAM TICKELL

	1 SEPTEMBER 2016 TO 31 JULY 2017	YEAR ENDED 31 JULY 2016
	£'000	£'000
Salary	267	-
Bonuses	-	-
Expense Allowances	-	-
Other Taxable Benefits	-	-
Contributions to relocation costs	17	-
	284	-
Pension contributions to USS	9	-
	293	-

EMOLUMENTS OF THE VICE-CHANCELLOR PROFESSOR MICHAEL FARTHING

	1 AUGUST 2016 TO 31 AUGUST 2017	YEAR ENDED 31 JULY 2016
	£'000	£'000
Salary	249	230
Bonuses	-	-
Expense Allowances	-	-
Other Taxable Benefits	-	24
	249	254
Pension contributions to USS	3	41
	252	295

Within the £249,000 paid to Professor M. J. G. Farthing in the year to 31 July 2017 is an amount of £230,000 paid in lieu of notice (2016: nil). This was sourced from non-HEFCE funds.

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.

The remuneration of the current Vice-Chancellor is equivalent to 0.1% of the University's income

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

	2017 NUMBER	2016 NUMBER
£100,000 to £109,999	11	12
£110,000 to £119,999	9	13
£120,000 to £129,999	9	5
£130,000 to £139,999	6	7
£140,000 to £149,999	2	1
£150,000 to £159,999	1	3
£160,000 to £169,999	-	1
£170,000 to £179,999	1	1
£180,000 to £189,999	1	1
£190,000 to £199,999	1	-
£200,000 to £209,999	1	1
£210,000 to £219,999	1	2
£220,000 to £229,999	1	-
£230,000 to £239,999	1	1
£240,000 to £249,999	1	-
	46	48

FINANCIAL STATEMENTS 2016-17

NOTE 2 EXPENDITURE (CONTINUED)

Higher paid staff numbers for 2016 have been restated to include staff from the Brighton and Sussex Medical School (BSMS). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented as the University Executive Group (UEG). The total remuneration paid to key management personnel was £684k in 2017 (£735k in 2016) excluding remuneration of the Vice-Chancellor, which is detailed above.

Included within staff costs is £69,236 payment in lieu of notice paid to senior post-holders (2016: £nil).

THE AVERAGE NUMBER OF PERSONS (INCLUDING SENIOR POST HOLDERS) EMPLOYED BY THE UNIVERSITY DURING THE YEAR, EXPRESSED AS FULL-TIME EQUIVALENTS WAS:

	2017	2016
	NUMBER	NUMBER
Academic	1,258	1,176
Technical	141	128
Management & specialist	1,036	900
Other	167	259
	2,602	2,463

TRUSTEE EXPENSES

The University's council members are the trustees for charitable law purposes. The total expenses paid to or on behalf of 14 council members was £9,041 (2016: £10,685 to 15 council members) The University had no linked charities during the year including the period up to signing the financial statements.

	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000

2.2 INTEREST AND OTHER FINANCE COSTS

Loans wholly repayable within five years	2	-	3	3
Loans not wholly repayable within five years	4,850	4,659	5,102	5,108
Finance leases	563	563	504	504
Net interest on pension liabilities	1,201	1,201	914	914
	6,616	6,423	6,523	6,529

2.3 OTHER OPERATING EXPENDITURE

Academic fees and charges	10,191	10,191	7,790	8,146
Administrative and office costs	4,557	1,488	3,064	1,784
Foreign exchange (gain)/loss	(180)	(180)	(414)	(380)
External auditors remuneration for annual accounts audit	117	101	117	85
Books and periodicals	1,895	1,895	1,690	1,771
Management fees	3,544	3,544	2,880	1,694
Consultancy fees	14,313	14,293	10,244	14,243
Consumables and equipment	20,596	20,566	14,438	15,106
Marketing and publicity	3,698	3,669	4,413	4,621
Facilities costs	3,950	14,451	12,452	13,112
Rent, rates and insurance	4,581	4,572	3,836	4,106
Lease rentals	1,843	1,800	1,800	1,800
Scholarships, bursaries and prizes	21,218	21,218	19,504	20,423
Students union grant	996	996	945	990
Subscriptions, fees and charges	7,873	7,857	3,644	3,761
Training, travel and employment costs	7,886	7,741	6,893	7,208
Utilities and services	5,647	5,586	5,144	5,320
	112,725	119,788	98,440	103,790

