

**UNIVERSITY OF BRIGHTON**

**Report and Financial Statements**

**Year ended 31 July 2012**

**University of Brighton  
Mithras House  
Lewes Road  
Brighton  
East Sussex BN2 4AT**

## **REPORT AND FINANCIAL STATEMENTS 2011-2012**

<b>CONTENTS</b>	<b>Page</b>
<b>Operating and Financial Review</b>	<b>1</b>
<b>Public Benefit Statement</b>	<b>10</b>
<b>Membership of the Board of Governors</b>	<b>13</b>
<b>Corporate governance</b>	<b>14</b>
<b>Responsibilities of the Board of Governors</b>	<b>16</b>
<b>Auditor's report</b>	<b>17</b>
<b>Consolidated income and expenditure account</b>	<b>19</b>
<b>Consolidated and University balance sheet</b>	<b>20</b>
<b>Consolidated cash flow statement</b>	<b>21</b>
<b>Reconciliation of net cash flow to movement in net funds</b>	<b>21</b>
<b>Statement of consolidated total recognised gains and losses</b>	<b>21</b>
<b>Notes to the financial statements</b>	<b>22</b>
<b>Officers and professional advisors</b>	<b>50</b>

## OPERATING AND FINANCIAL REVIEW

### Introduction

This review provides a summary of the University's finances and operations. It covers:

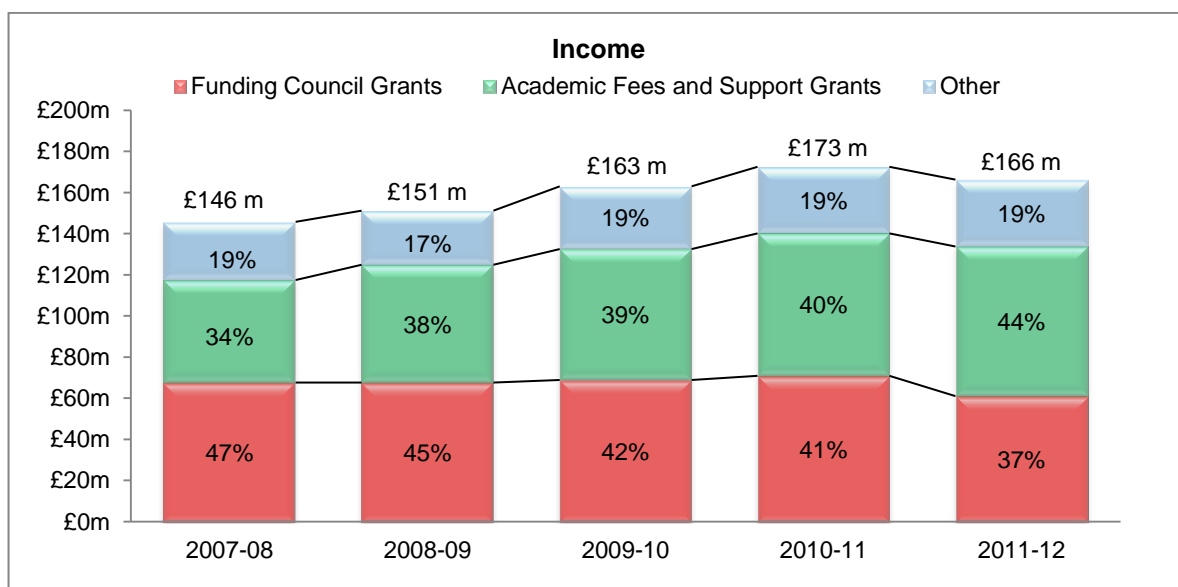
- The development, performance and operation of the University during the financial year ended 31 July 2012 and the main underlying trends and factors;
- The position of the University as at 31 July 2012;
- The main trends and factors which are likely to affect the University's future development, performance and position.

### Financial review of the year

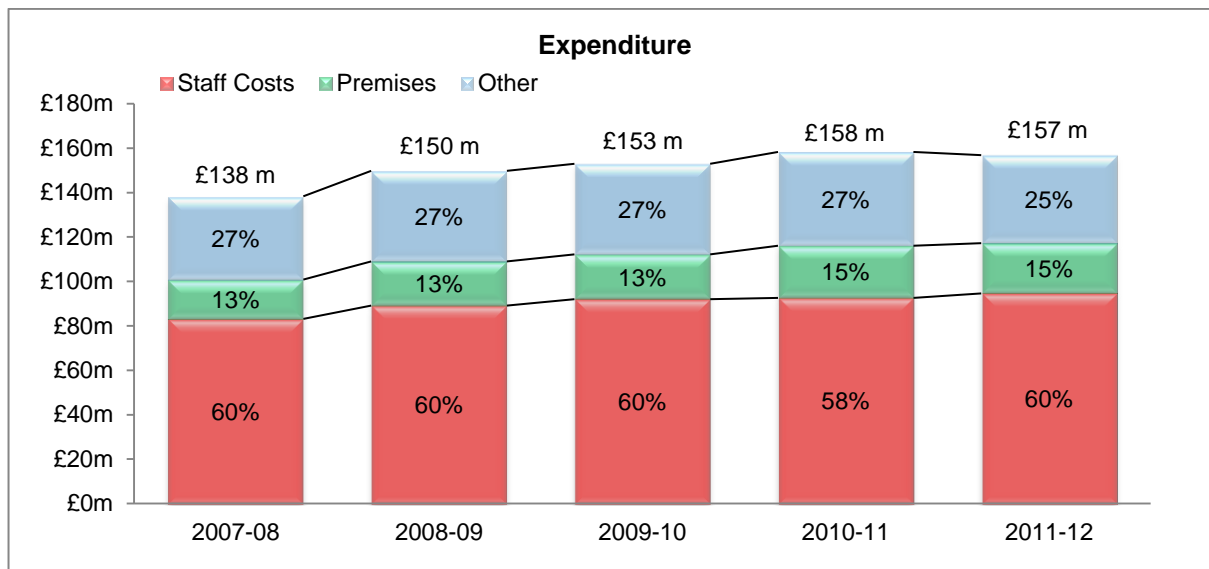
The summary income and expenditure account for the year ended 31 July 2012 was as follows:

