

An aerial photograph of the University of Sussex campus and its surrounding landscape. The top half of the image shows rolling green hills and fields, with a small brown patch of land in the center. The bottom half shows the university's buildings, which are mostly brick and multi-story, interspersed with green trees. A road and a parking lot are visible in the lower part of the image. The text 'UNIVERSITY OF SUSSEX' is at the top, and 'US UNIVERSITY OF SUSSEX' is at the bottom. The main title 'FINANCIAL STATEMENTS 2021-22' is in the center, split across three white rectangular boxes.

UNIVERSITY OF SUSSEX

FINANCIAL

STATEMENTS

2021-22

US

UNIVERSITY
OF SUSSEX

Principal officers

VISITOR

His Majesty The King

CHANCELLOR

Sanjeev Bhaskar OBE BA (Hatfield)

CHAIR OF COUNCIL

Dame Denise Holt DCMG BA (Bris), LLD (Bris)

VICE-CHAIR OF COUNCIL

Adrienne Fresko CBE (Until 31 July 2022)
MA (Oxon), MSc (Lon), MCIPD, MBPsS, FRSA

Rosemary Martin (From 1 August 2022)
BA (UoS), MBA (Nottingham Trent), Admitted Solicitor

VICE-CHANCELLOR AND PRESIDENT

Professor David Maguire (From 1 November 2021 until 31 July 2022)
BSc (Exeter), PhD (Bristol), FRGS, PFHEA

Professor Sasha Roseneil FAcSS PFHEA (From 1 August 2022)
BSc (LSE), PhD (LSE)

PROVOST

Professor Rachel Mills (Until 31 July 2022)
BSc (Soton), PhD (Cantab)

CHIEF OPERATING OFFICER AND UNIVERSITY SECRETARY

Dr Tim Westlake
BSc (Card), MSc (Card), PhD (Card)

PRO-VICE-CHANCELLOR

Professor Kelly Coate
BSc (Northwestern), MA (Middx), PhD (UCL), PFHEA

PRO-VICE-CHANCELLOR

David Ruebain
BA (Oxon), MA (Oxon)

PRO-VICE-CHANCELLOR

Professor Keith Jones BSc (Leeds), PhD (Liv)

DIRECTOR OF FINANCE

Allan Spencer MA (Oxon), ACA

Contents

03	Strategic Report
15	Corporate Governance
25	Responsibilities of the University's Council
27	Independent Auditor's Report to the Council of the University of Sussex
31	Statement of Comprehensive Income
32	Balance Sheet
33	Consolidated Cash Flow Statement
34	Consolidated and University Statement of Changes in Reserves
36	Statement of Principal Accounting Policies and Estimation Techniques
43	Notes to the Financial Statements
65	Supplementary Schedule



The Union
FOOD, DRINK & CAMPUS

WALK
CAMPAIGN
OF

BUY BY YOUR
STUDENTSHIP OFFICE

WALK
CAMPAIGN
OF

Strategic Report

The University of Sussex is in a stronger position having implemented ‘Size and Shape’, which created the conditions necessary for a significant future investment in a new Capital Programme over the next five years. This puts us on course to deliver the aims of our Sussex 2025 strategy.

CHALLENGE AND RENEWAL

The last financial year continued to present challenges for the University and Higher Education sector. Yet at the same time it brought with it a sense of renewal and recovery, with the full resumption of face-to-face teaching on campus, and year-on-year improvements in student recruitment, indicating an upward trajectory in the volume of future tuition fee income. Greater student presence on campus also led to a recovery in residential and commercial income similar to pre-pandemic levels.

Despite the ongoing presence of the Covid-19 virus and new variants seen with Omicron, the University’s action to offer early on-campus vaccinations to new and returning students and staff, alongside ongoing testing, gave rise to a greater level of resilience. However, rising cases nationally resulted in further governmental Plan B restrictions being applied during December 2021 and January 2022 leading to a greater concentration of remote working. Student and staff welfare and wellbeing has continued to be a priority throughout this period.

Last year’s report spoke of the planned actions associated with the Size and Shape Programme, which has since been successfully delivered in the current financial year, and achieved without the need for compulsory redundancies. This rebalancing of the University has allowed us to be better positioned for the future despite the challenges faced, and to generate the surpluses necessary to fund the investment needs identified. A more detailed account of the Size and Shape Programme is given below.

Improvements in financial performance compared to budget allowed us to lift the Covid period’s tighter financial control via the Financial Review Guidelines in full in January 2022, and provide further short-term tactical investment in Schools and Professional Services. More information is given on this later in the report. Challenges still face the sector and the country: for example, the war in Ukraine has led to high levels of inflation, the result of which has been added cost-of-living pressure on students and staff, plus greater uncertainty for the University. However, the University is more resilient due to the actions taken.

The publication of the Government’s long-awaited response to the Augar Review of student funding in England in February 2022 confirmed that UK undergraduate fees would continue to be frozen at £9,250 until at least 2024-25, despite inflationary pressures. It further confirmed that students on foundation years can continue to access student funding for tuition fees albeit at a proposed upper limit of £5,197. This therefore confirms that we must continue to control costs and live within our means, as defined in our five-year financial projections.

IMPLEMENTATION OF SIZE AND SHAPE

Last year the University embarked on an unprecedented level of engagement with both our student and staff community to help shape its plans for the Size and Shape Programme, and the subsequent implementation approach which was approved by Council at the end of 2021. This considered both the rebalancing of our Schools to meet the future needs and expectation of our students, and also the structure and capability of our Professional Services divisions to best support our academic endeavour. This programme has been an important part of the University’s effort to ensure that future investment goes where it is most needed. This rebalancing was partly facilitated by the introduction of a further voluntary severance scheme, thereby precluding the need for compulsory redundancies.

Size and Shape seeks to create a University that is able to thrive now and respond strategically to future opportunities and pressures. We will remain a comprehensive university, delivering outstanding research and education across a wide range of disciplines:

- providing degree courses that are distinctive and stand out in the sector, giving the very best student experience;
- being more competitive in the UK and internationally in research and;
- investing in a campus infrastructure and experience that enables our students and staff to achieve their goals.

Strategic Report (continued)

The implementation of Size and Shape was supplemented by the refreshed annual Academic Business Planning process that helped to deliver School plans. This continued the process of looking at future aspirations for each School, considering projected student recruitment, and the associated footprint to best support student experience whilst continuing to be agile. Some of our Schools, such as Life Sciences and Media, Arts & Humanities, embarked on work to transform the curriculum in each of its Schools as a key component of the Sussex 2025 'Learn to Transform' strategy. This process continues into the next academic year. There were also examples of achievements such as those led by the School of Engineering and Informatics with new strategic ventures with funding successes, such as the Coast2Capital Institute of Technology.

Size and Shape plans for Professional Services were designed to make the support model fit for purpose, working as one team across the University to support the academic strategy. This resulted in organisation re-design and subsequent implementation in a number of divisions, including: Student Experience, Research, IT Services, HR, and Communications, Marketing and Admissions.

CAPITAL PROGRAMME

As well as fulfilling Strategy 2025, a major driver for the Size and Shape Programme has also been to ensure that the University can invest to secure its future and a key part of this is making critical and much needed improvements to our infrastructure. This has come together in a new Capital Programme, which will deliver vital investments totalling £200 million over the next five years. This has been scaled back significantly from the pre-pandemic number of £300 million. The reduced scope, in the view of Council, reflects the minimum projects needed in order to fulfil the expectations of our researchers, educators, administrators and students.

The five-year Capital Programme totalling £200 million was approved by Council in November 2021 covering some 38 projects in total, including three key developments: a new Student Information System, the replacement of our aged IT network, and the West Slope redevelopment. These projects will be managed by the Programme Management Office ('PMO') and continue to be governed by the Capital Programmes Committee ('CPC'), and the Project Review Group ('PRG'). An outline of some of the larger projects are given below.

WEST SLOPE

The proposal to redevelop the West Slope of campus represents around 1/7th of the University's campus footprint. The proposals received planning permission from Brighton & Hove City Council in 2020, but early enabling works were paused at the onset of the Covid-19 pandemic and the project has been under review since. Council decided at the end of 2021 that the University should move ahead with this flagship development, which will double the amount of student housing on that part of the site. Final contractual commitment is pending greater stability in the financial markets.

As with the construction of the new East Slope residences, the University will again be working in partnership with Balfour Beatty, who will raise the finance to build and operate the project. The University will finance the non-residential aspects of the development, including a new health centre, increased catering and retail space, and a new library to deliver increased purpose-built study space for our students. Preparatory works have already begun.

OTHER PROJECTS

- **Student Information System (SIS):** This is a key project which will play a critical role in enabling digital and operational transformation and enhancing user (both staff and student) experiences. By creating an accurate system of record we will be better able to support the lifecycle of students' educational activities. In addition, it will provide the basis for intelligent reporting and data-driven decision-making, and it will ensure we are compliant with relevant legislation and regulations.
- **Research Management System (RMS):** Following a comprehensive procurement exercise, a preferred supplier has been selected to deliver the core RMS, which focuses on the pre-award research funding process, including contracts. The Final Business Case has now been approved and, pending approval of the contract, implementation will take place throughout 2023, and roll out of phase one is planned for early 2024.
- **Identity and Access Management System (Okta):** LearnUpon, our online learning platform for staff, has been moved onto the Okta single sign on platform, which is part of our new Access and Identity Management System.
- **Unified Communications:** Following meetings with School and Divisional senior management teams, a network of change contacts is now in place, ready to respond to feedback and questions on the proposed modernisation of our telephony system.

Strategic Report (continued)

- **Cyber Security Programme:** As part of our continuous programme of ongoing improvements to cybersecurity, implementation of a key piece of software is continuing across the University IT estate, and over 3,000 Windows PCs and 100 servers have been installed remotely so far.

SUPPORTING OUR COMMUNITY

As with every year, a priority of Council, the University Executive Group (UEG) and the University Leadership Team (ULT) has been ensuring that our community of students, staff and the local community is collectively supported, particularly during challenging times as we have witnessed in the last two years. Outlined below are some examples of such support.

SUPPORTING OUR STUDENTS

- April 2022 saw the opening of the new £20 million Student Centre facility, designed with the input of our students, with the offer of support on a range of welfare issues with experienced advisors including:
 - concerns affecting study progress;
 - health and wellbeing issues;
 - money matters;
 - improving academic performance.
- Continued support and focus on financial hardship advice and support to students affected by the pandemic;
- Support for the Sussex Students' Union;
- Financial and wellbeing support for students impacted by the war in Ukraine.

SUPPORTING OUR STAFF

- One-off non-pensionable £2.4m payment for University, Sussex Estates & Facilities (SEF) and Chartwells staff for financial support owing to the higher cost of living impact.
- Support for all staff working at the University of Sussex to be paid at least the Voluntary Living Wage from 1 August 2022.
- An extended Organisational Development training and development offering to staff.
- Refreshed Equality, Diversity and Inclusion Strategy reflecting a number of developments.
- Ongoing bi-annual staff 'Pulse Surveys' with local action plans.
- Continued staff engagement events: Vice Chancellor's Open Forums, Professional Services Bigger Picture, Capital Programme and UEG engagement webinars; each with the opportunity for staff to engage and ask questions.

SUPPORTING THE UK AND LOCAL COMMUNITY

As well as supporting our students and staff during this challenging period, the University has continued to maximise its contribution to the national effort through various strands of work. This has included ongoing vital Covid-19-related research and the ongoing provision of the Covid-19 testing centre for symptomatic people in our local community.

Our ongoing collaborations and research fosters innovation, social entrepreneurship and economic development locally, regionally and internationally. We are supporting local services for children and refugees to help them reach their full potential and help to make sustainable development a reality.

Our efforts have also supported the community on a local level. We have continued to provide residential support where it has been needed, and medical support via Brighton and Sussex Medical School (BSMS), which is jointly run with the University of Brighton. Through the Medical School, we have helped many graduates, students and staff to fill much-needed roles in hospitals and the NHS.

FINANCIAL MANAGEMENT

The Size and Shape Programme described earlier has served to create an ongoing culture of strong financial management, fostered through the responses required from the pandemic over the last two years. The University has seen a gradual recovery in student recruitment, and returning residential and commercial income, combined with effective budgetary and cost control measures over the period. This has made the institution more financially resilient, with a focus on long term planning as part of the refreshed Academic Business Planning rounds.

The easing of the financial pressures seen through the pandemic have unfortunately been replaced with inflationary pressures in costs at an unprecedented level due to the war in Ukraine. The University therefore continues to assess the ongoing risks and opportunities that it faces, and execute short and medium-term financial measures as necessary to mitigate the financial impact.

SHORT-TERM FINANCIAL MEASURES

The Covid crisis measures Financial Review Guidelines issued to all budget holders in March 2020 continued to be applied by all budget-holders until December 2021 (with an eased version applied since January 2021) until such time that student recruitment levels could be ratified, and the benefits attributable to Size and Shape could be properly assessed. There were further savings to staff costs owing to vacancies in both academic and professional posts.

Strategic Report (continued)

The combined effect of these savings allowed the University to commit to short-term non-recurring tactical investment in Schools and Professional Services in the second half of the academic year. It further provided scope to offer the one-off non-pensionable payments to University, SEF and Chartwells staff detailed earlier.

The University will continue to monitor financial risks and opportunities present and react accordingly in deploying financial measures that help to mitigate the financial impact to performance and cash flow if the need arises.

MEDIUM-TERM FINANCIAL MEASURES

Beyond the current financial year, the greatest challenge facing the University is now in respect to spiralling inflationary pressures on staff costs, utility costs, and contractual costs linked to inflation, including project costs associated with the Capital Programme. The University is continuing to monitor this and assess the likely financial impact. There is also ongoing uncertainty surrounding student recruitment, however recent performance indicates a degree of ongoing recovery, particularly with respect to overseas students. Commercial income and residences have also shown signs of recovery, coupled with an improvement in Quality Research (QR) income due to our improved performance in REF 21.

There continues to be ongoing discussion with the University and unions with respect to pay, conditions and pensions with further risks of industrial action in the forthcoming academic year. The USS 2020 valuation was signed with an effective date of 1 October 2021. Under this valuation, the deficit recovery period has been extended by an additional 10 years to March 2038, as well as a small increase in past service contribution rates from the existing 6% of pensionable salaries to 6.3% from April 2022.

The combined past and future service costs as a result of the new deficit recovery plan are included in future budgets and forecasts for the University and do not pose high risk to the viability of the University, so long as the sector covenant remains strong and the recovery plan period remains valid.

As described earlier in the Strategic Report, the Size and Shape Programme has reflected School and Divisional plans and targets over a five-year time horizon, as the University seeks to rebalance the institution, making it more resilient and fit for purpose for the future. The medium-term financial plans reflect this and will be revisited as part of the Academic Business Planning in the New Year. Despite the headwinds described earlier, the combination of the plans underway and the ongoing recovery in income leave the University well placed to tackle the challenges faced.

The Capital Programme has also been reviewed in terms of its profiling and phasing over the next five years, so as to better represent the on-boarding and lifecycle of each major project.

This will continue to be reviewed with the ability to apply further re-phasing if the need arises to conserve cash flow in the medium term.

OUR STUDENTS

Sussex students receive an education that allows them to realise the futures that they choose, and the global pandemic has provided an even greater need for graduates to learn skills in resilience and world-readiness. Our aim is for Sussex graduates to be able to embrace opportunities and challenges so that they can make meaningful contributions in their own way. Our teaching is strengthened by internationally regarded research that challenges conventional discourse and offers inspiring and creative ways to solve global issues. This has been further demonstrated again in the past year and especially through the pandemic.

ROYAL CHARTER

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 public benefit statement – see the Corporate Governance section, on pages 15–23.

FINANCIAL STATEMENTS

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 separate and subsidiary legal entities. 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.

The University has a 20% interest in East Slope Residences Student Accommodation LLP in Partnership with Balfour Beatty Investments Ltd for the purpose of constructing and servicing Student Accommodation.