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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 in the Course of construction £'000	Total £'000
COST AND VALUATION					
At 1 August 2016 as previously stated	27,841	436,376	49,711	3,625	517,553
Restatement (note 19)	20,817	(31,273)	429	-	(10,027)
At 1 August 2016 as restated	48,658	405,103	50,140	3,625	507,526
Additions	3,280	6,824	4,341	4,566	19,011
Transfers	-	-	-	-	-
Disposals	-	(8,169)	(5,237)	-	(13,406)
At 31 July 2017	51,938	403,758	49,244	8,191	513,131
DEPRECIATION:					
At 1 August 2016 as previously stated	2,955	20,757	42,328	-	66,040
Restatement (note 19)	685	(685)	-	-	-
At 1 August 2016 as restated	3,640	20,072	42,328	-	66,040
Depreciation charge	852	11,204	3,389	-	15,445
Disposals	-	(260)	(5,239)	-	(5,499)
At 31 July 2017	4,492	31,016	40,478	-	75,986
NET BOOK VALUE					
At 31 July 2017	47,446	372,742	8,766	8,191	437,145
At 31 July 2016	45,018	385,031	7,812	3,625	441,486
UNIVERSITY					
COST AND VALUATION					
At 1 August 2016 as previously stated	22,935	437,127	47,184	3,625	510,871
Restatement (note 19)	19,917	(30,373)	429	-	(10,027)
At 1 August 2016 as restated	42,852	406,754	47,613	3,625	500,844
Additions	3,280	6,721	4,316	4,566	18,883
Transfers	-	-	-	-	-
Disposals	-	(8,169)	(5,075)	-	(13,244)
At 31 July 2017	46,132	405,306	46,854	8,191	506,483
DEPRECIATION:					
At 1 August 2016 as previously stated	857	22,514	40,560	-	63,931
Restatement (note 19)	685	(685)	-	-	-
At 1 August 2016 as restated	1,542	21,829	40,560	-	63,931
Depreciation charge	852	11,000	3,359	-	15,211
Disposals	-	(260)	(5,078)	-	(5,338)
At 31 July 2017	2,394	32,569	38,841	-	73,804
NET BOOK VALUE					
At 31 July 2017	43,738	372,737	8,013	8,191	432,679
At 31 July 2016	41,310	384,925	7,053	3,625	436,913

At 31 July 2017 freehold land and buildings included £11.5m (2016: £11.5m) in respect of freehold land which is not depreciated. The net book value of tangible fixed assets includes an amount of £305.9m (2016: £313.5m) of buildings held under finance leases. The depreciation charge on these assets for the year was £11.0m (2016: £10.9m).

FINANCIAL STATEMENTS 2016-17

THE TOTAL VALUE OF MINIMUM LEASE PAYMENTS FOR BUILDINGS HELD UNDER FINANCE LEASE IS AS FOLLOWS:

CONSOLIDATED AND UNIVERSITY	2017 £'000	2016 £'000
Due in less than one year	888	821
Due between two and five years	3,563	3,528
Due in five years or more	276	1,198
	4,727	5,547

None of the borrowing costs associated with tangible fixed assets have been capitalised

NOTE 4 NON-CURRENT INVESTMENTS

CONSOLIDATED

	SUBSIDIARY COMPANIES £'000	OTHER FIXED ASSETS INVESTMENTS £'000	TOTAL £'000
At 1 August 2016	-	457	457
Additions	-	5,755	5,755
Gain/(Loss) in value	-	277	277
At 31 July 2016	-	6,489	6,489