	2012 £m	2011 £m	Change %
Income	166.3	172.6	(3.7)
Staffing Costs	94.6	92.6	2.2
Other Expenditure	62.2	65.6	(5.2)
Total Expenditure	156.8	158.2	0.9
Current Cost Operating Surplus	9.5	14.4	(34.0)
Depreciation Adjustment	1.6	3.4	(52.9)
Historical Cost Surplus	11.1	17.8	(37.6)

Overall income fell by 3.7% mainly as a result of a decline in grant funding, which reduced by 13.8% through a combination of the government's efficiency reductions to recurrent grants and the cessation of non-recurrent specific grant funding, which reduced by £4.7 million compared to the amount of specific grants received in 2010-11. The reduction in grant funding was partially off-set by an increase in income from academic fees, which rose by £3.5 million (5%) partially due to a growth in full-time student numbers and partially through inflationary effects. The total number of students increased by 1.2% to 21,377. Income from other sources remained relatively flat at £33.4 million, with small reductions to other operating income being compensated by increases to endowment and investment income.



Staffing costs rose by just under 2.2% with the majority of this increase attributable to pension contributions which increased by 12.7%, with the underlying salary expenditure increasing by 0.6%, with staffing numbers remaining relatively stable. Other expenditure reduced by £3.4 million, primarily as a result of a fall in depreciation costs and a reduction to payments to partner colleges – the latter related to the cessation of specific grants provided for the University Modernisation Fund in 2010-11.



The historical cost surplus of £11.1 million exceeded the target for the year of £5.3 million. A significant component of this variance related to the under spending against devolved budgets by academic and non-academic departments, which in aggregate, reported a net favourable variance of £8.5 million compared with approved budgets.

#### Balance sheet position as at 31 July 2012

The consolidated balance sheet shows the following position:

	2012	2011	Change
	£m	£m	%
Fixed Assets	199.5	189.5	5.3
Current Assets	98.2	84.1	16.8
Creditors	(97.4)	(83.0)	17.3
Net Pension Liability	(33.5)	(19.2)	74.5
Net Assets	<u>166.8</u>	<u>171.4</u>	<u>(2.7)</u>

There has been a slight reduction in overall net assets, predominantly arising from the current valuation of the University's share of the local government pension scheme. The annual actuarial valuation of the scheme increased the liability by £14.3 million (having reduced it by £10.4 million the year before). Excluding the pension liability, net assets rose by £9.7 million (5.1%).

Fixed assets increased as phase 1 of the student residences at Varley Park in Brighton and the Priory Square building on the University's campus in Hastings neared completion. Current assets increased largely due to cash generated from the operating surplus as well as the draw-down of loan facilities required to finance capital developments. The latter also reflects the increase to creditors.

## Cash flow statement for the year ended 31 July 2012

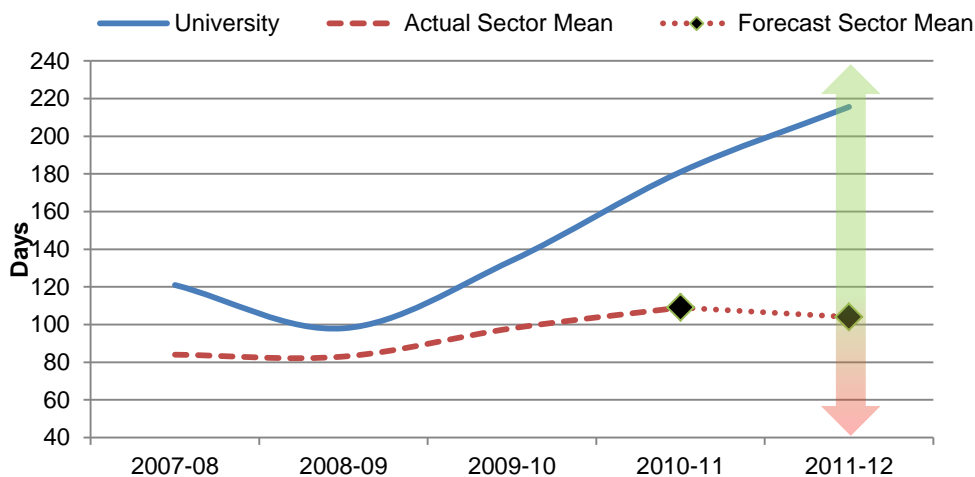
	<b>2012</b>	<b>2011</b>
Net cash (outflow)/Inflow	(6.3)	22.2
Increase to short-term investments	(13.8)	(20.8)
Financing	20.9	(2.0)
	<hr/>	<hr/>
Increase/(decrease) in cash	0.8	(0.6)
Add back increase to short term investments	13.8	20.8
	<hr/>	<hr/>
Increase in cash and short-term investments	14.6	20.2
	<hr/>	<hr/>

Cash balances with immediate access stood at £25.8 million as at 31 July 2012, equating to approximately 2 month's expenditure. In addition, the total amount of cash held on term deposits at 31 July 2012 totalled £63.9 million for periods of between 1 and 20 months.