In addition, the University has an equal share in 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 Further and Higher Education SORP (SORP 2019).

The strategic report is drawn up in accordance with the Financial Reporting Council's (FRC) Guidance on Strategic Reporting.

Strategic Report (continued)

STRATEGY

OUR VISION

We recognised that, although we have reason to be very proud of our achievements over the past year, we need to continue do more to ensure we remain a competitive institution that is recognised for universal excellence in research, scholarship and education.

Our plan has been and continues to be to move away from reacting to challenges and towards pursuing a variety of new opportunities. These opportunities were laid out in our academic vision, which was presented to Council last year and has at its heart a commitment to investing in academic excellence.

OUR ACADEMIC VISION – INVESTING IN EXCELLENCE

Sussex will continue to prioritise its position as a broad-based institution with strength across the sciences, arts and humanities, and social sciences. We will do this by ongoing investment in excellence and by revisiting our approach to cross-subsidy. For example, traditionally we have invested when areas have grown, but we have not reduced spend when areas have contracted.

Cross-subsidy is important across academic disciplines, but its future must be framed around investing in successful academic areas that require support to continue their excellence.

This will, in turn, bring long-term benefits to our sustainability and ensure that we are better able to thrive in a highly competitive environment.

Heads of Schools each continue to develop detailed proposals for University investment and financial sustainability. Detailed below are some of the major projects that have fed into the Size and Shape Programme across Schools and Divisions.

PORTFOLIO REVIEW

Reviewing our portfolio of courses regularly is important to ensure that Sussex remains a top choice for applicants. The portfolio review process undertaken in 2020–21 aimed to support both effective student recruitment, in a challenging market, and a portfolio that supports a positive student experience.

In the past few years, our academic Schools have changed significantly in their relative size: some Schools have grown whereas others have shrunk. The portfolio review was helpful in identifying new opportunities, as well as challenges and changes in relation to sector demand. The benefits of the review included:

- i) a positive impact on student number growth;
- ii) pointing out areas of challenge where changes or enhancements need to be made;
- iii) work to underpin and inform the curriculum review; and
- iv) a reminder of good practice and areas that can be improved to further enhance practice.

Overall we expected our student numbers to be stronger after Size and Shape which has started to be the case in the next academic year. Performance in some Schools has not yet shown the desired levels of recovery, and therefore will continue to be closely monitored and managed.

ONE PROFESSIONAL SERVICE

The priority for our Professional Services function has been to ensure that we provide the best-in-class support for our academic endeavour and best value for money to our student community. We worked this year on the structure of our Professional Services to ensure that they support our academic mission.

In the Schools, we have been and are continuing to explore whether clustering services may be helpful and we are developing a consistent staffing and grading structure.

We are also seeking better efficiencies in procurement and reviewing technical support, to provide a more flexible and resilient service. We are hoping to conclude this work for the start of the next academic year.

Strategic Report (continued)

RESEARCH

Sussex 2025 still remains our ambition where we strive to achieve 'Research with Impact'.

The results of the Research Excellence Framework (REF) 2021 submission made in March 2021 were received in April 2022 with significant increases in our scores since REF 2014. 89% of Sussex research was scored as being 'world-leading' or 'internationally excellent', these being the two highest REF scores achievable. REF 2021 required universities to submit research outputs representing the work of all teaching and research staff with a significant level of responsibility for research. This is so important for Sussex as it recognises the reality of being a research-intensive university. Sussex research has produced Nobel Prize Winners, developed radical theories, and created important innovations. It has had extensive impact on business, government, the third sector, health and culture. During the year the Sussex collaborator company ReViral, a biopharmaceutical company developing novel antiviral therapeutics, was acquired by Pfizer for total consideration of up to US\$525 million. £1.6m was paid to Sussex for their investment in the company.

SUSTAINABILITY

This year is the second year since we launched our highly ambitious Sustainable Sussex strategy, which goes to the heart of our overall vision and challenges the University to reach net zero by 2035 (for direct and indirect carbon emissions), recycle 50% of waste by 2025, and create the UK's most biodiverse campus by setting aside up to half of our site for nature. The University is looking to build on existing sector-leading performance on key issues of sustainability, which includes having the largest on-campus solar farm of any University in the UK, becoming the first UK university to introduce an aerobic digester for food waste, and significantly reducing the use of disposable cups via an innovative hot drink pricing scheme.

Sussex has also been ranked third in the UK for sustainable institutions and 55th in the world for overall sustainability performance in the first ever QS Sustainability Rankings published in October 2022. These rankings indicate that Sussex is well on its way to achieving its vision to be one of the most sustainable universities in the world.

FINANCIAL REVIEW

The Group consolidated income and expenditure (including our share of joint venture income and expenditure, since Brighton and Sussex Medical School is a core part of our academic activities) and surplus/(deficit) retained in the Group for the year ended 31 July 2022 and the previous three years are summarised as follows:

	2021/22	2020/21	2019/20	2018/19
	£m	£m	£m	£m
Income	346.2	316.1	320.5	323.7
Expenditure	377.3	294.8	282.5	344.2
Surplus/(Deficit) for the year	(43.0)	22.6	38.3	(19.0)
Represented by:				
Non-Controlling Interest	0.9	0.8	0.6	0.8
(Deficit)/Surplus retained within the Group	(43.9)	21.8	37.7	(19.8)

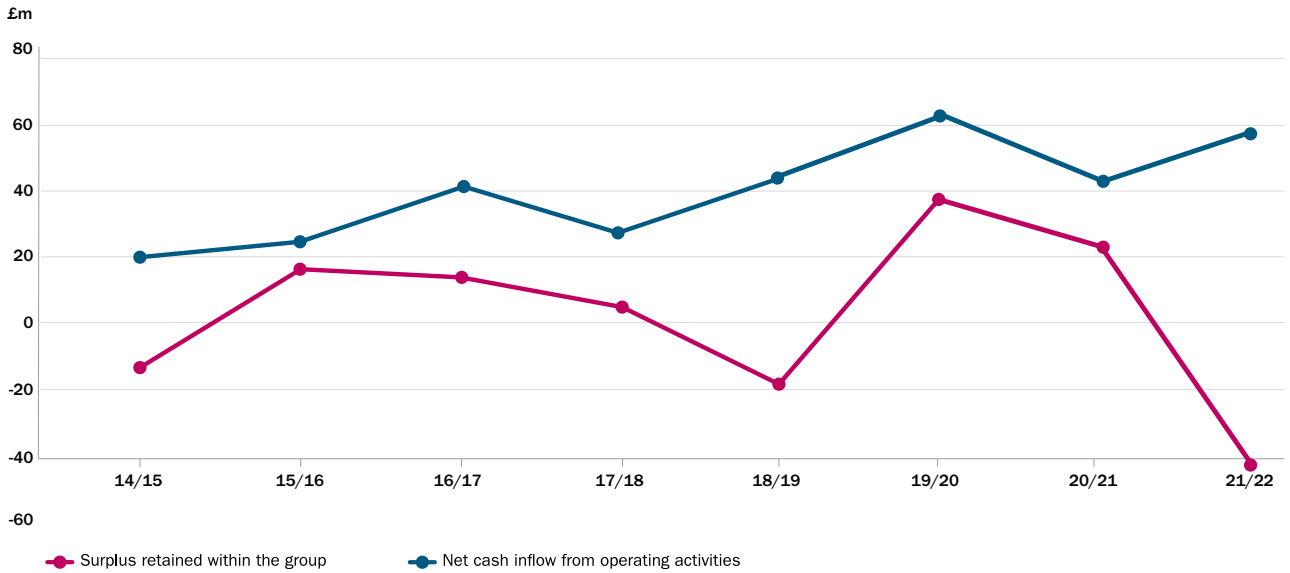
The University group recorded a deficit in 2021-22 of (£43.0m) compared to a surplus of £22.6m for 2020-21. These results include adjustments to recognise the University's funding obligations to the Universities Superannuation Scheme (USS). This generated a £62.1m charge in the current year as the obligation was remeasured under the existing valuation basis. A smaller credit of £1.6m was recognised in the prior year.

Other comprehensive income includes the £20.0m actuarial gain in respect of the USPAS pension scheme and an £11.9m mark-to-market loss in investments. These are unrealised gains/losses and subject to significant volatility year-on-year, therefore are excluded from analysis of the performance of the University's core activities.

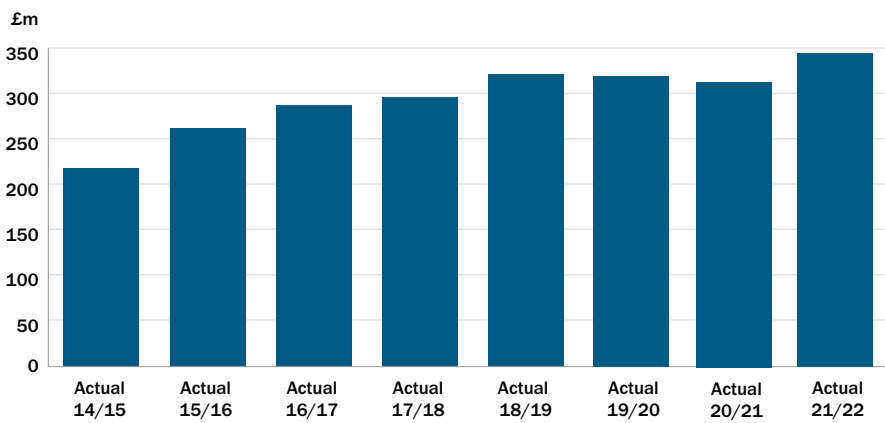
Since the Surplus/Deficit retained in the group is affected by volatile periodic improvements in pension valuations, the University considers net operating cashflow a more reliable ongoing measure of financial performance. Actual surpluses and net operating cash are shown below, demonstrating that cash performance has been 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 group recorded positive net operating cash of £57.2m in 2021-22 (£41.3m in 2020-21) and expects continuing positive cash generation in the next financial year.

FINANCIAL STATEMENTS 2021-22

SURPLUS/(DEFICIT) AND NET OPERATING CASH

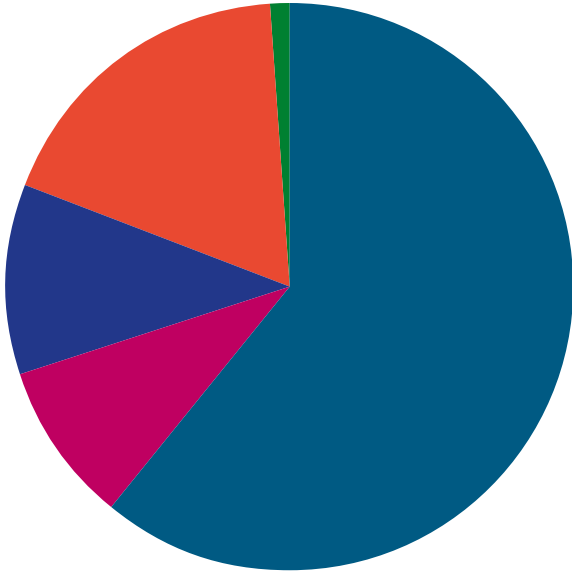


TURNOVER



Strategic Report (continued)

INCOME



The University group's total income in 2021-22 was £346.2m, representing an increase of 9.5% compared to the previous year (£316.1m) with the return of residences and other income to pre-Covid levels. Tuition fees continue to be the most significant element, making up 60% of total income.

Research contract income decreased slightly by £1.0m to £37.9m (2.5%) compared to the previous year (£38.9m). As highlighted earlier, other income increased significantly by £26.6m, or 78%, due to the recovery of residences to pre-pandemic levels with a strong student presence on campus and the gradual improvements in commercial activities such as catering, sports and leisure, albeit at a more gradual rate.

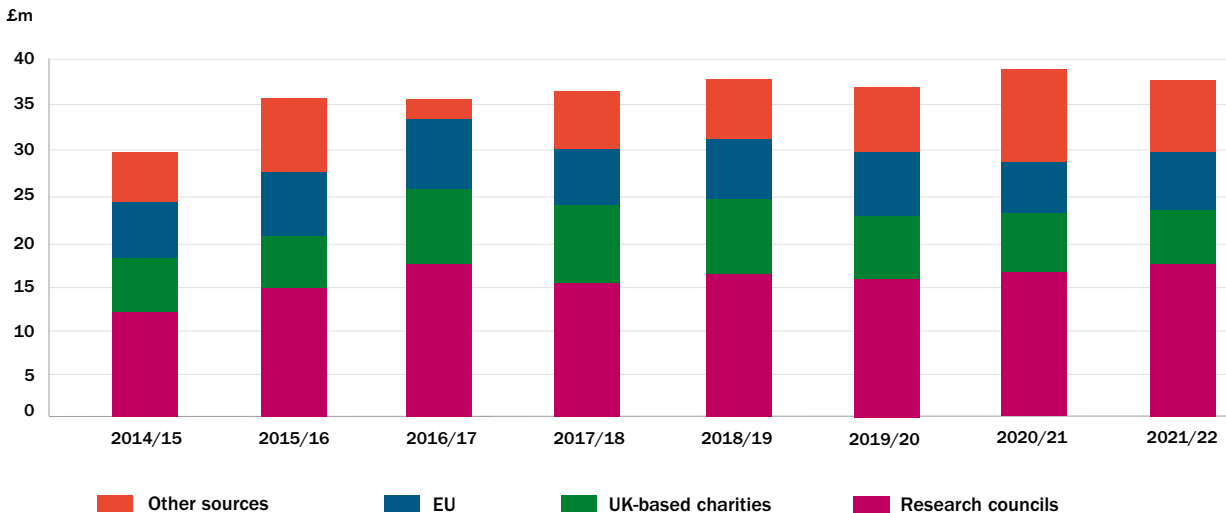
Tuition income rose by 3.3% reflecting an uplift in the number of students by 1.1% to 18,500 FTE from 18,300 in 2020-21 and the remaining increase on account of student mix. The University saw a slight decline in Home students in particular with undergraduates, and this was offset with a recovery in international students – particularly in numbers of postgraduate taught students.

The recurrent grants that the University receives from the Office for Students, Research England and Department for Education reduced 11.0% from last year to £27.6m due to a reduced capture of Capital Grants.

2021/2022

- Tuition Fees and education contracts
- Funding Body Grants
- Research grants and contracts
- Residences and other
- Donations and endowments

RESEARCH INCOME



Strategic Report (continued)

REF2021 saw an impressive overall performance from Sussex, with an improvement across the board since REF2014 in both absolute and relative terms. However, there were variations in performance by Unit of Assessment (UoA), with some stronger performances in the Social Sciences and Humanities (REF Main Panels C and D) than in the Sciences and Medicine (REF Main Panels A and B). Our REF performance for impact was impressive, with two UoAs achieving 100 percent 4* outcomes in this element of the exercise. Given the overall positive outcomes, an increase in QR funding from Research England of nearly £4 million per annum will be achieved from 2022/23.

In terms of research funding, the value of awards increased in 2021/22 to £42.9m from £37m the previous year, despite the number of awards declining from 258 to 230. Of our awards, 21 were valued at over £0.5m, with seven of them over £1m.

Some of the highest value awards secured during the year were:

- £4.1m ESRC 'Centre for Inclusive Trade Policy' led by Professor Alan Winters from Economics in the Business School;
- £1.9m EU grant entitled 'Computational Neurophenomenology: Explaining Conscious Experiences in terms of Neural Mechanisms' led by Professor Anil Seth from Informatics in Engineering and Informatics;
- £6.8m NIHR grant 'NIHR Global Health Research Unit on Neglected Tropical Diseases at Brighton and Sussex Medical School (Phase 2)' led by Professor Melanie Newport from GHI in the Medical School;
- £1.4m STFC award 'STFC 2021 Particle Physics Review of Experiments and Experimental Consolidated Grant' led by Professor Fabrizio Salvatore from Physics & Astronomy in MPS;
- £2.2m MRC award entitled 'Mechanisms of DNA Single-Strand Break-Induced Genetic Disease and Opportunities for Therapeutic Intervention' led by Professor Keith Caldecott in Genome, in Life Sciences.