UNIVERSITY

	£'000	£'000	£'000
At 1 August 2016	162	457	619
Gain/(Loss) in value	-	277	277
At 31 July 2017	162	734	896

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. Included in Consolidated Other Fixed Asset Investments is an amount of £5.745m relating to subordinated debt from an associate entity East Slope Residences LLP

	Share Class	Number	Ordinary Holding	University Value at cost 2017 £	University Value at cost 2016 £	Nature of Activity
Sussex Innovation Centre Management Ltd	Ord	200	100%	161,616	161,616	Property Management
	Pref	2,235	-	437	437	
Sussex Innovation Centre Development Ltd (DEVCO)	Ord	100	100%	100	100	Property Development
	Pref	1,800,000	-	2	2	
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
Sussex UH ESR Holdco Ltd	Ord	1	100%	1	-	Holding Company
Sussex UH ESR Intermediate Ltd	Ord	1	100%	1	-	Holding Company
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 a member of Professional H.E Services Ltd, a company limited by guarantee.

Sussex UH Ltd is a member of Sussex Estates and Facilities LLP, a partnership between the University and Interserve PLC, providing estates and facilities services. Sussex UH Ltd has a 65% interest in the partnership.

Sussex UH ESR Intermediate Ltd is a member of East Slope Residences LLP, a partnership between the University and Balfour Beatty Investments Ltd, for the purpose of constructing and servicing student accommodation. Sussex UH ESR Intermediate Ltd has a 20% interest in the partnership.

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NOTE 4 NON-CURRENT INVESTMENTS (CONTINUED)

OTHER NON-CURRENT INVESTMENTS CONSIST OF:

	CONSOLIDATED & UNIVERSITY	
	2016/2017	2015/2016
	£'000	£'000
Listed Securities		
Mercantile Investment Trust	235	190
Legal & General Industrial Property Investment Fund Feeder Unit Trust	148	134
Feedback PLC	261	43
	644	367
Unlisted Shares		
CVCP Properties	37	37
The New Statesman	1	1
Interanalysis Ltd	50	50
InCrowd	2	2
	90	90
Total	734	457

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

NOTE 5 TRADE AND OTHER RECEIVABLES

	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Debtors and prepayments	23,016	23,171	15,380	14,306
Research debtors	2,260	2,260	1,277	984
Amounts due from subsidiary companies	-	12,224	-	2,443
Amounts due from associates	-	-	-	-
	25,276	37,655	16,357	17,733

Amounts due from subsidiary companies comprise Deed of Covenant payments £1.585m, Inter-company balances £2.282m and Inter-company Loans £8.357m.

Amounts falling due after more than one year:				
Debtors	12,805	12,805	103	100
Amounts due from subsidiary undertaking	-	-	-	3,941
Amounts due from associates	-	-	-	-
	12,805	12,805	103	4,041

Amounts falling due after more than one year comprise £12.705m relating to East Slope Development Lease Premium and £0.1m owed from Cascade LLP.

NOTE 6 CURRENT INVESTMENTS

	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Short term investment in shares	9,923	9,923	9,180	9,115
Short term deposits	54,570	54,570	39,500	39,500
	64,493	64,493	48,680	48,615

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 2017 the average interest rate of these fixed rate deposits was 0.64% per annum and the remaining average period for which the interest rate is fixed on these deposits was 148 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 2017		YEAR ENDED 31 JULY 2016	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Mortgages and other loans	2,140	1,974	1,492	1,685
Obligations under finance leases	484	484	414	414
Research creditor	4,828	4,829	6,719	6,421
Creditors and accruals	56,452	50,878	38,847	35,340
Amounts due to subsidiaries	-	2,970	-	-
Amounts due to associates	-	-	-	-
	63,904	61,135	47,472	43,860

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

	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Obligations under finance lease	2,370	2,370	2,746	2,746
Unsecured loans	83,017	82,184	85,617	84,618
Creditors and accruals	26,728	26,302	-	-
Amounts due to subsidiaries	-	-	-	-
Amounts due to associates	-	-	-	-
	112,115	110,856	88,363	87,364

University creditors and accruals falling due after more than one year represents East Slope lease premium of £26.3m to be amortised over the remaining 54 years of the lease. In addition a further £0.43m related to deferred capital grants is included in the Consolidated figures.