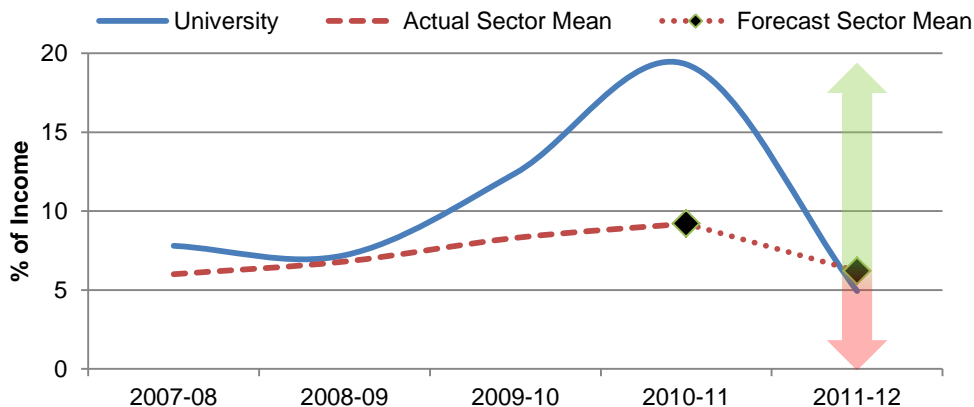
### Assessment of financial performance

The following measures provide further analysis of the University's financial performance compared with sector historical and forecast averages as compiled by the Higher Education Funding Council for England (HEFCE) from individual institutional financial returns. The indicator bar shows whether the University's performance is more favourable (green) or less favourable (red) than the sector's forecast averages.

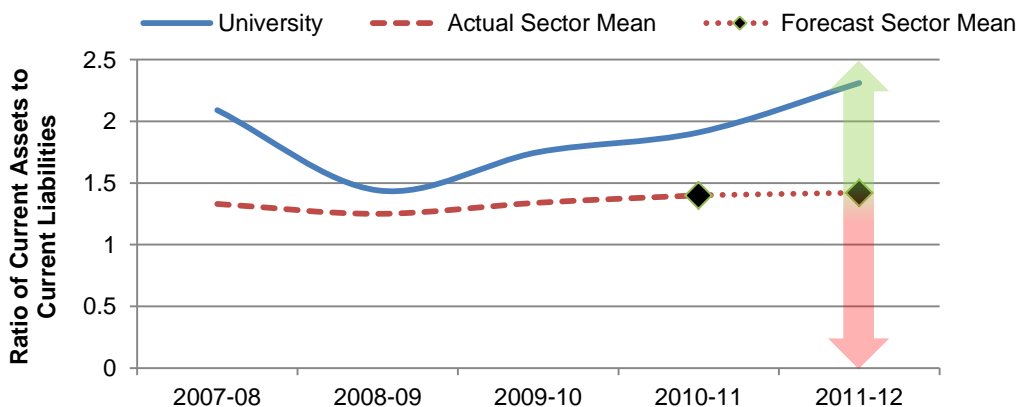
Net liquidity: provides an indication of expenditure coverage (in days) and the ability to respond quickly to short-term financial pressures (the higher the days the greater the coverage). The increase in the coverage in 2011-12 relates to the additions to cash holdings and short-term investments partially attributable to the draw-down of loans. The overall forecast sector mean for 2011-12 was 104 days coverage with the University being at 215 days. As the loans will be used to finance capital projects, this measure is likely to decrease. The University aims to move this measure closer to the sector mean of between 90 and 120 days over the longer term.



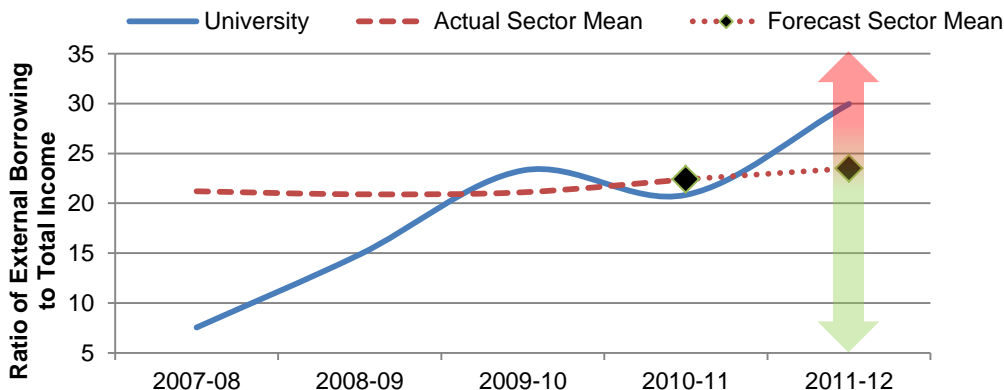
**Net cash flow:** shows the cash generated from operations as a percentage of total income. It provides an indication of the financial sustainability of the institution's core business. The overall forecast sector mean for 2011-12 was 6.2% with the University's actual at 4.9%. The reduction mainly relates to the utilisation of specific grants received in previous years and held on the balance sheet and the fall in the surplus compared to that achieved in 2010-11. It is expected that the University will move back above the sector mean for 2012-13.