During this year we also received a prestigious fellowship award:

- Dr Christian Byrnes from Physics in MPS received an STFC Ernest Rutherford Fellowship worth £0.5m.

Research income dipped in 2021/22 from £38.9m the previous year to £37.9m, a consequence of the lower value of awards seen during the Covid-affected 2020/21 financial year.

Whilst research performance remains reasonably strong, a reluctance to apply to calls from Horizon Europe continues to be a concern despite the UK government's decision to extend financial support to successful applicants. More than 17 percent of our current research income is still received from the European Commission.

REVENUE EXPENDITURE

Total expenditure increased by £82.5m from 2020-21 to £377.3m. This is primarily due to a significant increase in the pension adjustment made in the year of £62.1m and a resumption in pre-Covid levels of 'other operating expenditure.' The expenditure increase excluding pension adjustment was £18.8m, representing an underlying increase of 6.4% from 2020-21.

The University's cost base includes total staff costs of £229.8m. Within staff costs there is a £62.1m charge relating to USS pensions adjustment detailed earlier, reflecting the recovery plan liabilities in the Universities Superannuation Scheme (USS). This year-end's adjustment reflects the adoption of the USS March 2020 valuation in April 2022 which includes an uplift in employer's contribution. The underlying staff costs before the pension adjustment are £167.7m and have increased 2.4% from last year, reflecting a combination of the cost-of-living inflation, uplifts in pension contributions, with partial mitigation through staff reduction due to the voluntary severance scheme, and staff vacancies due to delays in recruitment.

Other operating expenses increased by £11.9m (11.9%) compared to last year, to a cost of £100.1m. 2020-21 reflected the full year effect of the benefit of the financial review guidelines, introduced in March 2020, with the aim of reducing the level of discretionary expenditure in the University's response to the pandemic. These guidelines were lifted in January 2022, resulting in a resumption in spend in areas such as travel, training, and consumables. Other operating expenditure also saw a £3.1m increase in utility and service costs as a result of rises in global energy prices. Depreciation cost also increased by £3.4m to £27.7m reflecting the increased spend of capital programmes and projects that were temporarily frozen during the pandemic.

CAPITAL INVESTMENT

The previous £300m envelope of investment bids that had been approved and reduced in March 2020 was reduced to £200m in March 2021 given the volatility arising from the pandemic. This reflects 38 projects in total forming the basis of the £200m Capital Programme over the next five years. This has been endorsed by Council. The aim is still to meet the prioritised investment needs of the University in order to fulfil the key aims of Sussex 2025. The investment programme projects that were paused during Covid to allow for greater certainty over student recruitment numbers will now resume in the 2021-22 financial year and ongoing.

Strategic Report (continued)

The University is based at its campus in Falmer and during the year spent £27.3m as part of ongoing investment in our strategic Capital Programme. This includes £5.9m spend on long term maintenance projects and other operating expenditure items, and £21.4m spend on major capital and infrastructure projects. Significant projects in progress during 2021-22 include: the remaining Student Centre fit-out; West Slope residences project planning, design and early enabling; repairs to the Library roof; refurbishment of the exterior of Falmer House; planning and design of upgrades to the Wifi network; general infrastructure works (below ground); maintenance and upgrades to buildings on campus and teaching spaces, along with IT upgrades to further support students and hybrid working for staff.

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 and was revised when Council agreed a new borrowing limit of £200m in March 2017. Higher Education Funding Council for England (HEFCE) permission to increase borrowings was received, as required under the accounts direction at the time. HEFCE was replaced in 2018 by UK Research and Innovation and Office for Students.

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. Around half of these borrowings were arranged on an interest-only non-amortising basis. 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 private placement has been arranged so that no more than £50m of long-term non-amortising debt matures in any five-year period from 2039 onwards.

Over recent years the University has managed its finances to consistently generate net operating cash surpluses. A net operating cash inflow of £57.2m (£41.3m in 2020-21) was achieved, which funded the year's capital investment. Taking the balance sheet items "Investments" and "Cash and cash equivalents" together (as current asset investments are mainly short fixed-term deposits) the University's available funds have increased by £72.6m this year.

The University holds £265.6m in current asset investments, which include £15.3m of investments held in support of restricted endowment reserves. The remaining £250.3m is held in cash and investments which are segmented based on our predicted cashflows with approximately 48% held for use within one year (short term) and 52% held for investment of between one and five years (medium term). These durations reflect our intention to hold these investments; however they all have liquidity of short duration.

The University has a Socially Responsible Investment Policy and has appointed an appropriate investment manager to manage its non-cash investments in accordance with this policy.

PENSIONS

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

A total pension provision of £90.6m is recognised on the consolidated balance sheet made up of a £97.0m provision in respect of the Universities Superannuation Scheme (USS) and an asset of £6.3m in respect of the University of Sussex Pension and Assurance Scheme (USPAS).

The USPAS scheme is a defined benefit scheme and so the accrued cost of the scheme obligation is accounted for, against the recognisable assets in the year. The USPAS scheme was closed to new entrants on 1 April 2009. FRS102 valuation methods show a surplus in this scheme at 31 July 2022 and an asset of £6.3m is reflected in these accounts given that the scheme surplus would be ultimately returned to the University.

The USS is a defined benefit multi-employer scheme with no basis to accurately identify our share of the assets and liabilities, so we do not make a balance sheet provision for our share of the deficit. However, the University provides for an obligation that is the net present value of future payments that will be made into the scheme under the deficit recovery plan.

The March 2020 valuation and leg 1 of the associated statement of contributions was agreed by the Joint Negotiating Committee (JNC) in April 2022, resulting in the need for the University to pay deficit recovery contributions of 6.3% of the pensionable payroll for 17 years ending in March 2038. In cash terms this is around £6.0m per annum, rising to £8.2m. The revised provision for the deficit obligation under this valuation resulted in an increase of £62.1m on the 2020-21 year-end provision. The deficit recovery payments form part of combined past and future service contributions which are budgeted and are only marginally above current combined employers contributions. Current market conditions would indicate a lower level of deficit which will hopefully result in an improvement in funding position in the next valuation as at 31 March 2023. This is unlikely to be reflected in the accounts before 2023/24.

Strategic Report (continued)

The University of Sussex Pension and Savings Scheme (USPSS) is 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 decreased by £23.8m to £381.3m at the balance sheet date 31 July 2022 compared to £405.1m in 2021, reflecting the deficit due to the USS actuarial loss for the year.

Reserves represent the accumulated accounting surpluses and deficits that the University has attained over many years through its income and expenditure account. This is different from its cash position which will be considerably lower, partly due to cash spent on capital expenditure. £15.3m of these reserves also represent endowment reserves, which can only be utilised for specific purposes in accordance with the corresponding endowment agreement.

TRADE UNION FACILITY TIME

The number of University employees who were union officials in the year to 31 March 2022 was 35 (33.4 FTE) compared to 30 (FTE 27.0) last year. All of these employees spent 50% or less of their time working on facility time. The percentage of the University's total pay bill spent on paying union officials for facility time was 0.10% compared to 0.07% last year. The percentage of time spent on paid trade union activities as a percentage of total paid facility time hours was 0%.

ENVIRONMENTAL REPORTING

In line with recent reporting requirements, this is the third year that the University, has provided information on greenhouse gas (GHG) emissions as part of its financial statements. The University, as part of its sustainability programme, actively seeks to manage and reduce its carbon footprint via CO₂ emissions in all its activities, including energy consumption and the use of fuel for transportation.

CO₂ emissions were 9,085 tCO₂ for Gas compared to 8,721 last year and 0 tCO₂ for Electricity compared to 0 last year*. Energy consumption was 49.8 mkWh for Gas (47.4 last year) and 13.3 mkWh for Electricity (12.1 last year).

Movements from the prior year figures are due to a higher post Covid population of students on site and a higher utilisation of gas-powered combined heat and power to generate heat and electricity for the campus.

*We have used Market based reporting to report our carbon emissions for the current and prior year figures (as opposed to location based reporting used previously). This reflects the carbon benefits of our procurement strategy.

FUTURE OUTLOOK

The end of the 2021-22 academic year saw the first series of in-person graduations back at the Brighton Centre with graduands from previous years in attendance who had been denied this previously due to the pandemic. This, coupled with our ongoing 60th anniversary celebrations, made it a summer to remember very fondly.

The start of the new 2022-23 academic year has been buoyant and positive in terms of student registration which is set to exceed the budgeted targets set across most Schools. There are also high levels of occupancy in on-campus residences that bode well for residences and other income versus target. The positive REF21 announcements in April 2022 have also led to confirmations from UKRI of an increase in Quality Research ('QR') income allocated to the University that will translate into an increase of £4.5m favourable to plan. The combination of all of the above are promising in terms of total income for the next financial year and for future income growth beyond.

Unfortunately, this academic year is also likely to see further increases in expenditure owing to the combined impact of high levels of inflation already reaching 10% in the UK, utility costs with escalating global energy prices, and increases in interest rates that are expected to rise yet further over the coming year. This will continue to be closely monitored with corrective action being taken as is deemed necessary.

Rising costs also pose challenges to our University community, particularly our students. In response to this, we have created a Cost of Living Task Force. This group will seek the best ways to support our students, creating more resources in the form of targeted aid, hardship funding, and increases to student bursaries. Our staff have also clearly been affected and the University agreed to make a one-off non-pensionable cost of living payment of £2.4m in the summer to provide support during this difficult period.

As part of the budgeting process and the two-year forecast up to 31 July 2024, we have considered the likely financial outturn for the University over this period. Our forecast has been based upon the latest emerging trends and student registration data and has been stress tested allowing for cost uplifts highlighted earlier and any deterioration in performance.

Strategic Report (continued)

Our projected outcomes clearly demonstrate the University's ability to meet its future financial obligations and, in our judgement, to continue operating successfully as a going concern. We will continue to monitor the risks and opportunities facing the University and respond accordingly to these with management plans to ensure that we continue to have a financially secure institution. To this aim, the University will continue to target consistent net operating cash surpluses, which will become more challenging with steep increases in costs not met by frozen home undergraduate fees.

The early actions taken in the current financial year with the delivery of Size and Shape and the rebalancing of our University have served to make us a better aligned organisation, allowing for investment in growth areas. This has made us more resilient in weathering the headwinds that face the UK and HEI sector. The roll-out of the £200m Capital Programme will progress at pace in order to realise the benefits to our academic and research endeavour and in fulfilling the ambitions of Sussex 2025.

The University is continually seeking to offer better value for money to students and to the taxpayer. We also continue to focus on increasing core and non-core income, reviewing costs across the University and making investments in the student experience. We continue to emphasise teaching innovation and investing in a number of high value but relatively low-cost investments in technology enhanced learning and student engagement technologies, and we have a coherent roadmap onward to 2025.

Our Interim Vice-Chancellor David Maguire left at the end of this academic year in July 2022 with the new Vice-Chancellor Sasha Roseneil joining us from the 1 August 2022. Council would like to take the opportunity to thank David for his support and achievements throughout his interim appointment, especially for the seamless transition with his predecessor Adam Tickell, and seeing through the Size and Shape Programme to its conclusion before his departure.

Despite the challenges facing the University, Council remains confident in our future financial position given the actions taken as part of Size and Shape, our clear and targeted investment programme and the ongoing choices that will be made in the coming years in order to meet our long-term organisational objectives. We would like to take the opportunity to recognise the dedicated commitment and support of our staff, who have demonstrated the essence of the University's values at this difficult time, and to thank them accordingly. We also want to recognise the challenges faced by our students and the amazing tenacity and resilience they continue to display.



Dame Denise Holt
Chair of Council



Professor Sasha Roseneil
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 published in September 2020, and the Office for Students' (OfS's) Public Interest Governance Principles. Its purpose is to help the reader of the financial statements understand how the principles have been applied and, in line with the OfS's Accounts Direction, sets out a description of the University's corporate governance arrangements and a statement of the responsibilities of the governing body. This statement applies to the financial year to 31 July 2022 and the period up to the date of approval of the financial statements.

ADEQUACY AND EFFECTIVENESS OF CORPORATE GOVERNANCE ARRANGEMENTS

The adequacy and effectiveness of the University's corporate governance arrangements are ensured through a variety of mechanisms, including regular effectiveness reviews both of Council and its Committees both internally and with external input. An independent Governance Effectiveness Review was undertaken by Halpin from March-July 2021. Council received ongoing updates throughout the process and the final review was presented to and endorsed by Council in September 2021. The recommendations from the review have been implemented throughout the academic year and overseen by a Council established working group. The Audit and Risk Committee's (ARC) effectiveness was reviewed by Halpin with a report presented in March 2020. Additionally, the University continues to assess its compliance against its chosen Code of Governance, the CUC Code, and the Halpin review has assessed the University's compliance with the new code published in September 2020. The membership of Council includes 15 independent non staff or student members who are appointed based on their skills and experience via a thorough recruitment process; this ensures that a wide range of skills and diversity contribute to the decision making processes. Formal minutes are taken of all Council and sub-committee meetings to ensure that decision making is recorded appropriately and that decisions are made in line with the University's Scheme of Delegation.

TRANSPARENCY OF CORPORATE GOVERNANCE ARRANGEMENTS

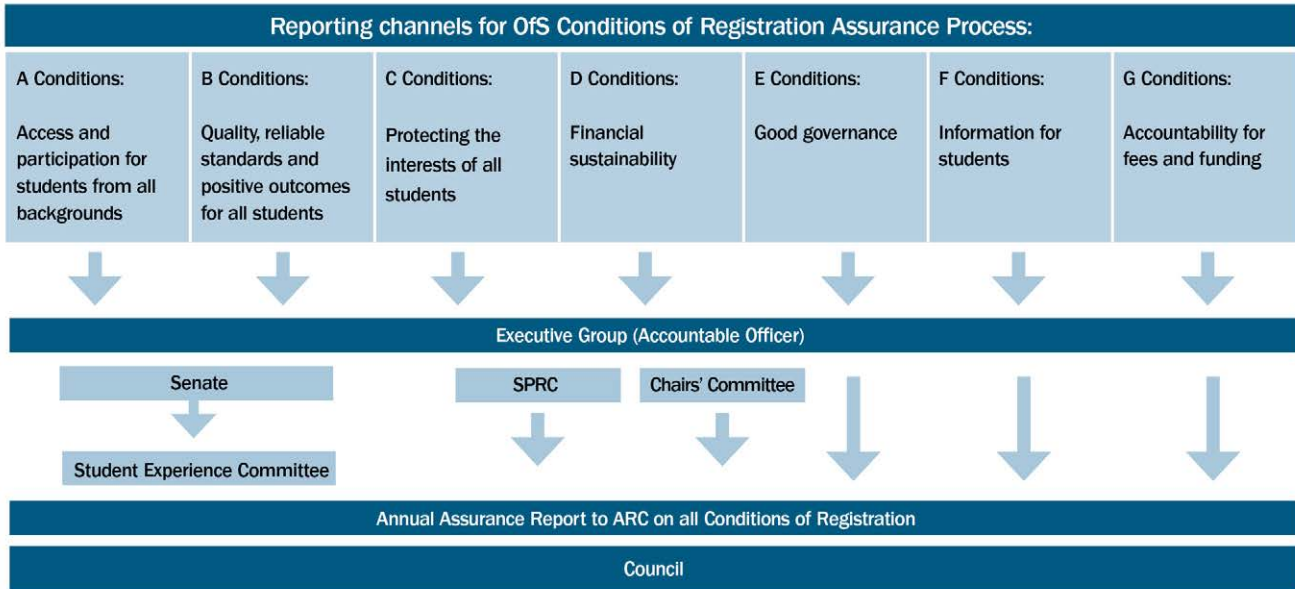
The University is committed to transparency regarding its governance arrangements and ensures this through publication of governing documents including Terms of Reference and composition for Committees, publication of Council and Committee papers where practicable, and publication of approved Council minutes to the University community including all students and staff. The Chair of Council provides an update to all staff following each full meeting of Council and at other relevant points to ensure that decisions of Council are communicated clearly and transparently as appropriate.