Analysis of loans:

Due within one year or on demand (Note 7)	2,624	2,457	1,906	2,099
Due between one and two years	833	-	-	-
Due between two and five years	10,726	10,726	11,476	10,745
Due in five years or more	73,828	73,828	76,887	76,619
Due after more than one year	85,387	84,554	88,363	87,364
Total secured and unsecured loans	88,011	87,011	90,269	89,463

Included in loans and leases are the following:

LENDER	AMOUNT OUTSTANDING £'000	TERM	INTEREST RATE %	BORROWER
Lloyds	44,113	25	5.815	University
B&N Lease	2,547	30	8.97	University
Kelsey Finance	307	35	11.22	University
HEFCE	44	-	-	
Barclays	40,000	30	5.60	University
	87,011			
Barclays	1,000	20	6.21	Sussex Innovation Centre Development Ltd
Total	88,011			

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 2016	(22,179)	(32,980)	(55,159)	(1,024)	(56,183)
Utilised in year	-	-	-	1,024	1,024
Additions	-	8,381	8,381	(1,288)	7,093
At 31 July 2017	(22,179)	(24,599)	(46,778)	(1,288)	(48,066)

UNIVERSITY

	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 2016	(22,179)	(32,980)	(55,159)	(1,024)	(56,183)
Utilised in year	-	-	-	1,024	1,024
Additions	-	8,381	8,381	(1,288)	7,093
At 31 July 2017	(22,179)	(24,599)	(46,778)	(1,288)	(48,066)

A provision is made for specific ongoing building maintenance works the University is obliged to make.

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NOTE 10 ENDOWMENT RESERVES

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2017 Total	2016 Total
	£'000	£'000	£'000	£'000	£'000
Balances at 1 August 2016					
Capital as previously stated	3,871	46	5,449	9,366	8,761
Resatement	-	-	24	24	-
Capital at 1 August 2016 as restated	3,871	46	5,473	9,390	8,761
Accumulated income	704	17	30	751	686
	4,575	63	5,503	10,141	9,447
New endowments	276	-	577	853	945
Investment income	123	1	118	242	270
Expenditure	(72)	-	(771)	(843)	(750)
	51	1	(653)	(601)	465
(Decrease) / increase in market value of investments	246	4	348	598	205
At 31 July 2017	5,148	68	5,775	10,991	10,117
Represented by:					
Capital	4,393	49	7,904	12,346	9,366
Accumulated income	755	19	(2,129)	(1,355)	751
	5,148	68	5,775	10,991	10,117
Analysis by type of purpose:					
Lectureships	105	-	-	105	97
Scholarships and bursaries	1,243	-	640	1,883	1,750
Research support	2,109	-	540	2,649	2,469
Prize funds	593	-	33	626	316
General	1,098	68	4,562	5,728	5,485
	5,148	68	5,775	10,991	10,117
Analysis by asset					
Fixed assets				199	165
Current and non-current asset investments				7,525	6,915
Cash and cash equivalents				3,267	3,037
				10,991	10,117

NOTE 11 INVESTMENT IN JOINT VENTURE

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 2017 is reflected in the audited Financial Statements of both universities. Each university has included its share of the gross assets and liabilities of the joint venture and its share of the turnover and surplus.