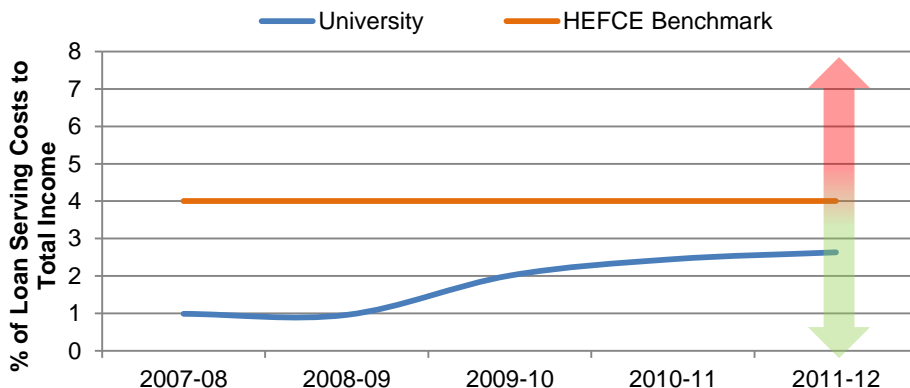
**Current assets to current liabilities:** shows the extent to which current assets can cover current liabilities. 2011-12 shows a continued improvement in this measure, primarily due to the increase in current assets, partially funded from long term loans as at the balance date. The overall forecast sector mean for 2011-12 was 1.42, with the University's actual up from 1.91 to 2.32. This ratio is expected to decrease to around the forecast sector mean over time as cash is utilised to fund capital developments.



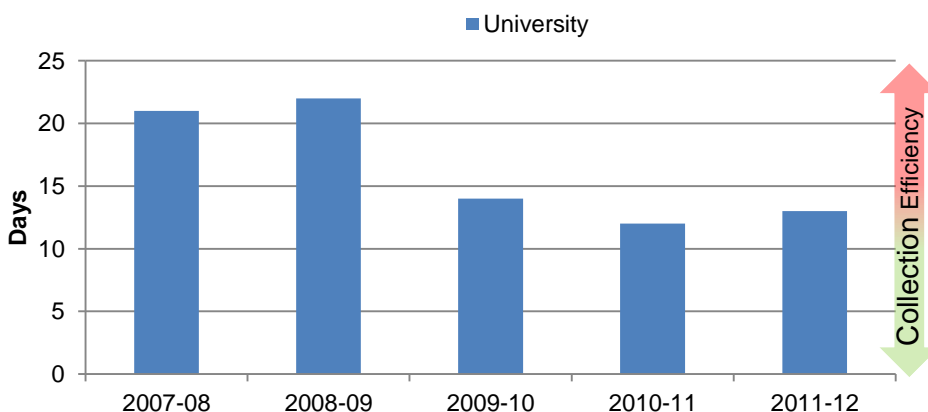
**Ratio of external borrowing to total income:** indicates the amount of borrowing as a percentage of total income. Historically the University has had very low levels of borrowing, but this has increased in recent years to fund academic and student accommodation developments. Borrowing is now above the sector mean forecast as the University's capital investment programme has accelerated through the use of loan facilities as well as influenced by the reduction in income levels. The forecast sector mean for 2011-12 for this measure was 23.5%, with the University's actual being at 29.9%.



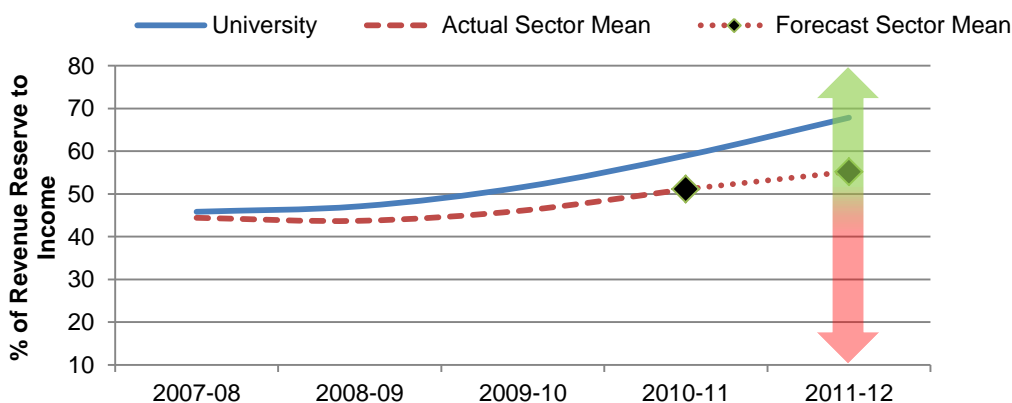
Ratio of loan servicing costs to total income: shows the percentage of income committed to loan servicing. The increase to 2.6% for 2011-12 relates to the draw-down of the loan facilities in respect of the capital programme. This is compared with the sector benchmark of 4%, over which institutions must obtain approval from HEFCE for additional borrowing.