OVERSIGHT OF STATUTORY AND OTHER REGULATORY RESPONSIBILITIES

In September 2018, the University was formally entered in the Register for English Higher Education providers held by the Office for Students and, following the end of the Transition Period, has been subject to the ongoing Conditions of Registration, including the Public Interest Governance Principles. Assurance of compliance against each Condition is considered on a rolling basis, with an annual assurance report presented to ARC and Council with assurance from the Committee or person with responsibility for oversight of each area. Additionally, during 2021-22 and to the date of signing the financial statements Council and its sub-committees have received regular updates on the changing regulatory environment.

Corporate Governance (continued)

OFS CONDITIONS OF REGISTRATION



In addition to the OfS's Conditions of Registration the University is subject to the OfS Terms and Conditions of Funding and other regulation including from the Health and Safety Executive; the Home Office (with regard to both Visas and Licences); the Human Tissue Authority; and the Competition and Markets Authority (CMA). Senior University Executives have responsibility as Licence Holders in each of these areas, with any compliance issues flagged with ARC as appropriate.

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 (known as the Sussex Annual Forum) – 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 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; Provost; up to 15 independent members appointed by Council; three members of 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 2021-22 had seven committees and one joint committee with the University of Brighton.

The matters specially reserved to Council for decision are determined:

1. by Council's own decision as set out in the Regulations;
2. under the Terms and Conditions of Research England Grant (from August 2021); and
3. under the Terms and Conditions for Higher Education Institutions published by the Office for Students (from July 2021).

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 2021-22 a Chair and Vice-Chair were in place who were appointed from amongst the independent members. The University is compliant with the key recommendations of the Committee of University Chairs (CUC) Code of Governance and the Office for Students' Public Interest Governance Principles.

Corporate Governance (continued)

MEMBERSHIP OF COUNCIL AND ATTENDANCE

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. Those members listed below were members of Council during 2021-22 or have joined Council between the year-end and the date of the financial statements being signed.

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 2021-22 at sessions of Council is as set out below. There were four full meetings of Council during the 2021-22 academic year, in September 2021, November 2021, April 2022 and July 2022. There were two additional virtual meetings held in January 2022 and May 2022 regarding single agenda items. An informal briefing of Council was held in February 2022.

Name	Status	Start date on council	Term	Current term end date	Attendance					
					24 Sept 21	26 Nov 21	28 Jan 22	1 Apr 22	6 May 22	8 Jul 22
Dame Denise Holt	Independent (Chair)	1 Aug 2017	2	31 Jul 2023	✓	✓	✓	✓	✓	✓
Kirstin Baker CBE	Independent	1 Aug 2014	3	31 Jul 2023	✓	✓	✓	✓	✓	✓
David Benson	Independent	12 Mar 2020	1	11 Mar 2023	A	-	-	-	-	-
Tony Bullman	Independent	1 Aug 2018	2	31 Jul 2024	✓	✓	✓	✓	✓	✓
Professor Stephen Caddick	Independent	21 Mar 2018	2	20 Mar 2023	✓	✓	A	✓	✓	✓
David Curley	Independent	1 Aug 2018	2	31 Jul 2024	✓	✓	✓	✓	✓	✓
Mark Devlin	Independent	1 Oct 2017	2	31 Jul 2023	✓	✓	✓	✓	✓	✓
Adrienne Fresko CBE	Independent	1 Aug 2013	3	31 Jul 2022	✓	✓	✓	✓	✓	✓
Katie Ghose	Independent	24 Sep 2015	3	31 Jul 2022	✓	✓	A	✓	✓	✓
Rosemary Martin	Independent	1 Jan 2021	1	31 Dec 2024	✓	✓	✓	✓	✓	✓
Professor Paul O'Prey	Independent	1 Aug 2021	1	31 Jul 2024	A	✓	✓	✓	A	A
Jane Parsons	Independent	1 Aug 2016	2	31 Jul 2022	✓	✓	✓	✓	A	✓
Aleema Shivji	Independent	15 Nov 2018	2	14 Nov 2024	✓	✓	✓	✓	✓	A
Nick Watson	Independent	12 Mar 2020	1	11 Mar 2023	✓	✓	✓	A	✓	✓
Richard Zaltzman	Independent	26 Mar 2020	1	25 Mar 2023	✓	✓	✓	✓	✓	✓

Corporate Governance (continued)

Name	Status	Start date on council	Term	Current term end date	Attendance					
					24-Sept 21	26 Nov 21	28-Jan 22	1-Apr 22	6-May 22	8-Jul 22
Professor Adam Tickell	Ex-officio (Vice-Chancellor)	1 Sep 2016		31 Oct 2021	✓	-	-	-	-	-
Professor David Maguire	Ex-officio (Interim Vice-Chancellor)	1 Nov 2021		31 July 2022	✓	✓	✓	✓	✓	✓
Professor Rachel Mills	Ex-officio (Provost)	12 Jul 2021		31 July 2022	✓	✓	✓	✓	A	✓
Nehaal Bajwa	Ex-officio (USSU)	23 Jul 2021		23 Jul 2022	✓	✓	A	✓	A	✓
Albertus Schoeman	Ex-officio (Postgraduate student)	1 Jan 2020		31 Dec 2021	✓	✓	-	-	-	-
Professor Sara Crangle	Elected by Senate	7 Sep 2020		31 Jul 2023	A	A	✓	✓	✓	✓
Dr Paul Gilbert	Elected by Senate	1 Aug 2021		31 Jul 2023	✓	✓	✓	✓	✓	✓
Professor Steven McGuire	Elected by Senate	1 Jan 2016		31 Dec 2021	✓	✓	-	-	✓	-
Professor Jo Moran-Ellis	Elected by Senate	1 Jan 2022		31 Dec 2025	-	-	✓	✓	✓	✓
Max O'Donnell-Savage	Elected by Professional Services Staff	1 Aug 2020		31 Jul 2023	A	✓	A	✓	✓	✓
Professor Charlotte Skeet	Elected by academic staff	1 Aug 2021		31 Jul 2024	✓	✓	✓	✓	A	✓
Professor Gerhard Wolf	Elected by academic staff	1 Aug 2019		31 Jul 2022	✓	✓	✓	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. Court did not meet this year due to the Covid-19 pandemic.

COMMITTEES OF COUNCIL

The committee structure of Council, as implemented from 1 August 2020, was in place through the 2021-22 year and to date.

COMMITTEE STRUCTURE IN OPERATION FROM AUGUST 2020

Audit and Risk Committee (ARC) 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, and a staff member of Council. It may co-opt up to two other independent members from outside of Council with financial, accounting or audit experience; there were no co-opted members during 2021-22. Although Senior Executives attend meetings of the Audit and Risk Committee as necessary, they are not members.

The Chair has full and direct access to both internal and external auditors throughout the year. In 2021-22 up until the approval of these statements, ARC met six times for planned meetings. ARC held one additional meeting during the year to review the draft internal audit programme for 2022-23 and the proposed tender process for the University's tax audit.

Strategic Performance and Resources Committee (SPRC) has 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 USSU Council Representative and two staff members of Council. In 2021-22 SPRC met four times.

Capital Programmes Committee (CPC) was set up in August 2018 to provide oversight and assurance of those significant projects above the threshold requiring Council approval. Its membership comprises a Chair who is an independent member of Council and member of SPRC, two other independent members of Council, a co-opted independent member (position vacant during 2021-22), professional services representative on Council, an academic member of Council and the Vice-Chancellor. In 2021-22 CPC met three times. One informal briefing was held to provide an opportunity for a deep dive into a significant capital project.

The University has two separate Remuneration Committees, Remuneration Committee (A) and Remuneration Committee (B).

Remuneration Committee (A) is solely to determine, review and report on the remuneration of the Vice-Chancellor.

Remuneration Committee (B) determines the principles and strategy for the reward of all staff excluding the Vice-Chancellor. It also determines the remuneration of the Provost, Pro-Vice-Chancellors, Chief Operating Officer and Secretary and the framework for the remuneration of the broader University Leadership Team and Professoriate. Both Committees are chaired by an independent member of Council who is not chair of any other committee.

The membership of both Committees includes the Chair of Council, the Chair of Strategic Performance and Resources Committee and the Chair of Audit and Risk Committee. In 2021-22 it was agreed to expand the membership to also include the Vice-Chair of Council. The Vice-Chancellor is not a member of either Remuneration Committee and only attends meetings of Remuneration Committee (B) regarding staff pay. In 2021-22 Remuneration Committee A met four times, and Remuneration Committee B met four times.

Student Experience Committee (SEC) was set up in August 2018 to apply a student-focused filter to the work of the University and to reflect this back to Council, and particularly to ensure that the voices of students from all backgrounds and experiences are heard and acknowledged. Within its remit SEC also monitors the performance against the Access and Participation Plan targets as agreed with the OfS.

Its membership comprises a Chair from amongst the independent members of Council; at least two other independent members of Council; both student members of Council; one staff member of Council; and the Vice-Chancellor. In 2021-22 SEC met four times.

Corporate Governance (continued)

Chairs' Committee was set up in August 2018 to fulfil the role of a Nominations Committee and to coordinate the activities of Council sub-committees. It is chaired by the Chair of Council and membership comprises all Council Committee Chairs and the Vice-Chancellor, with an additional co-opted independent member of Council who has responsibility for the fundraising link between Council and the University. In 2021-22 and to the date of signing these financial statements Chairs' Committee met seven times.

Brighton and Sussex Medical School Joint Board remained in place with changes to its remit and membership agreed by the Universities of both Sussex and Brighton in December 2017.

The Joint Board is responsible to the Board of Governors of the University of Brighton and Council of the University of Sussex for, amongst other matters, determining the strategic objectives for the Medical School and monitoring performance against these, as well oversight of the academic activities of the School and the administration of students via the Board's sub-committees, and oversight of an annual revenue and capital budget in the context of a five-year plan.

SUB-COMMITTEES REPORTING TO THE UNIVERSITY EXECUTIVE GROUP

People, Culture and Inclusion Committee; Health, Safety and Environment Committee; Sustainability Committee and Inclusive Sussex Programme Board were management committees reporting to the University Executive Group during 2021-22.

VICE-CHANCELLOR

The Vice-Chancellor, appointed by Council after consultation with Senate, exercises management supervision of the University.

Under the Terms and Conditions for Higher Education Institutions published by the Office for Students and the Terms and Conditions of Research England Grant the Vice-Chancellor is the Accountable Officer of the University.

In September 2021, Council approved that David Maguire, Interim Vice-Chancellor, would become the University's accountable officer from 1 November 2021. In January 2022, Council appointed Sasha Roseneil as the substantive Vice-Chancellor and Accountable Officer from 1 August 2022.

PUBLIC FUNDING

- The University is in receipt of public funding from the OfS; UK Research and Innovation, Department for Education (DfE) and the Education and Skills Funding Agency. To ensure regularity and propriety in the use of this public funding, Council has taken reasonable steps, through its senior officers and Audit and Risk Committee to:
 - ensure that funds from the OfS are used only for the purposes for which they have been given and in accordance with the terms and conditions of funding for higher education institutions issued by the OfS and the terms and conditions of Research England Grant;
 - ensure that funds from the National College for Teaching and Leadership – and DfE from 1 April 2018 – are used only for the purposes for which they have been given and in accordance with the Funding Agreement with the DfE and any other conditions which the DfE 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 in line with its Value for Money Policies and processes; and
 - ensure that value for money considerations are embedded in all decision-making processes by strengthening the Terms of Reference for all Council Committees in 2020, making the focus on value for money in decision making an explicit role.

DISCLOSURES AS AN EXEMPT CHARITY

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 Office for Students (since 1 April 2018), is the principal regulator of English higher education institutions that are exempt charities and thus for the University of Sussex.

Corporate Governance (continued)

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.

The objectives 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 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 benefits 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 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.

INCIDENTAL PRIVATE BENEFITS

The University is aware that certain activities may confer private benefit on employees (other than their core employment remuneration), especially in relation to consultancy. 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 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 the University and the academic consultant beyond this limit and is such that private benefit conferred is incidental to the public benefit of our education and research mission.

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 it in the Charter and Statutes and the Terms and Conditions for Higher Education Institutions published by the Office for Students and the Terms and Conditions of Research England Grant. This statement of internal control relates to the University's arrangements for the prevention and detection of corruption, fraud, bribery and other irregularities for the year ended 31 July 2022 and to the date of approval of the audited financial statements.

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.

The University has a suite of policies in place to ensure early detection of corruption, bribery, fraud and other irregularities.

Corporate Governance (continued)

A Register of Members' Interests is maintained by the Chief Operating Officer and Secretary, which includes details of independent members of Council, and of senior officers and members of staff who have significant financial authority or access to privileged information. Council members' Register of Interests is published on the University's website. All staff are required to declare relevant conflicts of interest and recuse themselves from decision making processes when appropriate.

Staff are also required to declare hospitality and gifts both given and received with a value over £100, and to seek approval before doing so, and a central Register is maintained by the Governance Office.

A central Raising Concerns process allows for all concerns, financial or otherwise, to be raised and investigated in line with the University's Public Interest Disclosure Policy. This includes routes for investigation into senior staff without including them in the whistleblowing process.

The Financial Regulations; Anti Bribery-Policy; Anti Money-Laundering Policy; Donations Policy; and Counter Fraud Policy are all reviewed on a regular basis to ensure they continue to allow the University to uphold all relevant laws and its zero tolerance policy towards fraud, bribery and dishonesty in its transactions. All instances of fraud are reported to the Audit and Risk Committee.

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.

It is also informed by the Audit and Risk 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 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 to ensure the adequacy and effectiveness of arrangements for risk management:

- Council meets at least three times throughout the year to consider the plans and strategic direction of the University.
- Council requires regular reports from Senior Officers 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 and Risk Committee concerning issues of risk, internal controls and their effectiveness, and receives copies of the minutes of all Audit and Risk Committee meetings. The Audit and Risk Committee meets at least 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 internal control framework and audit programme approved by Audit and Risk Committee is based on assessment of risk including an evaluation of the likelihood and impact of risks which could crystallise. 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. The risk management framework considers business, operational, compliance and financial risk. It operates at multiple levels with significant risks and/or themes being escalated to the Institutional Risk Register. Reports are provided to Audit and Risk 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.
- Audit and Risk Committee annually reviews the University's risk tolerance and appetite statement, which is approved by Council, to ensure that it remains relevant and appropriate to the current University and sector context.

Corporate Governance (continued)

- 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 in each cycle of business, with this review informing the Institutional Risk Register (and status of risks contained therein).
- The Institutional Risk Register is reviewed by University Executive Group monthly prior to submission to Audit and Risk Committee. Members of UEG use their knowledge of the University and the external environment to validate the Register.
- A suite of key performance indicators has been developed to enable Council's 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.

ROLE OF INTERNAL AND EXTERNAL AUDIT

Through the internal audit programme approved by Audit and Risk Committee, the University is able to gain assurance on the internal control environment and its performance in the delivery of value for money. The internal auditors' annual report includes an opinion on the adequacy and effectiveness of value for money arrangements, and through the grading of other internal reports provides assurance on other internal control issues. The external auditors, in their audit report included in these financial statements and its management letter and other reports, is required to consider whether the information provided, including that relating to the internal control environment, is materially inconsistent with their knowledge obtained during the course of the audit or otherwise.

INTERNAL CONTROL WEAKNESSES OR FAILURES

During the year ended 31 July 2022 and to the date of signing the financial statements, no significant internal control weaknesses or failures have been identified.

Council acknowledges that it is responsible for ensuring that a sound system of internal control is maintained, and that it has reviewed the effectiveness of these arrangements as set out above, informed by the work of the internal auditors and senior managers in the University who have responsibility for the development and maintenance of the internal control framework, and by the comments made by the external auditor in its management letter and other reports.