**INCOME AND EXPENDITURE
ACCOUNT FOR THE YEAR**

	UNIVERSITY OF SUSSEX 2017 £'000	UNIVERSITY OF SUSSEX 2016 £'000
INCOME		
HEFCE grant	3,166	3,221
NHS funds	3,738	2,565
Academic fees	3,323	2,895
Research grants and contracts	1,596	1,467
Other	220	1,151
Total income	12,043	11,298
EXPENDITURE		
Staff costs	6,503	6,057
Depreciation	236	146
Other operating expenses	5,574	5,263
Total expenditure	12,313	11,466
Deficit on continuing operations	(270)	(168)
Surplus brought forward for the year	7,980	8,148
Surplus retained for the year	7,710	7,980

BALANCE SHEET AS AT 31 JULY 2017

	UNIVERSITY OF SUSSEX 2017 £'000	UNIVERSITY OF SUSSEX 2016 £'000
Fixed Assets	1,166	221
Current Assets		
Debtors	762	1,924
Cash at banks and in hand	9,696	8,404
Current Liabilities		
Creditors	(3,914)	(2,569)
Net current assets	6,544	7,759
Total net assets	7,710	7,980
Represented by:	7,710	7,980
Income and expenditure account	7,710	7,980

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NOTE 12 CAPITAL AND OTHER COMMITMENTS

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

	YEAR ENDED 31 JULY 2017	YEAR ENDED 31 JULY 2016
	CONSOLIDATED	CONSOLIDATED
	£'000	£'000
Commitments contracted for	5,710	4,684
Authorised, approved but not contracted for	140,436	-
	146,146	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 £1.9m.

	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016
	CONSOLIDATED		CONSOLIDATED
	£'000		£'000
	Land and Buildings	Total	
Annual rentals under operating leases payable and:			
Due within one year	1,900	1,900	1,800
Due between two and five years	7,600	7,600	9,000
Due in five years or more	7,600	7,600	7,200
Total Lease Payments Due	17,100	17,100	18,000

NOTE 14 HEFCE POST GRADUATE SUPPORT SCHEME

	YEAR ENDED 31 JULY 2017	YEAR ENDED 31 JULY 2016
	CONSOLIDATED	CONSOLIDATED
	£'000	£'000
Balance at 1 August	-	-
Funding Council Grants	1,417	1,590
Disbursement to students	(1,417)	(1,590)
Balance unspent at 31 July 2017	-	-

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.

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

	YEAR ENDED 31 JULY 2017		YEAR ENDED 31 JULY 2016	
	CONSOLIDATED		CONSOLIDATED	
	£'000		£'000	
Balance at 1 August	(256)	(219)		
NCTL Grants	4,795	3,823		
Disbursement to students	(4,344)	(3,860)		
Other disbursements	(72)	-		
Balance owing from/(owed to) NCTL at 31 July 2017	123	(256)		

The University holds training bursaries in its capacity as paying agent for the National College of Teaching and Leadership (NCTL). Grants and 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. For the 12 month period to 31 July 2017 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 Adam Tickell, the University's Vice Chancellor, who is 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) F Gustafsson 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 UH Ltd and supplies facilities management services to the University.
- (v) A Da Costa, who is a member of Council, is a Governor of the London School of Economics, from which the University received research funding.
- (vi) K Baker CBE, who is a member of Council, is a non-executive director of Brighton and Sussex Universities Hospital Trust (BSUH) to which the University recharges salary costs.
- (vii) S Nebhrajani, who is a member of Council, is the Chair of the Human Tissue Authority, to which the University pays licence fees.

	INCOME		EXPENDITURE		DEBTORS		CREDITORS	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Student Loans Company	80,109	72,772	4	-	74	-	-	-
Sussex Estates and Facilities	5	-	36,650	30,477	-	43	-	-
University of Sussex Students Union	150	125	1,177	890	-	-	-	-
Institute of Development Studies	211	-	130	-	19	36	-	-
London School of Economics	198	-	11	-	-	-	-	-
Brighton and Sussex Universities Hospitals Trust (BSUH)	5,701	-	399	-	1,517	-	239	-
Human Tissue Authority	-	-	9	-	-	-	-	-

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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 2018	ACTUAL YEAR ENDED 2017	ACTUAL YEAR ENDED 2016
	£'000	£'000	£'000
CONTRIBUTIONS TO USS	14,277	14,100	12,175
CONTRIBUTIONS TO USPAS	4,200	3,768	3,746
CONTRIBUTIONS TO SGSS	941	929	769
OTHER CONTRIBUTIONS	456	451	436
	19,874	19,248	17,126

(I) THE UNIVERSITIES SUPERANNUATION SCHEME (USS)

The institution participates in the Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the University has entered in an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. 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 in the income and expenditure account in accordance with section 28 of FRS 102. Council is satisfied that the scheme provided by Universities Superannuation Scheme 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.