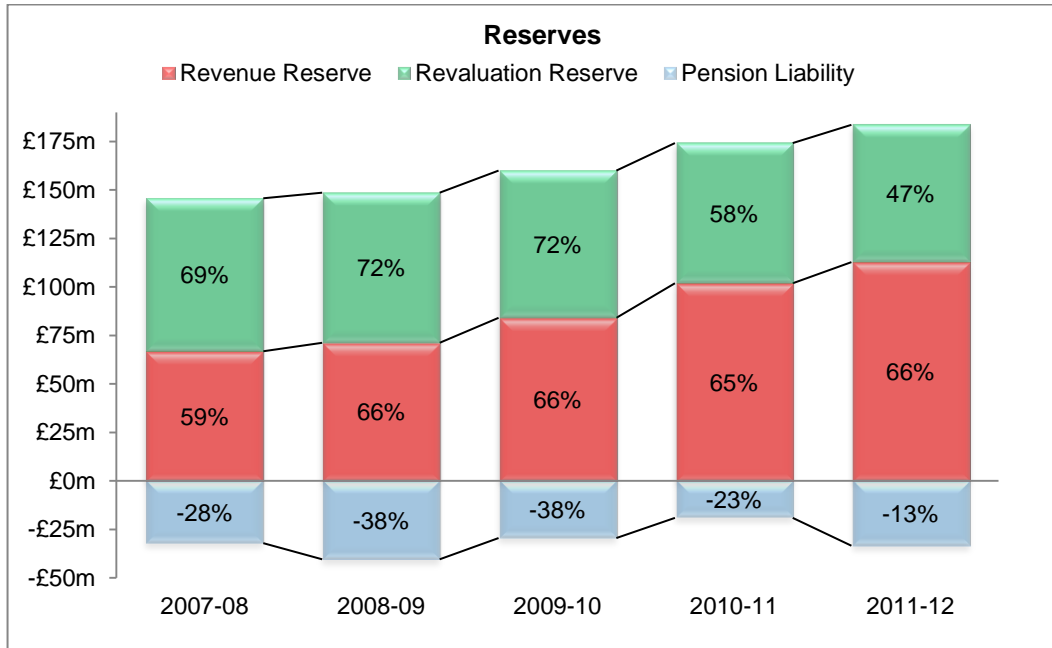
Trade debtor collection days: is the ratio between trade debtors and income (excluding funding grants) expressed in days and indicates the efficiency of debt collection. There has been a slight deterioration in the rate of collection to 13 days compared to 12 days reported last year, although student related debt fell during the year. It is expected that with the transition to the new funding regime from 2012, this measure will fluctuate with its bias on academic fee income. There is no sector comparison for this measure, but it is used internally to assess performance.



The financial performance for 2011-12 was in line with the University's financial strategy and Corporate Plan which anticipated growing revenue reserves for future investment and sustainability. The increase to the University's future investment reserve for 2011-12 was £7.4 million, which exceeded the target by £2.1 million. Overall revenue (discretionary) reserves increased by £11.0 million during the year and further improved the ratio between the revenue reserve (excluding pension asset / liabilities) and total income. The forecast mean for the sector for 2011-12 was 55.2%, with the University's actual being at 67.8%.



The revenue (discretionary) reserve of £112.8 million now forms the majority of the reserve total.



#### Actual performance compared to financial targets

The following table sets out the financial performance metrics for 2011-12 compared to targets as set out in the University's forecast submitted to HEFCE in June 2012:

Metrics	Actual	Forecast
Historical cost surplus as a % of total income	6.7%	4.2%
Net liquidity	216 days	204 days
External borrowing as a % of total income	29.9%	34.0%
Discretionary reserves as a % of total income	67.8%	65.6%
Net cash flow as a % of total income	4.9%	7.8%
Staff costs as a % of total income	56.9%	57.2%



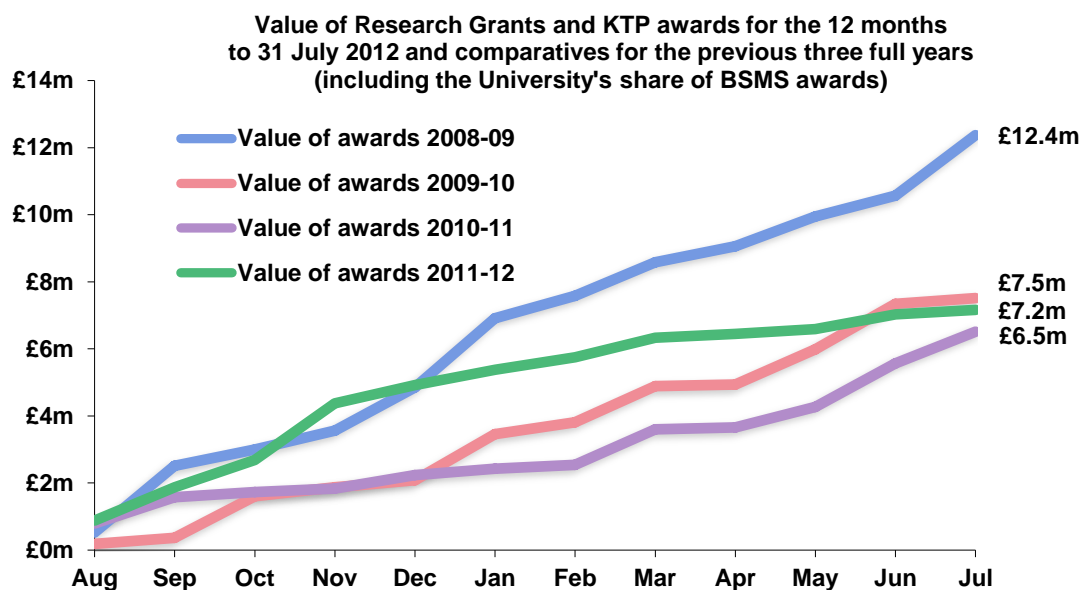
## Student recruitment

Active student numbers<sup>1</sup> for the year increased slightly compared to 2010-11. The major changes related to growth in full-time provision, off-set partially by reductions in part-time as follows:

		2012 Headcount	2011 Headcount	Change Headcount	Change %
<b>UK, Island and EU Domiciled Students</b>					
Full Time	Undergraduate	13,826	13,415	411	3.1
	Postgraduate	1,104	1,095	9	0.8
Part Time	Undergraduate	2,946	3,213	(267)	(8.3)
	Postgraduate	2,200	2,176	24	1.1
<b>Non UK, Island and EU Domiciled Students</b>					
Full Time	Undergraduate	684	605	79	13.1
	Postgraduate	428	416	12	2.9
Part Time	Undergraduate	101	122	(21)	(17.2)
	Postgraduate	88	85	3	3.5
<b>Total</b>		<b>21,377</b>	<b>21,127</b>	<b>250</b>	<b>1.2</b>

## Research activity

The value of Research Grants and Knowledge Transfer Partnerships (KTPs) awards rose by just under 11% compared to 2010-11, but was slightly below the value achieved in 2009-10.



Although the number of research awards fell in 2011-12, the average amount of award per contract increased by 24%, moving just above the highest average achieved in 2008-09. The rate of proposals awarded to those submitted also increased from 40.4% in 2010-11 to 45.9% in 2011-12.

Year of Award	No. of Awards	Total Value of Awards £'000	Average Award Value £'000
2011-12	85	7,160.5	84.2
2010-11	96	6,508.9	67.8
2009-10	108	7,501.7	69.5
2008-09	149	12,370.0	83.0
2007-08	108	4,656.8	43.1

<sup>1</sup> HESA submission for 2011-12 total headcount 22,076 less 699 students considered not active.

## Future plans

In October 2012 the University published its new strategic plan which covers the 3 year period to 2015. The plan sets out 10 key objectives which are centred around:

1. Providing a transformational learning experience for students;
2. Achieving our research ambition, by increasing the quality and quantity of research;
3. Investing in staff to develop their capacity, skills and satisfaction;
4. Ensuring our academic provision has economic and social impact and relevance;
5. Being an institution of choice for high calibre students whatever their background;
6. Supporting our students to achieve academic and career success;
7. Using digital technologies to innovate teaching and research;
8. Enhancing the University's international presence and reputation;
9. Meeting our ambitious carbon reduction and other environmental sustainability targets;
10. Maintaining a strong financial position to provide the opportunity to invest and grow.

In achieving these objectives the University plans to maintain student numbers at their current levels in the short term, with a view to increase to circa 25,000 over the medium term. The curriculum will continue to offer a broad range of courses that will be innovative, flexible, research informed and embed the role of sustainable development. The University will focus on providing first degrees and postgraduate provision that are relevant to society and through partnership working will aim to support foundation degrees and similar level courses.

The University will continue to invest in its staff to ensure that its pedagogy is structured to meet student needs and learning outcomes, using digital technology, where appropriate, to enhance the student experience. The University will build on its links with the broader community and its alumni association to expand the opportunities for students to gain experience in work placements, volunteering and mentoring in order to develop their employability and sense of citizenship.

The University intends to expand its international reach through the reputation of its research and research opportunities through its postgraduate scholarship programme, administered by the newly established Doctoral College. It will continue to develop its strategic alliances, like Kaplan, to enhance the access routes for international students to study at the University, including the further development and growth of the University of Brighton International College.

The University's international presence will be complemented with developing its regional standing. There will be a particular focus on developing the University's work in Hastings, on the development of partnerships and provision in the Gatwick Diamond and on opportunities for developing partnerships in the digital economy and the cultural and creative industries.

Arrangements to manage a successful submission for the REF in 2014 are now in place including the development of the Research Office. These also include establishing new expectations of staff with clarity about required activity and new systems for accountability and review. There will be a dual strategy of broadening the base and phased, strategic investment for high quality and nurture research areas with critical mass.

Economic and social engagement will continue to be a core activity for the University, but with a future focus to embed this within the student experience, in learning and research and within its partnership working. The University's social and economic engagement will flow from the institution's learning and research and also be informed by a critical engagement with the activity itself. The University plans to enhance the co-ordination of its Continuing Professional Development and work based learning provision as part of workforce development strategies agreed with key regional and national partners. The University is already internationally recognised via CUPP (its Community University Partnership Programme) for the quality of its work in social and community engagement and the theoretical underpinning of research and evaluation that supports it.

The University will remain established in a number of locations across the county of Sussex, supporting its strong civic and regional presence and enriching its partnership and engagement activity with a sense of place and constituency. A new estates strategy is under preparation, involving significant new campus and building developments. These will take account of the diverse requirements of a modern University, including flexibility of use, environmental sustainability, high quality facilities and efficient space management. The University also intends to increase student residential accommodation so as to be able to guarantee accommodation to all new Year One undergraduates.