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 2019, other relevant accounting and financial reporting standards and within the Terms and Conditions for Higher Education Institutions agreed between the OfS and the University's Council.

Council, through its senior officers and the Strategic Performance and Resources and Audit and Risk 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.

In making an assessment of the University's ability to meet its future financial obligations and to continue operating effectively as a going concern, the University has reviewed the following:

- A full financial forecast for the next two financial years to 31 July 2024, including Income & Expenditure, Balance Sheet and Cash Flow.
- Future student number forecasts and scenarios based upon latest available data sources.
- The financial risks and opportunities facing the University.
- Stress testing on future baseline cash-flows.
- The ability to meet future covenants.

Given the level of uncertainty, the University will continue to monitor student numbers, risks and opportunities and quarterly financial forecasts.

Council has concluded as a result of this assessment that the University is able to meet its future financial obligations, has sufficient financial resources to continue operating successfully as a going concern and therefore believes it is appropriate to prepare these accounts on the going concern basis.



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

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of University of Sussex ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprise Statement of Comprehensive Income, Balance Sheet, Consolidated Cash Flow Statement and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group and the 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.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board members with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The Council is responsible for the other information. The 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.

Our responsibility is to read the other information 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 OFFICE FOR STUDENTS (OFS) AND UK RESEARCH AND INNOVATION (INCLUDING RESEARCH ENGLAND)

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University's grant and fee income, as disclosed in note 1 to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year, as has been disclosed in note 2 to the accounts, has been materially misstated.

RESPONSIBILITIES OF COUNCIL

As explained more fully in the Responsibilities of the University's Council, the Council are 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 intends 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

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.

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively.
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to impairment, depreciation, defined benefit pension scheme obligations and recoverability of trade receivables.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer.
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals with unusual account combinations and journals posted after the year end.

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, OfS and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 Terms and Conditions of Funding with the OfS and UK Research and Innovation (including Research England).

USE OF OUR REPORT

This report is made solely to the council, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



James Aston (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

United Kingdom

Date: 8 December 2022

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 2022		YEAR ENDED 31 JULY 2021	
		CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
		£'000	£'000	£'000	£'000
INCOME					
Tuition fees and education contracts	1.1	209,425	209,425	202,715	202,715
Funding body grants	1.2	32,145	31,307	35,653	34,748
Research grants and contracts	1.3	37,905	37,905	38,885	38,885
Other income	1.4	60,481	60,903	33,924	34,165
Investment income	1.5	4,791	4,203	4,173	4,157
Total income before endowments and donations		344,747	343,743	315,350	314,670
Donations and endowments	1.6	1,499	1,499	730	730
TOTAL INCOME		346,246	345,242	316,080	315,400
EXPENDITURE					
Staff costs before pension adjustment	2.1	167,703	159,402	163,740	155,418
Pension adjustment	2.1	62,066	62,066	(1,595)	(1,595)
Total staff costs		229,769	221,468	162,145	153,823
Other operating expenses	2.3	111,995	120,826	100,103	108,850
Depreciation	3	27,652	27,388	24,272	24,016
Interest and other finance costs	2.2	7,894	7,725	8,292	8,131
TOTAL EXPENDITURE		377,310	377,407	294,812	294,820
(DEFICIT)/SURPLUS BEFORE OTHER GAINS/ (LOSSES)		(31,064)	(32,165)	21,268	20,580
(Loss)/Gain on investments		(11,865)	(11,865)	1,426	1,426
(DEFICIT)/SURPLUS BEFORE TAX		(42,929)	(44,030)	22,694	22,006
Taxation		(112)	(112)	(90)	(90)
(DEFICIT)/SURPLUS FOR THE YEAR		(43,041)	(44,142)	22,604	21,916
Actuarial gain in respect of pension schemes	17	20,049	20,049	13,542	13,542
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(22,992)	(24,093)	36,146	35,458
Represented by:					
Endowment comprehensive (loss)/income for the year	11	(2,632)	(2,632)	3,516	3,516
Unrestricted comprehensive (loss)/income for the year		(21,221)	(21,461)	31,784	31,942
Non-controlling interest		861	-	846	-
		(22,992)	(24,093)	36,146	35,458
(DEFICIT)/SURPLUS FOR THE YEAR ATTRIBUTABLE TO:					
Non-controlling interest		861	-	846	-
University		(43,902)	(44,142)	21,758	21,916

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 36 to 63 form part of these financial statements.

Balance Sheet

	NOTES	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
		CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
		£'000	£'000	£'000	£'000
NON-CURRENT ASSETS					
Fixed assets	3	423,115	419,415	421,749	417,881
Investments	5	6,316	893	6,431	894
		429,431	420,308	428,180	418,775
CURRENT ASSETS					
Stock		120	41	72	41
Trade and other receivables	6	47,272	60,573	41,432	53,824
Investments	7	265,615	265,615	230,859	230,859
Cash and cash equivalents		37,837	29,354	48,216	42,993
		350,844	355,583	320,579	327,717
Creditors: amounts falling due within one year	8	(117,693)	(111,701)	(95,667)	(91,473)
NET CURRENT ASSETS		233,151	243,882	224,912	236,244
TOTAL ASSETS LESS CURRENT LIABILITIES		662,582	664,190	653,092	655,019
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(189,798)	(189,314)	(193,346)	(192,926)
PROVISIONS					
Pension provisions	10	(90,644)	(90,644)	(53,133)	(53,133)
Other provisions	10	(886)	(886)	(1,521)	(1,521)
TOTAL NET ASSETS		381,254	383,346	405,092	407,439
RESTRICTED RESERVES					
Income and expenditure reserve – endowment reserve	11	15,293	15,293	17,925	17,925
UNRESTRICTED RESERVES					
Income and expenditure reserve – unrestricted		362,933	367,688	384,154	389,149
Capital Reserve		1,802	-	1,802	-
Revaluation reserve		365	365	365	365
		380,393	383,346	404,246	407,439
Non-controlling interest		861	-	846	-
TOTAL RESERVES		381,254	383,346	405,092	407,439

The accompanying notes and policies on pages 36 to 63 form part of these financial statements.

The financial statements were approved and authorised for issue by the Governing Body on 25 November 2022 and were signed on its behalf on that date by:



Professor Sasha Roseneil, Vice-Chancellor
(Accountable Officer)



Dame Denise Holt, Chair of Council



Allan Spencer, Director of Finance

Consolidated Cash Flow Statement

	NOTES	YEAR ENDED 31 JULY 2022 £'000	YEAR ENDED 31 JULY 2021 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(43,041)	22,604
ADJUSTMENT FOR NON-CASH ITEMS			
Depreciation	3	27,652	24,272
Loss/(Gain) on investments	5	2,089	(3,316)
Increase in stock		(48)	(22)
(Increase)/Decrease in debtors	6	(6,027)	8,908
Increase/(Decrease) in creditors	8	18,477	(5,175)
Increase/(Decrease) in pension provision		57,560	(5,331)
Decrease in other provisions	10	(635)	(2,597)
ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES			
Investment income	1.5	(4,791)	(4,173)
Interest payable	2.2	7,894	8,291
Operating lease income		(321)	(386)
Endowment income	11	(16)	(135)
Write down of discontinued capital project	3	-	2,344
Capital grant income		(1,603)	(3,952)
NET CASH INFLOW FROM OPERATING ACTIVITIES		57,190	41,332
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital grant receipts		1,603	3,952
Investment income received	1.5	4,978	3,796
Payments made to acquire fixed assets	3	(14,846)	(11,513)
New short term deposits	7	(36,730)	(39,486)
		(44,995)	(43,251)
Interest paid		(7,882)	(8,281)
Interest element of finance lease		(27)	(30)
East Slope fees and enabling works		(968)	(733)
Endowment cash received		16	135
Distribution to non-controlling interest		(846)	(590)
Repayments of amounts borrowed	8	(2,421)	(2,350)
Capital element of service concession		(10,418)	(5,557)
Capital element of finance lease		(28)	(26)
		(22,574)	(17,432)
DECREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(10,379)	(19,351)
Cash and cash equivalents at beginning of the year		48,216	67,567
Cash and cash equivalents at end of the year	19	37,837	48,216

The accompanying notes and policies on pages 36 to 63 form part of these financial statements.

Consolidated and University Statement of Changes in Reserves

	Income and Expenditure account		Capital Reserve	Revaluation Reserve	Total excluding non- controlling interest	Non controlling interest	Total
	Endowment	Unrestricted					
	£'000	£'000					
CONSOLIDATED							
BALANCE AT 1 AUGUST 2020	14,409	352,370	1,802	365	368,946	590	369,536
Distribution of non-controlling interest					-	(590)	(590)
	14,409	352,370	1,802	365	368,946	-	368,946
Surplus from the statement of comprehensive income	3,873	17,885	-	-	21,758	846	22,604
Other comprehensive income	-	13,542	-	-	13,542	-	13,542
Release of restricted funds spent in year	(357)	357	-	-	-	-	-
Total comprehensive income for the year	3,516	31,784	-	-	35,300	846	36,146
BALANCE AT 1 AUGUST 2021	17,925	384,154	1,802	365	404,246	846	405,092
Distribution of non-controlling interest					-	(846)	(846)
	17,925	384,154	1,802	365	404,246	-	404,246
(Deficit)/Surplus from the statement of comprehensive income	(2,330)	(41,572)	-	-	(43,902)	861	(43,041)
Other comprehensive income	-	20,049	-	-	20,049	-	20,049
Release of restricted funds spent in year	(302)	302	-	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(2,632)	(21,221)	-	-	(23,853)	861	(22,992)
BALANCE AT 31 JULY 2022	15,293	362,933	1,802	365	380,393	861	381,254
UNIVERSITY							
BALANCE AT 1 AUGUST 2020	14,409	357,207	-	365	371,981	-	371,981
Surplus from the statement of comprehensive income	3,873	18,043	-	-	21,916	-	21,916
Other comprehensive income	-	13,542	-	-	13,542	-	13,542
Release of restricted funds spent in year	(357)	357	-	-	-	-	-
Total comprehensive income for the year	3,516	31,942	-	-	35,458	-	35,458
BALANCE AT 1 AUGUST 2021	17,925	389,149	-	365	407,439	-	407,439
Deficit from the statement of comprehensive income	(2,330)	(41,812)	-	-	(44,142)	-	(44,142)
Other comprehensive income	-	20,049	-	-	20,049	-	20,049
Release of restricted funds spent in year	(302)	302	-	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(2,632)	(21,461)	-	-	(24,093)	-	(24,093)
BALANCE AT 31 JULY 2022	15,293	367,688	-	365	383,346	-	383,346

The accompanying notes and policies on pages 36 to 63 form part of these financial statements.



Statement of Principal Accounting Policies and Estimation Techniques

1. BASIS OF PREPARATION

The Consolidated and Institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of Research England Grant.

The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

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.
- Related party transactions with wholly owned group entities are not disclosed.

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 2022. These are Sussex Innovation Centre Development Limited, Sussex UH Limited, Sussex Estates and Facilities LLP, Sussex Innovation Centre Management Limited, Sussex U H ESR Holdco Limited and Sussex U H ESR Intermediateco 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.

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The Strategic Report also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities. Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

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.

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)

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.

AGENCY ARRANGEMENTS

Funds that the institution receives and disburses as a 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.

Termination benefits are recognised as an expense in the year in which the University is demonstrably committed to terminate the employment of an employee before their normal retirement date, or to provide termination benefits as a result of an offer made as part of a voluntary redundancy scheme. Commitment is the point at which a detailed formal plan for the termination has been drawn up and the University is without realistic possibility of withdrawal. Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

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.

Statement of Principal Accounting Policies and Estimation Techniques (continued)

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 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.

The University also has the University of Sussex Pension and Saving Scheme (USPSS) which is a defined contribution scheme.

DEFINED CONTRIBUTION PLAN

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

DEFINED BENEFIT PLAN

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University.

The University recognises 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest are disclosed as actuarial gains and losses.

The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Further detail is provided on the specific pension schemes in note 17 to the accounts.

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 2014 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.

Statement of Principal Accounting Policies and Estimation Techniques (continued)

INFRASTRUCTURE

Campus Infrastructure assets are depreciated over a useful economic life of 10 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; and
- structural equipment – 10 years.

Where buildings and equipment are acquired with the aid of specific grants, the assets are capitalised and depreciated in accordance with the policy set out above, with the related grant credited to 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.

IMPAIRMENT

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the SOCIE.

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.

12. FINANCIAL INSTRUMENTS

The University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Investments in equity instruments which are not subsidiaries, associates, or joint ventures, and trading portfolios are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

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

13. STOCKS

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell.

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 three months 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.

Statement of Principal Accounting Policies and Estimation Techniques (continued)

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 AND ASSOCIATES

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

The University accounts for the results of its associate, East Slope Residences Student Accommodation LLP, using the equity method of accounting.

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.

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.

Statement of Principal Accounting Policies and Estimation Techniques (continued)

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 6): the estimate for receivables relates to the recoverability of the balances outstanding at year-end. A review is performed on an individual debtor type basis to consider whether debts are recoverable. Commercial debts are considered on an individual basis.
- In making an assessment of its ability to meet its future financial obligations and to continue operating effectively as a going concern, Management has undertaken the following:
 - A full financial forecast for the next two financial years to 31 July 2024, including Income & Expenditure, Balance Sheet and Cash Flow.
 - Constructed future student number forecasts and scenarios based upon latest available data sources.
 - Considered the financial risks and opportunities facing the University.
 - Conducted stress testing on future baseline cash-flows.
 - Reviewed the ability to meet future covenants.

Given the level of uncertainty, management will continue to monitor student numbers, risks and opportunities and conduct quarterly financial forecasts.



Notes to the Financial Statements

NOTE 1 INCOME

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
1.1 TUITION FEES AND EDUCATION CONTRACTS				
Full-time home and EU students	116,695	116,695	124,081	124,081
Full-time international students	81,448	81,448	70,408	70,408
Part-time students	7,423	7,423	5,353	5,353
Research Training Support Grant	68	68	133	133
Short courses	3,791	3,791	2,740	2,740
	209,425	209,425	202,715	202,715
1.2 FUNDING BODY GRANTS				
RECURRENT GRANTS:				
Teaching grants from OfS	8,652	8,652	8,525	8,525
Research grants from UKRI	16,987	16,987	17,119	17,119
Department for Education	407	407	1,431	1,431
Capital Grants	1,603	1,603	3,952	3,952
SPECIFIC GRANTS:				
Higher Education Innovation Fund	3,609	3,609	3,562	3,562
Other grants	887	49	1,064	159
	32,145	31,307	35,653	34,748
1.3 RESEARCH GRANTS AND CONTRACTS				
Research councils	17,154	17,154	16,157	16,157
UK-based charities	6,155	6,155	7,118	7,118
European Commission	6,521	6,521	5,312	5,312
Other grants and contracts	7,591	7,591	7,882	7,882
Donations and endowments	484	484	2,416	2,416
	37,905	37,905	38,885	38,885
1.4 OTHER INCOME				
Residences, catering and other operations	43,096	44,769	19,785	21,088
Other services rendered	4,694	3,443	4,718	3,656
General academic services	1,208	1,208	310	310
NHS Income	6,695	6,695	6,205	6,205
Staff and student services	994	994	819	819
Central administrative	2,412	2,412	387	387
Other income	1,382	1,382	1,700	1,700
	60,481	60,903	33,924	34,165
1.5 INVESTMENT INCOME				
Investment income on endowments	7	7	-	-
Other investment income	4,784	4,196	4,173	4,157
	4,791	4,203	4,173	4,157
1.6 DONATIONS AND ENDOWMENTS				
New endowments	16	16	135	135
Donations with restrictions	1,483	1,483	595	595
	1,499	1,499	730	730

FINANCIAL STATEMENTS 2021-22

NOTE 1 INCOME (CONTINUED)

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
1.7 GRANT AND FEE INCOME				
Grant income from the OfS	8,682	8,682	9,795	9,795
Grant income from other bodies	61,349	60,530	64,879	63,994
Fee income for taught awards (exclusive of VAT)	198,910	198,910	193,482	193,482
Fee income for research awards (exclusive of VAT)	6,526	6,526	6,440	6,440
Fee income from non-qualifying courses (exclusive of VAT)	3,989	3,989	2,793	2,793
Total grant and fee income	279,456	278,637	277,389	276,504

Grant income from other bodies includes £nil (2021: £156,000) in relation to the Coronavirus Job Retention Scheme

NOTE 2 EXPENDITURE

2.1 STAFF COSTS

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	£'000	£'000	£'000	£'000
Salaries	132,821	125,707	129,997	122,730
Social security costs	13,581	12,919	12,750	12,147
Other pension costs	21,301	20,776	20,993	20,541
Staff costs before pension adjustment	167,703	159,402	163,740	155,418
Pension adjustment	62,066	62,066	(1,595)	(1,595)
Total staff costs	229,769	221,468	162,145	153,823

The significant Pension adjustment in 2021-22 arose on adoption of the USS March 2020 valuation. This created a new provision for deficit contribution payments owed by the University. See note 17 for further detail.