The total cost charged to the profit and loss account is £14,100m (2016: £12,176m).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

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

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

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NOTE 17 PENSION SCHEMES (CONTINUED)

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

	2017	2016
DISCOUNT RATE	2.57%	3.60%
PENSIONABLE SALARY GROWTH	N/A	N/A
PENSION INCREASES (CPI)	2.41%	2.20%

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

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

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

	2017	2016
MALES CURRENTLY AGED 65 (YEARS)	24.4	24.3
FEMALES CURRENTLY AGED 65 (YEARS)	26.6	26.5
MALES CURRENTLY AGED 45 (YEARS)	26.5	26.4
FEMALES CURRENTLY AGED 45 (YEARS)	29.0	28.8

	2017	2016
SCHEME ASSETS	£60.0bn	£49.8bn
TOTAL SCHEME LIABILITIES	£77.5bn	£58.3bn
FRS102 TOTAL SCHEME DEFICIT	£17.5bn	£8.5bn
FRS102 TOTAL FUNDING LEVEL	77%	85%

(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 scheme was closed to new entrants in April 2009 but remains open to existing members of the scheme at that date. 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 2017 by a qualified independent actuary.

FINANCIAL STATEMENTS 2016-17

NOTE 17 PENSION SCHEMES (CONTINUED)

ASSUMPTIONS

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

	AT 31 JULY 2017	AT 31 JULY 2016
	% PA	% PA
PRICE INFLATION (RPI)	3.20%	2.80%
PRICE INFLATION (CPI)	2.20%	1.80%
RATE OF INCREASE IN SALARIES FOR 3 YEARS (2016 4 YEARS)	1.70%	1.25%
RATE OF INCREASE IN SALARIES THEREAFTER	2.20%	1.80%
RATE OF INCREASE OF PENSIONS IN PAYMENT FOR USPAS MEMBERS:		
POST 88 GMP	2.00%	1.60%
PRE 09 PENSION	2.20%	1.80%
POST 09 PENSION	2.00%	1.60%
RATE OF INCREASE FOR DEFERRED PENSIONERS (NON GMP)		
PRE 09 LEAVERS	2.20%	2.80%
POST 09 LEAVERS	3.20%	1.80%
DISCOUNT RATE	2.50%	2.30%

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 2017	22.1	23.5	23.9	25.4
AT 31 JULY 2016	22.2	23.9	24.2	26.1

SCHEME ASSETS AND EXPECTED RATE OF RETURN FOR USPAS

The assets in the scheme were:

	AT 31 JULY 2017	FAIR VALUES AS AT 31 JULY 2016
	£'000	£'000
EQUITIES	62,106	56,535
GOVERNMENT BONDS	23,860	21,278
CORPORATE BONDS	34,830	33,498
ANNUITIES	256	281
CASH	161	192
TOTAL	121,213	111,784

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

AT 31 JULY 2017	AT 31 JULY 2016
% PA	% PA
3.5	3.5

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NOTE 17 PENSION SCHEMES (CONTINUED)