A new financial strategy is also being developed to ensure that sufficient resources are made available to deliver the University's academic provision to the standards set out in the strategic plan and to ensure that sufficient surpluses are generated for longer term investment and institutional sustainability. The University intends to monitor the effectiveness of the financial strategy by measuring its financial performance against some of the metrics being piloted for the sector's Annual Sustainability Assurance Report (ASSUR).

## Key risks and risk management

The University's Risk Management Steering Group oversees the process of Risk Assessment and Risk Management and provides advice to the Senior Management Team upon which reports to the Audit Committee, the Finance & Employment Committee and the Board of Governors are based, in accordance with the responsibilities of Corporate Governance. The Group is chaired by the Deputy Vice Chancellor and includes a Dean of Faculty and various Heads of schools and central departments.

As part of the well-established embedded process of risk management throughout the University, individual risk lists for all departments are reviewed and updated where considered necessary. The changes identified within individual risk lists are summarised for consideration by the Risk Management Steering Group. The Risk Management Steering Group meets at regular intervals to monitor the rolling list of current and emerging risks which face the institution and are perceived of high importance. The current and emerging risks are drawn from the departmental risk lists as well as from the wide breadth of knowledge of the Group's membership and the Senior Management Team. The overall process continues to seek maximum benefit through combining a "top down" and "bottom up" approach to risk assessment. The key risks facing the institution are considered to be:

Student recruitment - The implementation of the new funding regime from 2012-13 introduces a number of new and significant risks to the University and other institutions in the sector. Maintaining student numbers is critical for long-term sustainability in an environment that is expected to become increasingly competitive as well as subject to changing government policy and priorities, such as the management of student numbers and immigration restrictions. The ability of the University to attract potential students is subject to a number of factors including fee levels, reputation, academic performance, league table position and government recruitment restrictions.

Student retention - Sector data regarding student non-continuation rates indicate that the University is higher than its own benchmark and the performance of other institutions. A University wide programme has been initiated to consider the causes of non-continuation and the best practices that have been successfully used by other institutions to improve performance in this area. The University has also committed a substantial amount of funding associated with its Access Agreement (£4 million over three years) to directly support retention measures as well as committing £3.3m towards student bursaries over the same period.

Reputational impact – As the higher education sector becomes more competitive, the maintenance and enhancement of reputation becomes more paramount. The impact of league tables and similar measures, such as the National Student Survey (NSS), appear to be growing in influence and becoming a short-hand for quality and an interpretation of reputation. The University's latest NSS (2012) position in terms of average scores across the 22 core questions was an improvement on the previous year, but falling just behind the sector average. The University performed well in the previous Research Assessment Exercise in 2008 and is striving to maintain its position for the Research Excellence Framework (REF) 2014, but acknowledges that if its research ambitions are to be realised, further investment is required.

The new Strategic Plan considers these reputational issues and addresses these by increasing investment in resources, staff development and the application of digital technology.

Staff satisfaction – The University considers its staff to be the most important of its assets. The University's staff survey, conducted in 2009, showed that 94% of its staff considered the University a good place to work. The emerging environment of higher education will necessitate a number of changes that will affect the working lives of its staff. The economic environment and government policy has also impacted on pay, pensions and other reward mechanisms. Both these are likely to have an impact on staff satisfaction and morale. Through its new HR strategy the University will address these issues by enhancing staff development practices as well as providing appropriate career progression opportunities and rewards.

## **PUBLIC BENEFIT STATEMENT**

The Governors confirm that in setting our objectives and planning our activities we have given careful consideration to the Charity Commission's general guidance on public benefit and the specific guidance from HEFCE on the content of this public benefit report and, in each case, have had due regard to that guidance.

### **Strategic Plan**

The University is a higher education institution, established for the purposes of teaching and research. Its primary purpose is the enhancement of education and the creation and transmission of knowledge.

The University is committed to:

- delivering socially purposeful higher education that serves and strengthens society and underpins the economy; contributes critically to the public good; enriches those who participate; and equips our graduates to contribute effectively as citizens to their chosen professions and communities, locally, nationally and internationally;
- developing a creative and energetic institution with a knowledge base of national and international quality, fully committed to mutual engagement with its local communities and economy alongside an international reputation for the quality and impact of its work;
- finding creative and effective ways in which to strengthen the relationship between learning and teaching, disciplinary and professional practice, research and economic and social engagement.

### **Student admissions and widening participation**

The University offers a wide range of professional and academic provision from foundation degrees to doctoral study. Our student body of just over 21,300 is diverse in terms of age, background and experience and we are committed to increasing accessibility and diversity across all activity. In 2011-12 93.3% of young full time undergraduate entrants were from state schools. 28.9% of this population were from families of non-professional or managerial backgrounds, and 9.4% were from low higher education participation neighbourhoods.

The new Strategic Plan places widening participation within the scope of "learning to make a difference" both for individual student access to education and community access to institutional resources for mutual benefit. Major levers for increasing participation and adding value to local communities and employers include:

- A substantial foundation degree offering with progression routes to honours degrees, largely delivered through a network of partner colleges. In 2011-12 1,791 students were studying for foundation degrees in a wide range of subjects;
- The University of Brighton in Hastings has a particular remit to work with young people in schools and colleges to encourage more to consider the benefits of higher education in an area where progression has historically been low. The University is also lead sponsor for two new academies in the area in partnership with BT and East Sussex County Council;
- Community engagement which is primarily taken forward by the Community University Partnership Programme (CUPP).