	YEAR ENDED 31 JULY 2022	YEAR ENDED 31 JULY 2021
	£'000	£'000
1 AUG 2021 TO 31 DEC 2021		
EMOLUMENTS OF THE PREVIOUS VICE-CHANCELLOR ADAM TICKELL		
Salary	127	305
Voluntary Reduction *	-	(20)
Other Remuneration	-	-
Non-taxable benefits:		
Death in service and incapacity benefits	6	6
Total Remuneration	133	291

	YEAR ENDED 31 JULY 2022	YEAR ENDED 31 JULY 2021
	£'000	£'000
1 SEP 2021 TO 31 JUL 2022		
EMOLUMENTS OF THE INTERIM VICE-CHANCELLOR DAVID MAGUIRE:		
Salary	229	-
Voluntary Reduction	-	-
Other Remuneration	1	-
Non-taxable benefits:		
Death in service and incapacity benefits	-	-
Total Remuneration	230	-

There are no other payments to the previous Vice-Chancellor or the interim Vice-Chancellor, nor is there any accommodation provided to the previous Vice-Chancellor or interim Vice-Chancellor.

The University does not make any pension contributions on behalf of the previous Vice-Chancellor or interim Vice-Chancellor.

* In April 2020, as the disruption to student life as a result of the Covid-19 pandemic became apparent, the previous Vice-Chancellor confirmed he would forego 10% of his annual salary and the University's Council decided to put this towards the University's Student Hardship Fund. These voluntary reductions started in May 2020 and continued until the end of March 2021.

NOTE 2 EXPENDITURE (CONTINUED)

The previous Vice-Chancellor's salary is 8.2 times the median pay of staff calculated on a full-time equivalent basis (2021: 8.1 times).

The previous Vice-Chancellor's remuneration is 6.8 times the median remuneration of staff calculated on a full-time equivalent basis (2021: 6.9 times).

The interim Vice-Chancellor's salary is 6.7 times the median pay of staff calculated on a full-time equivalent basis (2021: n/a).

The interim Vice-Chancellor's remuneration is 5.3 times the median remuneration of staff calculated on a full-time equivalent basis (2021: n/a).

THE VICE-CHANCELLOR'S REMUNERATION

From August to November 2021, Professor Adam Tickell led the University back to full operating strength following the Covid-19 pandemic. Sussex was one of the first universities to commit to delivering all teaching in person. He also led a University-wide review of the portfolio of degree programmes, focusing on the long-term viability of courses within the context of student demand. In parallel, a programme designed to redistribute resources to subjects facing the highest demand was achieved through voluntary severance. Professor Tickell's outstanding contribution to Sussex was also reflected in the significant improvement in the University's ranking in the Research Excellence Framework 2021. 89% of the submitted research activity at Sussex is categorised as either 'world leading' or 'internationally excellent', while the impact of our research increased from 80.7% rated 'outstanding' or 'very considerable' in 2014 to 93% in 2021. Sussex is now 27th in the UK for research power and market share according to the Times Higher Education analysis of REF 2021 results, up from 34th in 2014.

In May 2020 the Remuneration Committee A (Rem Com A) approved a salary increase of £20,000 (6.5%) in recognition of his work during the previous academic year. However this was voluntarily suspended due to the uncertain financial situation at the time. In November 2021, after all staff had received a Cost of Living pay increase, it was decided that the Vice-Chancellor's pay increase should also be implemented; however, Professor Tickell decided not to accept the award in light of his own imminent departure.

Professor David Maguire was appointed interim Vice-Chancellor and Accountable Officer in November 2021 until the end of July 2022. To ensure a smooth transition, Professor Maguire assumed his responsibilities gradually over previous weeks during which time he was paid on a fraction basis. During his tenure Professor Maguire focused on five main objectives including concluding the portfolio review, delivering agreed efficiencies and creating financial capacity to support strategic investments. Other priorities included supporting the University's capital investment programmes and building strong relationships across campus.

At its meeting in December 2021 Rem Com A approved a salary band for recruiting a new permanent Vice-Chancellor. The pay range was set with the CUC Code in mind, and is compliant with it. In setting this salary band a wide range of comparator information was looked at: VC pay at selected institutions, the Universities and Colleges Employers Association (UCEA) Senior Staff Remuneration Survey 2020 Data for Vice-Chancellors and the Korn Ferry/Russell Group Pay Survey 2021.

FINANCIAL STATEMENTS 2021-22

NOTE 2 EXPENDITURE (CONTINUED)

The table below shows the number of staff employed through the whole year with a basic salary above £100,000 per annum, broken down into bands of £5,000.

	NUMBER 2022	NUMBER 2021
£100,000 to £104,999	17	12
£105,000 to £109,999	9	11
£110,000 to £114,999	7	11
£115,000 to £119,999	6	1
£120,000 to £124,999	6	9
£125,000 to £129,999	8	7
£130,000 to £134,999	5	3
£135,000 to £139,999	2	2
£140,000 to £144,999	3	3
£145,000 to £149,999	4	1
£150,000 to £154,999	1	-
£155,000 to £159,999	1	2
£165,000 to £169,999	-	2
£170,000 to £174,999	2	-
£175,000 to £179,999	-	-
£180,000 to £184,999	1	-
£190,000 to £194,999	-	-
£305,000 to £309,999	-	1
	72	65

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 £2,107k in 2022 across 10 FTE staff (£1,778k in 2021 across 9 FTE staff) excluding the remuneration of the previous Vice-Chancellor and interim Vice-Chancellor, which are detailed above.

No payments to senior staff in lieu of notice were made to senior post-holders during the year (2021: £Nil).

The average number of persons (including senior post holders) employed by the University during the year, expressed as full-time equivalents was:

	NUMBER 2022	NUMBER 2021
Academic	1,391	1,407
Technical	115	120
Management & specialist	1,202	1,183
Other	204	235
	2,912	2,945

TRUSTEE EXPENSES

The University's council members are the trustees for charitable law purposes.

The total expenses paid to or on behalf of 4 council members was £500 (2021: £6 to 1 Council members).

These expenses were primarily in relation to accommodation for Council members attending Council meetings.

The University had no linked charities during the year including the period up to signing the financial statements.

SEVERANCE PAYMENTS

The total amount of severance payments in the year was £3,331,000 which was paid across 150 Individuals (2021: £3,705,000 across 168 individuals). This figure includes payments for severance, redundancy and loss of office.

All severance payments including compensation for loss of office in respect of higher paid staff are approved by the Institution's Remuneration Committee. Amounts for compensation for loss of office and redundancy for all other staff are approved by Institution management in accordance with delegated authority.

All Voluntary Severance Schemes run by the University have been dealt with separately, via approval by Council.

This total includes £1,422,000 of severance payments across 40 individuals in relation to the second Voluntary Severance Scheme. This was fully provided for in the prior year.

A third targeted Voluntary Severance Scheme has been run in the current financial year for which £1,779,000 of severance payments have been paid across 57 individuals. A further £837,000 across 14 individuals has been accrued for employees accepted onto the scheme who will be paid in the following financial year. All individuals were notified of their acceptance onto the scheme prior to 31 July 2022.

FINANCIAL STATEMENTS 2021-22

NOTE 2 EXPENDITURE (CONTINUED)

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
2.2 INTEREST AND OTHER FINANCE COSTS				
Loans wholly repayable within five years	35	-	23	-
Loans not wholly repayable within five years	7,057	6,923	7,321	7,183
Finance leases	27	27	30	30
Net interest on pension liabilities	775	775	918	918
	7,894	7,725	8,292	8,131

2.3 OTHER OPERATING EXPENDITURE

Academic fees and charges	12,240	12,240	10,888	10,899
Administrative and office costs	156	232	703	780
Foreign exchange (loss)/gain	(218)	(218)	110	110
External auditors remuneration for annual accounts audit	179	136	127	91
Books and periodicals	1,525	1,524	1,519	1,519
Management fees	4,604	4,604	4,161	4,161
Consultancy fees	9,292	9,984	8,556	9,357
Consumables and equipment	13,975	14,069	10,501	10,569
Marketing and publicity	3,218	3,261	2,168	2,157
Facilities costs	15,345	23,007	13,938	21,482
Rent, rates and insurance	4,644	5,138	4,488	5,008
Lease rentals	2,849	2,708	2,766	2,600
Scholarships, bursaries and prizes	15,220	15,220	16,610	16,609
Students' Union grant	1,352	1,352	1,134	1,134
Subscriptions, fees and charges	10,864	10,804	8,959	8,919
Training, travel and employment costs	8,634	8,649	3,008	2,988
Utilities and services	6,856	6,856	3,725	3,725
Other charges	1,260	1,260	6,742	6,742
	111,995	120,826	100,103	108,850

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
2.4 ACCESS AND PARTICIPATION EXPENDITURE				
Access investment	1,732	1,732	1,019	1,019
Financial support provided to students	3,765	3,765	4,871	4,871
Support for disabled students	1,059	1,059	982	982
Research and evaluation expenditure	359	359	239	239
	6,915	6,915	7,111	7,111

The 2021-22 Access and Participation Plan can be found on the University's website at the following address:

<https://www.sussex.ac.uk/webteam/gateway/file.php?name=university-of-sussex-access-and-participation-plan-2020.pdf&site=254>

FINANCIAL STATEMENTS 2021-22

NOTE 3 FIXED ASSETS

CONSOLIDATED

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Infrastructure £'000	Service Concession £'000	Fixtures Fittings and Equipment £'000	Assets in the Course of construction £'000	Total £'000
COST AND VALUATION							
At 1 August 2021	52,521	415,388	15,342	24,534	43,937	23,294	575,016
Additions	-	215	207	14,172	2,117	12,307	29,018
Transfers	-	25,675	-	-	1,798	(27,473)	-
Impaired Assets	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 July 2022	52,521	441,278	15,549	38,706	47,852	8,128	604,034
DEPRECIATION							
At 1 August 2021	8,465	90,434	2,990	14,116	37,262	-	153,267
Depreciation charge	1,005	11,706	1,559	10,418	2,964	-	27,652
Disposals	-	-	-	-	-	-	-
At 31 July 2022	9,470	102,140	4,549	24,534	40,226	-	180,919
NET BOOK VALUE							
At 31 July 2022	43,051	339,138	11,000	14,171	7,626	8,128	423,115
At 31 July 2021	44,056	324,954	12,352	10,418	6,675	23,294	421,749

UNIVERSITY

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Infrastructure £'000	Service Concession £'000	Fixtures Fittings and Equipment £'000	Assets in the Course of construction £'000	Total £'000
COST AND VALUATION							
At 1 August 2021	46,715	416,936	15,342	24,534	41,190	23,294	568,011
Additions	-	215	207	14,172	2,021	12,307	28,922
Transfers	-	25,675	-	-	1,798	(27,473)	-
Impaired Assets	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 July 2022	46,715	442,826	15,549	38,706	45,009	8,128	596,933
DEPRECIATION							
At 1 August 2021	6,366	91,152	2,990	14,116	35,506	-	150,130
Depreciation charge	1,005	11,502	1,559	10,418	2,904	-	27,388
Disposals	-	-	-	-	-	-	-
At 31 July 2022	7,371	102,654	4,549	24,534	38,410	-	177,518
NET BOOK VALUE							
At 31 July 2022	39,344	340,172	11,000	14,171	6,599	8,128	419,415
At 31 July 2021	40,349	325,784	12,352	10,418	5,684	23,294	417,881

FINANCIAL STATEMENTS 2021-22

NOTE 3 FIXED ASSETS (CONTINUED)

At 31 July 2022 freehold land and buildings included £11.5m (2021: £11.5m) in respect of freehold land which is not depreciated. The net book value of tangible fixed assets includes an amount of £273.1m (2021: £258.7m) of buildings held under finance leases. The depreciation charge on these assets for the year was £11.5m (2021: £13.0m).

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

	2022 £'000	2021 £'000
CONSOLIDATED AND UNIVERSITY		
Due in less than one year	55	55
Due between two and five years	179	165
Due in five years or more	-	69
	234	289

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

NOTE 4 SERVICE CONCESSION ARRANGEMENTS

The University has one service concession arrangement with East Slope Residences Student Accommodation LLP (ESRSA) for the provision of student residential accommodation services.

On 31 March 2017 the University entered into a 54-year contract with ESRSA for the provision of residential accommodation services, providing accommodation for 2,117 students. The assets and liabilities relating to this contract are recognised on the University's Balance Sheet to the extent that the University is required to fulfil nomination commitments at each 31 July. At the end of the contract term the buildings will revert back to the University. During the initial 4-year construction period the University is required to nominate at least 75% of the available rooms each December for the following academic year. This commits the University to pay for these rooms. It is anticipated that student rents received will fully fund this obligation.

In December 2021 the University nominated rooms for use in the following academic year 2022/23. The University is no longer subject to the minimum 75% nomination requirement. As the construction period has completed, rooms in all buildings in the residential development are eligible for nomination and use in 2022/23.

SERVICE CONCESSION ARRANGEMENT ASSETS

The asset value of the service concession in the Balance Sheet as at 31 July 2022 is £14.2m (31 July 2021: £10.4m). The movement is a result of a depreciation charge of £10.4m for the year, and a service concession asset addition of £14.2m. The service concession asset addition represents the estimated rental value of the rooms nominated for use by the University over the 2022/23 academic year.

SERVICE CONCESSION ARRANGEMENT LIABILITIES

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2022 were £14.2m (31 July 2021: £10.4m), representing the present value of lease obligations for the following academic year. This is equivalent to the estimated rental payments due to ESRSA LLP for the rooms nominated for use in 2022/23. The sum of £10.4m was repaid during the year, which related to the rent incurred on the rooms used by the University over the 2021/22 academic year.

FUTURE COMMITMENTS

The following table analyses the University's future commitments in relation to service concession arrangements:

	PAYABLE WITHIN ONE YEAR £'000	PAYABLE IN BETWEEN ONE AND TWO YEARS £'000	PAYABLE IN BETWEEN TWO AND FIVE YEARS £'000	PAYABLE IN MORE THAN FIVE YEARS £'000
Liability repayments	14,172	-	-	-
Finance charge	7	-	-	-
	14,179	-	-	-

FINANCIAL STATEMENTS 2021-22

NOTE 5 NON-CURRENT INVESTMENTS

CONSOLIDATED

	ASSOCIATE COMPANIES £'000	SUBSIDIARY COMPANIES £'000	OTHER FIXED ASSETS INVESTMENTS £'000	TOTAL £'000
At 1 August 2021	5,699	-	732	6,431
Repayment of subordinated debt	(114)	-	-	(114)
Share of Comprehensive Loss	-	-	-	-
Gain/(Loss) in value	-	-	(1)	(1)
At 31 July 2022	5,585	-	731	6,316

UNIVERSITY

	£'000	£'000	£'000	£'000
At 1 August 2021	-	162	732	894
Gain/(Loss) in value	-	-	(1)	(1)
At 31 July 2022	-	162	731	893

The non-current investments have been valued at market value where available, otherwise at cost less impairment. The investment in the associate company relates to the introduction of additional share capital to enable it to fund the extension to its facilities, plus the groups's share in the associates comprehensive income. Included in Consolidated Associate Companies is an amount of £5.6m relating to subordinated debt due from an associate entity East Slope Residencies Student Accommodation LLP.