	YEAR ENDED 31 JULY 2017 £'000	YEAR ENDED 31 JULY 2016 £'000
ANALYSIS OF THE AMOUNT SHOWN IN THE BALANCE SHEET FOR USPAS		
Scheme assets	121,213	111,784
Scheme liabilities	(146,097)	(144,764)
DEFICIT IN THE SCHEME - NET PENSION LIABILITY RECORDED WITHIN PENSION PROVISIONS	(24,884)	(32,980)
Current service cost	(1,312)	(1,256)
Past service costs	-	-
Total operating charge:	(1,312)	(1,256)
ANALYSIS OF THE AMOUNT CHARGED TO INTEREST PAYABLE/ CREDITED TO OTHER FINANCE INCOME FOR USPAS PENSIONS		
Interest cost	2,552	3,546
Expected return on assets	8,510	7,616
Interest on net deficit	(3,287)	(4,460)
NET CHARGE TO OTHER FINANCE INCOME	7,775	6,702
TOTAL PROFIT AND LOSS CHARGE BEFORE DEDUCTION FOR TAX	7,775	6,702
ANALYSIS OF OTHER COMPREHENSIVE INCOME FOR USPAS PENSIONS:		
Gain on assets	8,510	7,616
Experience loss on liabilities	(1,790)	(14,866)
Loss on liabilities	-	-
Past service credit arising on change of pension increase assumption in 2015-2016 financial year	-	-
TOTAL OTHER COMPREHENSIVE INCOME BEFORE DEDUCTION FOR TAX	(6,720)	(7,250)

FINANCIAL STATEMENTS 2016-17

NOTE 17 PENSION SCHEMES (CONTINUED)

	AT 31 JULY 2017 £'000	AT 31 JULY 2016 £'000
ANALYSIS OF MOVEMENT IN SURPLUS/(DEFICIT) FOR USPAS PENSIONS DEFICIT AT BEGINNING OF YEAR	(32,980)	(27,403)
Contributions or benefits paid by the University	3,768	4,190
Current service cost	(1,312)	(1,256)
Past service cost	-	-
Other finance charge	(345)	(347)
Interest cost	(735)	(914)
Gain recognised in other comprehensive income	6,720	(7,250)
DEFICIT AT END OF YEAR	(24,884)	(32,980)

	YEAR TO 31 JULY 2017 £'000	YEAR TO 31 JULY 2016 £'000
ANALYSIS OF MOVEMENT IN THE PRESENT VALUE OF USPAS LIABILITIES AT THE START OF THE YEAR	(144,764)	(129,372)
Current service cost (net of member contributions)	(1,349)	(1,256)
Past service cost	-	-
Interest cost recorded within other comprehensive income	(3,287)	(4,460)
Actual member contributions (including notional contributions)	-	(46)
Actuarial loss	(1,790)	(14,866)
Actual benefit payments	5,093	5,236
PRESENT VALUE OF USPAS LIABILITIES AT THE END OF THE YEAR	(146,097)	(144,764)

	YEAR TO 31 JULY 2017 £'000	YEAR TO 31 JULY 2016 £'000
ANALYSIS OF MOVEMENT IN THE FAIR VALUE OF SCHEME ASSETS AT THE START OF THE YEAR	111,784	101,969
Expected return on assets	8,510	7,616
Admin expense	(345)	(347)
Interest income	2,552	3,546
Actuarial gain on assets	-	-
Actual contributions paid by the University	3,768	4,190
Actual member contributions (including notional contributions)	37	46
Actual benefit payments	(5,093)	(5,236)
FAIR VALUE OF SCHEME ASSETS AT THE END OF THE YEAR	121,213	111,784

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

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NOTE 17 PENSION SCHEMES (CONTINUED)

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 £4.2m to the Scheme during the accounting year beginning 1 August 2017.

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. Assurance benefits are provided to members at the expense of the University.

SUSSEX ESTATES AND FACILITIES DEFINED CONTRIBUTION GROUP PENSION SCHEME

Sussex Estates and Facilities (SEF) operates a defined contribution scheme for its employees. The scheme allows members to contribute a minimum 3% of monthly salary and offers life assurance and income protection in addition to pension benefits. SEF LLP contributes two times the member contribution up to a maximum 12% of monthly salary. Assurance benefits are provided to members at the expense of SEF LLP.

NOTE 18 POST BALANCE SHEET EVENT

On 18 September 2017 the University raised £68m through a private placement of loan notes in order to fund the next stage in the building development plan for the Falmer campus.