OTHER NON-CURRENT INVESTMENTS CONSIST OF:

	CONSOLIDATED AND UNIVERSITY	
	31 JULY 2022	31 JULY 2021
	£'000	£'000
Listed Securities		
Mercantile Investment Trust	249	329
Legal & General Industrial Property Investment Fund		
Feeder Unit Trust	343	246
Feedback PLC	49	67
	641	642
Unlisted Shares		
CVCP Properties	37	37
The New Statesman	1	1
Interanalysis Ltd	50	50
InCrowd	2	2
	90	90
Total	731	732

FINANCIAL STATEMENTS 2021-22

NOTE 5 NON-CURRENT INVESTMENTS (CONTINUED)

The undertakings in which the University's interest at the year-end is 20% or more are as follows:

	Share Class	Number	Ordinary Holding	University Value at cost 2022 £	University Value at cost 2021 £	Nature of Activity
Sussex Innovation Centre Management Ltd	Ord	200	100%	161,616	161,616	Property Management
Sussex Innovation Centre Development Ltd	Pref	2,235	-	437	437	
Sussex UH Ltd	Ord	100	100%	100	100	Property Development
Sussex UH Ltd	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	1	Holding Company
Sussex UH ESR Intermediateco Ltd	Ord	1	100%	1	1	Holding Company
Interanalysis Ltd	Ord	20	20%	50,000	50,000	Software Technology

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 Student Accommodation 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.

Sussex Innovation Centre Management Ltd's registered office address is Science Park Square, Falmer, Brighton, BN1 9SB.

Sussex Estates and Facilities LLP's registered office address is Level 12 The Shard, 32 London Bridge Street, London, England, SE1 9SG.

Sussex Innovation Centre Development Ltd, Sussex UH Ltd, Sussex UH ESR Holdco Ltd, Sussex UH ESR Intermediateco Ltd, USPAS Trustee Ltd, East Slope Housing Ltd and Sussex EF Ltd have their registered offices at Sussex House, Falmer, Brighton, BN1 9RH.

All subsidiary undertakings are included in the consolidation, with the exception of East Slope Housing Ltd, Sussex EF Ltd and USPAS Trustee Ltd which are all dormant companies with no activity in the year.

NOTE 6 TRADE AND OTHER RECEIVABLES

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
Amounts falling due within one year:				
Debtors and prepayments	47,276	46,224	41,436	40,154
Research debtors	(4)	(4)	(4)	(4)
Amounts due from subsidiary companies	-	14,353	-	13,674
	47,272	60,573	41,432	53,824

Amounts due from subsidiary companies comprise Deed of Covenant payments £1,979k, Intercompany balances £4,117k and Intercompany Loans £8,257k.

FINANCIAL STATEMENTS 2021-22

NOTE 7 CURRENT INVESTMENTS

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
Short term investment in shares	15,169	15,169	17,143	17,143
Short term deposits	250,446	250,446	213,716	213,716
	265,615	265,615	230,859	230,859

Current investments includes holdings in a number of investment funds which are held at fair value, and deposits held with banks and building societies operating in the London Market and licenced by the Financial Conduct 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 the time of placement.

At 31 July 2022 the average interest rate of these fixed deposits was 1.78% per annum and the remaining average period for which the interest rate is fixed on these deposits was 270 days. The fair value of these deposits was not materially different from the book value.

NOTE 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
Mortgages and other loans	2,345	2,290	2,421	2,208
Service concession arrangement	14,172	14,172	10,418	10,418
Obligations under finance leases	32	32	28	28
Creditors and accruals	101,144	91,835	82,800	75,575
Amounts due to subsidiaries	-	3,372	-	3,244
	117,693	111,701	95,667	91,473

FINANCIAL STATEMENTS 2021-22

NOTE 9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	YEAR ENDED 31 JULY 2022		YEAR ENDED 31 JULY 2021	
	CONSOLIDATED £'000	UNIVERSITY £'000	CONSOLIDATED £'000	UNIVERSITY £'000
Obligations under finance lease	178	178	210	210
Unsecured loans	171,918	171,918	174,263	174,208
Creditors and Accruals	17,702	17,218	18,873	18,508
	189,798	189,314	193,346	192,926

University Creditors and Accruals falling due after more than one year represents East Slope lease premium of £17,218k to be amortised over the remaining 50 years of the lease. In addition a further £483k related to deferred capital grants is included in the Consolidated figures.

Analysis of loans:

Due within one year or on demand (note 8)	2,345	2,290	2,421	2,208
Due between one and two years	2,373	2,373	2,313	2,258
Due between two and five years	7,518	7,518	7,389	7,389
Due in five years or more	162,027	162,027	164,561	164,561
Due after more than one year	171,918	171,918	174,263	174,208
Total secured and unsecured loans	174,263	174,208	176,684	176,416

Included in loans are the following:

LENDER	AMOUNT OUTSTANDING AT 31 JULY 2022 £'000	TERM	INTEREST RATE %	BORROWER
Lloyds	34,208	to 2034	5.815	University
Barclays	40,000	to 2039	5.85	University
Private Placement Loan Series A	50,000	to 2044	2.76	University
Private Placement Loan Series B	18,000	to 2049	2.78	University
Private Placement Loan Series C	32,000	to 2049	2.84	University
	174,208			
Barclays	55	to 2022	6.20	Sussex Innovation Centre Development Ltd
Total	174,263			

NOTE 10 PROVISIONS FOR LIABILITIES

CONSOLIDATED AND UNIVERSITY

	Obligation to fund deficit on USS Pension £'000	Defined benefit obligations £'000	Total pensions provisions £'000	Other £'000	Total £'000
Opening balance at 1 August 2021	(36,677)	(16,456)	(53,133)	(1,521)	(54,654)
Utilised in year	1,786	2,720	4,506	1,472	5,978
(Addition)/Reduction in 2021/22	(62,066)	20,049	(42,017)	(837)	(42,854)
At 31 July 2022	(96,957)	6,313	(90,644)	(886)	(91,530)

A provision has been made for the University's Targeted Voluntary Severance Scheme, for all employees of the University who had applied to the scheme and been accepted and notified prior to 31 July 2022, but whose severance payments fall into the following financial year.

FINANCIAL STATEMENTS 2021-22

NOTE 10 PROVISIONS FOR LIABILITIES (CONTINUED)

USS DEFICIT

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

Following the completion and agreement of the 2020 actuarial valuation, a new deficit recovery plan has been put in place. This new plan requires deficit payments of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. More detail is given in Note 17.

NOTE 11 ENDOWMENT RESERVES

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2022 Total £'000	2021 Total £'000
Opening balance at 1 August					
Capital 1 August	7,363	93	9,659	17,115	13,588
Accumulated income	790	20	-	810	821
	8,153	113	9,659	17,925	14,409
New endowments	(340)	-	(23)	(363)	601
Investment income	7	-	-	7	-
Expenditure	(33)	-	(269)	(302)	(357)
	(366)	-	(292)	(658)	244
(Decrease)/Increase in market value of investments	(825)	(13)	(1,136)	(1,974)	3,272
At 31 July	6,962	100	8,231	15,293	17,925
Represented by					
Capital	6,538	80	8,231	14,849	17,115
Accumulated income	424	20	-	444	810
	6,962	100	8,231	15,293	17,925
Analysis by type of purpose					
Lectureships	183	-	-	183	207
Scholarships and bursaries	1,735	-	916	2,651	3,118
Research support	2,717	-	1,321	4,038	4,961
Prize funds	850	-	137	987	1,121
General	1,477	100	5,857	7,434	8,518
	6,962	100	8,231	15,293	17,925
Analysis by asset					
Fixed assets				-	-
Current and non-current asset investments				15,169	17,143
Cash and cash equivalents				124	782
				15,293	17,925

FINANCIAL STATEMENTS 2021-22

NOTE 12 INVESTMENT IN JOINT VENTURE

BACKGROUND

Brighton and Sussex Medical School (BSMS) is an equal partnership between the Universities of Sussex and Brighton. However, it is agreed that the University of Sussex will be allocated 75% of the income and expenditure relating to Oncology Research. All income received in respect of BSMS is held in JV accounts managed by the University of Sussex. Expenditure incurred by each university of BSMS is reimbursed from the JV accounts.

ACCOUNTING ARRANGEMENTS

The income and expenditure of BSMS for the year ended 31 July 2022 is reflected in the audited Financial Statements of both universities. Each university has included its share of the gross net assets and liabilities of the joint venture and 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 TO 31 JULY 2022

	UNIVERSITY OF SUSSEX YEAR ENDED 31 JULY 2022 £'000	UNIVERSITY OF SUSSEX YEAR ENDED 31 JULY 2021 £'000
INCOME		
OfS Grant	3,459	2,836
NHS funds	7,599	7,383
Academic fees	5,501	5,226
Research grants and contracts	1,906	1,601
Other	407	294
Total income	18,872	17,340
EXPENDITURE		
Staff costs	10,180	9,381
Depreciation	194	154
Other operating expenses	7,726	6,691
Total expenditure	18,100	16,226
Surplus on continuing operations	772	1,114
Surplus brought forward for the year	7,853	6,739
Surplus retained for the year	8,625	7,853

BALANCE SHEET AS AT 31 JULY 2022

	UNIVERSITY OF SUSSEX YEAR ENDED 31 JULY 2022 £'000	UNIVERSITY OF SUSSEX YEAR ENDED 31 JULY 2021 £'000
Fixed assets	725	701
Current assets		
Debtors	1,563	1,219
Cash at banks and in hand	12,310	10,430
Current Liabilities		
Creditors	(5,973)	(4,497)
Net current assets	7,900	7,152
Total net assets	8,625	7,853
Represented by		
Income and expenditure account	8,625	7,853

FINANCIAL STATEMENTS 2021-22

NOTE 13 CAPITAL AND OTHER COMMITMENTS

Provision has not been made for the following capital commitments at 31 July 2022:

	YEAR ENDED 31 JULY 2022 CONSOLIDATED £'000	YEAR ENDED 31 JULY 2021 CONSOLIDATED £'000
Commitments contracted for	15,423	9,067
Authorised, approved but not contracted for	17,642	24,801
	33,065	33,868

NOTE 14 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 £2.2m.

	YEAR ENDED 31 JULY 2022 CONSOLIDATED		YEAR ENDED 31 JULY 2021 CONSOLIDATED
	Land and Buildings £'000	Total £'000	Total £'000
Annual rentals under operating leases payable			
In one year	2,208	2,208	2,130
Two to five years	9,099	9,099	8,777
Five or more	-	-	2,260
Total lease payments due	11,307	11,307	13,167

NOTE 15 DEPARTMENT FOR EDUCATION TRAINING BURSARIES

	YEAR ENDED 31 JULY 2022 CONSOLIDATED £'000	YEAR ENDED 31 JULY 2021 CONSOLIDATED £'000
Balance owed to DfE at 1 August 2021	852	1,088
DfE Grants	2,727	5,949
Disbursement to students	(2,583)	(6,412)
Other Disbursements	(106)	(95)
Difference on prior year actual DfE recovery amount	57	322
Balance owed to DfE at 31 July 2022	947	852

The University holds training bursaries in its capacity as paying agent for the Department for Education (DfE). Grants and related disbursements from the funds are excluded from the Consolidated Income & Expenditure Account.

FINANCIAL STATEMENTS 2021-22

NOTE 16 RELATED PARTY TRANSACTIONS

To capture information on related party transactions the University maintains a register of interests of Council members and senior officers. Due to the nature of the University's operations and the composition of the University's Council, being drawn from commerce, industry and the public sector, it is inevitable that transactions will take place with organisations in which a member of the Council has an interest. The University's Financial Regulations, systems of internal control and policies, including purchasing are designed to ensure that all the University's transactions are conducted with propriety on an arms length basis.

FOR THE 12-MONTH PERIOD TO 31 JULY 2022

Related party transactions in respect of the following relationships took place and were either complete or outstanding:

(i) Professor A Tickell, the University's previous Vice-Chancellor, who is a Director of the Institute of Development Studies (IDS). The University receives and pays amounts in respect of tuition income and payroll on behalf of IDS. He is also a Universities and Colleges Employers Association (UCEA) Director, to whom the University pays a membership subscription, and a Universities UK Director, to whom the University pays a membership subscription and fees for attending conferences.

(ii) Sussex Estates & Facilities LLP is a 65% subsidiary of Sussex UH Ltd and supplies facilities management services to the University.

(iii) Professor S Caddick, who is a member of Council, is a Professor of Chemistry at University College London, to which the University received research funding and transacts for subcontractors and a Consultant to the Wellcome Trust which provides research grants to the University.

(iv) K Baker CBE, who is a member of Council, is a Non-Executive Director for The Pensions Regulator, to which the University pays a general levy. Her partner is an Official working on HE policy for the Department for Education, from which the University receives grants.

(v) East Slope Residences Student Accommodation LLP is a partnership between the University and Balfour Beatty for the purpose of constructing and servicing student accommodation. Sussex UH ESR Intermediate Ltd has a 20% interest in the partnership.

(vi) R Martin, who is a member of Council, is Company Secretary/ General Counsel for Vodafone Group plc, as well as a Director for several companies within the wider group, a subsidiary of which, Vodafone Limited, the University pays for mobile phone contracts.

(vii) N Bajwa, who is a member of Council, is a Trustee and paid elected Officer of the University of Sussex Student Union, to which the University provides a grant.

(viii) N Watson, who is a member of Council, is an Advisory Council Member for the University of California Berkley's AMENA Centre for Entrepreneurship and Development. The University receives income from the University of California Berkley for students on its international physics summer school programme.

(ix) Dame D Holt, who is Chair of Council, is a Non-Executive Director of University Hospitals Sussex NHS Foundation Trust, to which the University recharges salary costs, and a Non-Executive Director for Nuffield Health, from whom the University has purchased external training.

SUMMARY OF RELATED PARTY TRANSACTIONS

	INCOME		EXPENDITURE		DEBTORS		CREDITORS	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Sussex Estates and Facilities	21	20	24,120	23,504	-	-	3,371	3,258
University of Sussex Student Union	94	73	1,261	1,194	26	53	-	-
Institute of Development Studies	328	289	226	181	184	4	86	-
University Hospitals Sussex NHS Foundation Trust	2,297	2,721	892	830	445	560	243	205
East Slope Residences Student Accommodation LLP	638	459	12,926	8,601	648	73	-	-
University College London	73	309	133	230	12	47	8	-
Department For Education	431	-	18	379	-	-	-	-
Vodafone Limited	-	-	47	46	-	-	-	-
UCEA	-	-	14	12	-	-	1	-
Wellcome Trust	90	-	-	20	-	-	-	-
Universities UK	-	-	43	84	-	-	43	42
University of California - Berkley	89	-	-	-	89	-	-	-
Nuffield Health	-	-	1	-	-	-	-	-
The Pensions Regulator	-	-	8	-	-	-	-	-
East Sussex College Group	-	-	-	158	-	-	-	-
Chartered Association of Business Schools	-	-	-	9	-	-	-	-

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 University of Sussex Pension Savings Scheme (USPSS). The USS and USPAS schemes are defined benefit schemes, which are valued every three years by actuaries using the projected unit method. The rates of contribution payable are determined by the trustees on the advice of the actuaries. Both schemes provide benefits based on final pensionable salary. In 2012 the University opened the USPSS, a defined contribution scheme, which is the primary pension scheme for new support staff.

	FORECAST YEAR ENDED 2023 £'000	ACTUAL YEAR ENDED 2022 £'000	ACTUAL YEAR ENDED 2021 £'000
Contributions to USS	24,000	20,718	20,023
Contributions to USPAS	4,400	4,360	4,337
Contributions to USPSS	1,700	1,517	1,433
Other contributions	810	716	634
	30,910	27,311	26,427

(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.

USS PENSION COSTS

The total cost charged to the income and expenditure account is £80,998,000 (2021: cost charged £17,094,000).

Deficit recovery contributions due within one year for the institution are £6,658,000 (2021: contributions paid £4,934,000).

The latest available completed actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme’s technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)

<i>CPI assumption</i>	“Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040”
<i>Pension increases (subject to a floor of 0%)</i>	CPI assumption plus 0.05%
<i>Discount rate (forward rates)</i>	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

FINANCIAL STATEMENTS 2021-22

NOTE 17 PENSION SCHEMES (CONTINUED)

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

2020 VALUATION

MORTALITY BASE TABLE	101% of S2PMA "light" for males and 95% of S3PFA for females
FUTURE IMPROVEMENTS TO MORTALITY	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2022	2021
MALES CURRENTLY AGED 65 (YEARS)	23.9	24.7
FEMALES CURRENTLY AGED 65 (YEARS)	25.5	26.1
MALES CURRENTLY AGED 45 (YEARS)	25.9	26.7
FEMALES CURRENTLY AGED 45 (YEARS)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

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

	2022	2021
DISCOUNT RATE	3.40%	1.50%
PENSIONABLE SALARY GROWTH	3.00%	1.50%

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

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

There are three categories of pension scheme members:

- active members: currently employed by the University;
- deferred members: members of the Scheme who have not yet retired and;
- 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 2021 have been updated to 31 July 2022 by a qualified independent actuary.

FINANCIAL STATEMENTS 2021-22

NOTE 17 PENSION SCHEMES (CONTINUED)

ASSUMPTIONS

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

	AT 31 JULY 2022	AT 31 JULY 2021
	%PA	%PA
PRICE INFLATION (RPI)	3.20%	3.20%
PRICE INFLATION (CPI)	2.80%	2.70%
RATE OF INCREASE IN SALARIES 2021-22	-	2.00%
RATE OF INCREASE IN SALARIES THEREAFTER	2.80%	2.70%
RATE OF INCREASE OF PENSIONS IN PAYMENT FOR USPAS MEMBERS:		
POST 88 GMP	2.30%	2.30%
PRE 09 PENSION	2.80%	2.70%
POST 09 PENSION	2.30%	2.30%
RATE OF INCREASE FOR DEFERRED PENSIONERS (NON GMP):		
PRE 09 LEAVERS	2.80%	2.70%
POST 09 LEAVERS	3.20%	3.20%

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 2022	21.9	23.2	24.3	24.3
At 31 July 2021	21.9	23.3	25.7	25.8

FINANCIAL STATEMENTS 2021-22

NOTE 17 PENSION SCHEMES (CONTINUED)

SCHEME ASSETS AND EXPECTED RATE OF RETURN FOR USPAS

The expected return on assets has been derived using the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	FAIR VALUE AS AT		
	AT 31 JULY 2022 £M	AT 31 JULY 2021 £M	AT 31 JULY 2020 £M
EQUITIES	54,960	73,683	64,148
GOVERNMENT BONDS	31,870	32,703	28,878
CORPORATE BONDS	50,950	43,494	42,526
ANNUITIES	167	199	214
CASH	1,011	822	1,073
TOTAL	138,958	150,901	136,839

	YEAR ENDED 31 JULY 2022 £'000	YEAR ENDED 31 JULY 2021 £'000
ANALYSIS OF THE AMOUNT SHOWN IN THE BALANCE SHEET FOR USPAS:		
Scheme assets	138,958	150,901
Scheme liabilities	(132,645)	(167,357)
SURPLUS/(DEFICIT) IN THE SCHEME - NET PENSION ASSET/(LIABILITY) RECORDED WITHIN PENSION PROVISIONS	6,313	(16,456)
Current service cost	(1,037)	(1,143)
Total operating charge:	(1,037)	(1,143)
ANALYSIS OF THE AMOUNT CHARGED TO INTEREST PAYABLE/CREDITED TO OTHER FINANCE INCOME FOR USPAS PENSIONS		
Interest cost	2,250	1,767
Expected return on assets	(12,419)	14,126
Interest on net deficit	(2,475)	(2,170)
NET (CREDIT)/CHARGE TO OTHER FINANCE INCOME	(12,644)	13,723
TOTAL PROFIT AND LOSS CHARGE BEFORE DEDUCTION FOR TAX ANALYSIS OF OTHER COMPREHENSIVE INCOME FOR USPAS PENSIONS:		
Actual return on assets less interest	(12,419)	14,126
Actuarial gain/(losses) on defined benefit obligation	32,468	(584)
TOTAL OTHER COMPREHENSIVE INCOME BEFORE DEDUCTION FOR TAX	20,049	13,542

FINANCIAL STATEMENTS 2021-22

NOTE 17 PENSION SCHEMES (CONTINUED)

	AT 31 JULY 2022 £'000	AT 31 JULY 2021 £'000
ANALYSIS OF MOVEMENT IN (DEFICIT) FOR USPAS PENSIONS DEFICIT AT BEGINNING OF YEAR	(16,456)	(32,399)
Contributions or benefits paid by the University	4,360	4,337
Current service cost	(1,037)	(1,143)
Other finance charge	(378)	(390)
Interest cost	(225)	(403)
Gain recognised in other comprehensive income	20,049	13,542
SURPLUS/(DEFICIT) AT END OF YEAR	6,313	(16,456)
	YEAR TO 31 JULY 2022 £'000	YEAR TO 31 JULY 2021 £'000
ANALYSIS OF MOVEMENT IN THE PRESENT VALUE OF USPAS LIABILITIES AT THE START OF THE YEAR	(167,357)	(169,238)
Current service cost (net of member contributions)	(1,037)	(1,163)
Member contributions	(15)	-
Interest cost recorded within other comprehensive income	(2,475)	(2,170)
Actuarial gain/(loss)	32,468	(584)
Actual benefit payments	5,771	5,798
PRESENT VALUE OF USPAS LIABILITIES AT THE END OF THE YEAR	(132,645)	(167,357)
	YEAR TO 31 JULY 2022 £'000	YEAR TO 31 JULY 2021 £'000
ANALYSIS OF MOVEMENT IN THE FAIR VALUE OF SCHEME ASSETS AT THE START OF THE YEAR	150,901	136,839
Expected return on assets	(12,419)	14,126
Admin expense	(378)	(390)
Interest income	2,250	1,767
Actual contributions paid by the University	4,360	4,337
Actual member contributions (including notional contributions)	15	20
Actual benefit payments	(5,771)	(5,798)
FAIR VALUE OF SCHEME ASSETS AT THE END OF THE YEAR	138,958	150,901

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

NOTE 17 PENSION SCHEMES (CONTINUED)

ACCOUNTING ESTIMATES AND JUDGEMENTS

The Trustee is 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 Trustee as at 31 March 2021. This valuation revealed a funding shortfall of £17.2 million. The University agreed to pay annual contributions of 37.0% of members' Pensionable Earnings, less member contributions, from 1 May 2022. The University also agreed to pay £302,347 per month from 1 May 2022 to 28 February 2025 inclusive, increasing at a rate of 3.2% pa on 1 August each year. The University therefore expects to pay £4.3m into the Scheme during the accounting year beginning 1 August 2022.

UNIVERSITY OF SUSSEX PENSION AND SAVING SCHEME (USPSS)

University of Sussex Pension and Saving Scheme (USPSS) 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.

NOTE 18 FINANCIAL INSTRUMENTS

The University has the following financial instruments:

	2022 GROUP £'000	2022 UNIVERSITY £'000	2021 GROUP £'000	2021 UNIVERSITY £'000
FINANCIAL ASSETS				
Measured at fair value through income and expenditure				
Current asset investments	265,615	265,615	230,859	230,859
Debt instruments measured at amortised cost				
Long term loan receivable	-	-	-	-
Investments				
Non-current investments	6,431	893	6,431	894
Measured at undiscounted amount receivable				
Trade and other receivable	47,272	60,573	41,432	53,824
	319,318	327,081	278,722	285,577
Financial liabilities				
Measured at amortised cost				
Loans payable	174,263	174,208	176,684	176,416
Obligation under finance leases	210	210	238	238
Obligation under service concession arrangements	14,172	14,172	10,418	10,418
Measured at undiscounted amount receivable				
Trade and other creditors	101,144	95,207	82,800	78,819
	289,789	283,797	270,140	265,891

Current investments measured at fair value through income and expenditure include the core cash investment portfolios held by the University, as well as short term investment in shares related to endowments.

NOTE 19 ANALYSIS OF NET DEBT

	AT 1 AUGUST 2021 £'000	CASH FLOWS £'000	OTHER NON-CASH CHANGES £'000	AT 31 JULY 2022 £'000
ANALYSIS OF CHANGES IN NET DEBT				
Cash and cash equivalents	48,216	(10,379)	-	37,837
Loans	(176,684)	10,303	(7,882)	(174,263)
Obligations under finance leases	(238)	55	(27)	(210)
Total	(128,706)	(21)	(7,909)	(136,636)

Net debt has increased as a result of University strategy to move cash reserves into investments of a longer duration to achieve better rates of return.

Student Centre

US
UNIVERSITY
OF SUSSEX
Welcome



Supplementary Schedule

We have an obligation as part of our participation in the US Federal Loans program to include Supplemental Information which complies with Federal Register/Vol. 84, No. 184/Monday, September 23, 2019/Rules and Regulations.

The data is prepared using UK GAAP and does not include any adjustments that would be required to comply with US GAAP

REFERENCE	EXPENDABLE NET ASSETS		CONSOLIDATED YEAR ENDED 31 JULY 2022 £'000	CONSOLIDATED YEAR ENDED 31 JULY 2021 £'000		
"Balance sheet Statement of changes in reserves"	Statement of Financial Position – Net assets without donor restrictions	Income and expenditure reserve + Revaluation reserve		365,100		386,321
"Balance sheet Statement of changes in reserves"	Statement of Financial Position – Net assets with donor restrictions	I&E – endowment reserve + Non- controlling interest		16,154		18,771
Note 16	Statement of Financial Position – Related party receivable and Related party note disclosure	Related party transactions in debtors	1,404		737	
Note 16	Statement of Financial Position – Related party receivable and Related party note disclosure	Related party transactions in debtors		1,404		737
Note 3	Statement of Financial Position – Property, Plant and equipment, net	Net book value of Property, plant and equipment (excl. Service concession asset)	408,943		411,331	
Note 3	Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment – pre-implementation	Net book value of Property, plant and equipment (excl. Service concession asset) – Additions		367,552		395,770
Note 3	Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment – post-implementation with outstanding debt for original purchase			-		-
Note 3	Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment – post- implementation without outstanding debt for original purchase	Additions (excl. Service concession asset and Assets in the course of construction)		33,358		7,364
Note 3	Note of the Financial Statements – Statement of Financial Position – Construction in progress	Additions of Assets in the course of construction		8,033		8,197
Note 3	Statement of Financial Position – Lease right-of-use assets, net	Net book value of Service concession asset	14,172		10,418	
Note 3	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre- implementation	Net book value of Service concession asset		-		-
Note 3	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset post- implementation			14,172		10,418

FINANCIAL STATEMENTS 2021-22

REFERENCE	EXPENDABLE NET ASSETS (CONTINUED)			CONSOLIDATED YEAR ENDED 31 JULY 2022 £'000		CONSOLIDATED YEAR ENDED 31 JULY 2021 £'000
Balance sheet	Statement of Financial Position – Goodwill	Intangible assets		-		-
Balance sheet	Statement of Financial Position – Post-employment and pension liabilities	Pension provisions		90,644		53,133
Note 9	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Total secured and unsecured loans	174,263		176,684	
Note 9	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Total secured and unsecured loans		174,263		176,684
Note 9	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process			-		-
Note 9	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process			-		-
Note 8	Statement of Financial Position – Lease right-of-use asset liability	Service concession arrangement	14,172		10,418	
Note 8	Statement of Financial Position – Lease right-of-use asset liability pre-implementation	Service concession arrangement		-		-
Note 8	Statement of Financial Position – Lease right-of-use asset liability post-implementation			14,172		10,418
“Balance sheet Statement of changes in reserves”	Statement of Financial Position – Annuities			-		-
“Balance sheet Statement of changes in reserves”	Statement of Financial Position – Term endowments			-		-
“Balance sheet Statement of changes in reserves”	Statement of Financial Position – Life Income Funds			-		-
“Balance sheet Statement of changes in reserves”	Statement of Financial Position – Perpetual Funds	I&E – endowment reserve + Non-controlling interest		16,154		18,771

FINANCIAL STATEMENTS 2021-22

REFERENCE	TOTAL EXPENSES AND LOSSES		CONSOLIDATED YEAR ENDED 31 JULY 2022 £'000	CONSOLIDATED YEAR ENDED 31 JULY 2021 £'000
Statement of comprehensive income	Statement of Activities – Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenditure	377,310	294,812
Statement of comprehensive income	Statement of Activities – Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) – (Total from Statement of Activities prior to adjustments)	Investment income + Gain on investments + Actuarial gain/(loss) in respect of pension schemes	(12,975)	(19,141)
Statement of comprehensive income	Statement of Activities – (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Gain on investments + Investment income	7,074	(5,599)
Statement of comprehensive income	Statement of Activities – Pension related changes other than periodic pension		-	-
REFERENCE	MODIFIED NET ASSETS		CONSOLIDATED YEAR ENDED 31 JULY 2022 £'000	CONSOLIDATED YEAR ENDED 31 JULY 2021 £'000
Balance Sheet	Statement of Financial Position – Net assets without donor restrictions	Income and expenditure reserve + Revaluation reserve	365,100	386,321
"Balance sheet Statement of changes in reserves"	Statement of Financial Position – total Net assets with donor restrictions	I&E – endowment reserve + Non-controlling interest	16,154	18,771
Balance sheet	Statement of Financial Position – Goodwill	Intangible assets	-	-
Note 16	Statement of Financial Position – Related party receivable and Related party note disclosure	Related party transactions in debtors	1,404	737
Note 16	Statement of Financial Position – Related party receivable and Related party note disclosure	Related party transactions in debtors	1,404	737
REFERENCE	MODIFIED ASSETS		CONSOLIDATED YEAR ENDED 31 JULY 2022 £'000	CONSOLIDATED YEAR ENDED 31 JULY 2021 £'000
Balance sheet	Statement of Financial Position – Total Assets	Total Assets	780,275	748,759
Note 3	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation	Net book value of Service concession asset	-	-

FINANCIAL STATEMENTS 2021-22

REFERENCE	MODIFIED ASSETS (CONTINUED)		CONSOLIDATED YEAR ENDED 31 JULY 2022 £'000		CONSOLIDATED YEAR ENDED 31 JULY 2021 £'000	
Note 8	Statement of Financial Position – Lease right-of-use asset liability pre-implementation	Service concession arrangement		-		-
Balance sheet	Statement of Financial Position – Goodwill	Intangible assets		-		-
Note 16	Statement of Financial Position – Related party receivable and Related party note disclosure	Related party transactions in debtors	1,404		737	
Note 16	Statement of Financial Position – Related party receivable and Related party note disclosure	Related party transactions in debtors		1,404		737

REFERENCE	NET INCOME RATIO		CONSOLIDATED YEAR ENDED 31 JULY 2022 £'000		CONSOLIDATED YEAR ENDED 31 JULY 2021 £'000	
“Balance sheet Consolidated cash flow statement”	Statement of Activities – Change in Net Assets Without Donor Restrictions	Change in Net Assets – Change in I&E – endowment reserve – Distribution to non-controlling interest		(20,360)		32,630
Statement of comprehensive income	Statement of Activities – (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total income – Investment income		341,455		311,907



UNIVERSITY OF SUSSEX
SUSSEX HOUSE, FALMER
BRIGHTON BN1 9RH
UNITED KINGDOM
+44 (0)1273 606755

www.sussex.ac.uk