NOTE 19 PRIOR YEAR ADJUSTMENT

NOTE 3 FIXED ASSETS

CONSOLIDATED	Freehold Land and Buildings	Leasehold Land and Buildings	Fixtures, Fittings and Equipment	Assets Course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Fixed Assets at Cost					
At 1 August 2016 as previously stated	27,841	436,376	49,711	3,625	517,553
Assets overstated					
Stanmer Court Land		(5,830)			(5,830)
Brighthelm Land		(1,056)			(1,056)
Brighthelm Building		(3,476)			(3,476)
	-	(10,362)	-	-	(10,362)
Assets Reclassified					
John Clifford West (Engineering III)	1,337	(1,337)			-
Clinical Imaging/SHORE-C	836	(836)			-
Freeman Centre	9,382	(9,382)			-
New Childcare Facility Building	2,206	(2,206)			-
Sussex Innovation Centre - Croydon 1	115	(115)			-
Ashdown House Repurposing Project	262	(262)			-
University Land reclassification	5,779	(5,779)			-
SINC Development Land reclassification	900	(900)			-
Equipment reclassification		(94)	94		-
	20,817	(20,911)	94	-	-
BSMS Assets omitted			335		335
Total Prior Year Adjustment	20,817	(31,273)	429	-	(10,027)
At 1 August as Restated	48,658	405,103	50,140	3,625	507,526

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NOTE 19 PRIOR YEAR ADJUSTMENT (CONTINUED)

UNIVERSITY	Freehold Land and Buildings	Leasehold Land and Buildings	Fixtures, Fittings and Equipment	Assets Course of construction	Total
Fixed Assets at Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2016 as previously stated	22,935	437,127	47,184	3,625	510,871
Assets overstated					
Stanmer Court Land		(5,830)			(5,830)
Brighthelm Land		(1,056)			(1,056)
Brighthelm Building		(3,476)			(3,476)
	-	(10,362)	-	-	(10,362)
Assets Reclassified					
John Clifford West (Engineering III)	1,337	(1,337)			-
Clinical Imaging/SHORE-C	836	(836)			-
Freeman Centre	9,382	(9,382)			-
New Childcare Facility Building	2,206	(2,206)			-
Sussex Innovation Centre – Croydon 1	115	(115)			-
Ashdown House Repurposing Project	262	(262)			-
University Land reclassification	5,779	(5,779)			-
Equipment reclassification		(94)	94		-
	19,917	(20,011)	94	-	-
BSMS Assets omitted			335		335
Total Prior Year Adjustment	19,917	(30,373)	429	-	(10,027)
At 1 August as Restated	42,852	406,754	47,613	3,625	500,844

NOTE 10 ENDOWMENT ASSETS

	Restricted Permanent Endowments	Unrestricted Permanent Endowments	Expendable Endowments	Total
At 1 August 2016 as previously stated	4,574	63	5,480	10,117
Expenditure incorrectly classified			24	24
At 1 August as Restated	4,574	63	5,504	10,141

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NOTE 20 FINANCIAL INSTRUMENTS

	2017 Group £'000	2017 University £'000	2016 Group £'000	2016 University £'000
Financial assets				
Measured at fair value through income and expenditure				
Instruments in common investments funds	-	-	-	-
Debt instruments measured at amortised cost				
Long term loan receivable	12,805	12,805	103	100
Investments				
Non current listed investments	6,357	602	325	325
Non current unlisted investments	132	294	132	294
Current asset listed investments	9,923	9,923	9,180	9,115
Current asset unlisted investments	-	-	-	-
Measured at undiscounted amount receivable				
Trade and other receivable	25,276	37,655	16,657	17,733
	54,493	61,279	26,397	27,567
Financial liabilities				
Measured at amortised cost				
Loans payable	85,157	84,158	87,109	86,303
Obligation under finance leases	2,854	2,854	3,160	3,160
Obligation under service concession arrangements	-	-	-	-
Measured at undiscounted amount receivable				
Trade and other creditors	61,280	58,676	45,566	41,761
	149,291	145,688	135,835	131,224



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