The University offers a generous bursary package to students from lower income families, with additional support to students who have been in care, and scholarships for disabled students. 2011-12 saw the University pay out £6.5 million in grants to students. A further £513,000 was spent on scholarships and fee waivers.

In the 2011-12 outreach activity included over 13,300 interventions with non-traditional learners and with ages ranging from primary school to Access to HE students. The University runs a number of intensive activities for pupils from non-traditional backgrounds, including a summer school based around the transition from GCSE to post-16 study, a Saturday Fashion school, mentoring for disengaged boys and a Spring school for local looked after children. The University shares a collaborative outreach project with the University of Sussex, based in the Brighton and Sussex Medical School (BSMS). BrightMed, recruits 50 Year 8 pupils each year from local state schools and who have no family background in higher education and wish to pursue a career in science or medicine. The University has a commitment to encouraging young people in care to apply to higher education, and has been awarded the Frank Buttle kitemark in recognition of our work in this area.

During the year, the University launched the new annual Aspiration Awards to recognise the commitment of Hastings based students who overcome significant obstacles in order to study. Led by one of the University's Alumna, £25,000 was raised through donations and awarded to 10 students.

### **Teaching and the student experience**

The University is committed to providing a high quality learning experience for all our students, with teaching staff being supported by institutional development programmes. In 2011-12 the Student Union received over 500 nominations for University staff to receive Excellence Awards.

The majority of students undertake work placements as part of their course, and they are also encouraged to contribute to the local community and to develop experience through volunteering. The award winning student volunteering scheme, *Active Student*, has enabled hundreds of students to undertake volunteering work with community, voluntary and public sector organisations around Sussex and provide them with valuable experience to enhance their CVs.

Over 26% of the University's courses are professionally accredited, accounting for 43% of all students. The University not only educates future professionals for a wide range of public services but works in partnership to help shape professional formation and practice with 64 Professional, Statutory and Regulatory Bodies (PSRBs).

For the third consecutive year the University's Student Services has been awarded the Matrix Standard for the advice and guidance service they provide. The externally assessed award demonstrates the high quality information, advice and guidance that is provided to staff, students and external partners which is measured on an on-going basis to determine its impact and value.

### **Research**

The University is evolving a research culture of international standing across a broad range of disciplines that enhances the University's intellectual capital in support of economic, cultural and social well-being. The University's research partners are drawn from across the UK and across the globe, and include a significant range of local partners reflecting the importance of our role in the local and regional community. Research activity includes public sector collaborations with the NHS, local and national government departments and agencies and a number of charity partners. Our research, around themes such as aging, sustainability, wound care and inclusivity, engages with partners to ensure direct application to improve the quality of lives.

During the year the University was recognised by the European Commission for its work in supporting and developing researchers by being presented with the European HR Excellence in Research Award. Recipients of the Award are able to demonstrate alignment with the principles of the European Charter for Researchers and Code of Conduct for their Recruitment.

The University hosted a number of exhibitions and symposiums in 2011-12, including 3D-COFORM – a unique partnership of experts, coordinated by the University, concerned with applying 3D digital technology to transform the way that archaeological sites and museums preserve their artefacts and artworks.

### **Economic and social engagement**

The University aims to become recognised as a leading UK University for the quality and range of its work in economic and social engagement and productive partnerships.

The University has a number of initiatives which help companies to develop their products, services, technologies, and systems, stimulate growth and develop their workforce. These include Knowledge Transfer Partnerships – for example the partnership project worth more than £240,000 to develop precision high voltage power supplies and another for £225,000 to develop wireless data communications for the marine environment. Our academic partnerships are exemplified by MSc in Highways Engineering programme, a collaboration with seven highways authorities, which seeks to create high quality graduates with advanced engineering skills and knowledge in contract management and commissioning as well as on the technical aspects of highways engineering.

Social engagement activities include not only support for widening participation initiatives but engagement with local employers to support work based routes to learning. "On our Doorsteps" is a programme that aims to develop opportunities for all types of staff and students across the University to engage with local communities. The programme has a seed fund which provides up to £5,000 to new partnership projects for the University and community organisations to begin to work together. We want to support a range of innovative partnerships which address community needs and bring real issues into teaching and research.

The University recognises that it has a leading part to play in demonstrating social responsibility. During 2011-12 the University remained on track to meet its ambitious Carbon Management Plan, which seeks to reduce carbon emissions by 50% in five years to 2016. The progress made to date to reduce the University's carbon footprint was

recognised when it climbed a further 18 places to 3rd in the People & Planet's annual Green League for higher education in 2012. Over the two years since the Carbon Management Plan was launched the University has climbed 28 places in the league.

### **Ethical investment**

The University's ethical investment policy is reviewed on an annual basis to ensure that its deposits of cash resources are limited to those institutions whose social, environmental and ethical policies have been considered acceptable by the University. The University has taken the explicit decision not to invest in equities (either directly or indirectly through investment funds) to ensure that it does not fund activities specifically prohibited by its ethical investment policy.

### **Philanthropy**

The University actively fundraises from our alumni, companies, trusts and foundations and other friends and supporters. The philanthropic support we receive is directed towards supporting students through scholarships, bursaries and prizes; our research activities; community activities and other special projects. Some of the projects that have benefitted from donations that the University has received include:

The School for Malaqiri – Our School of Education leads on a project to raise funds to build and maintain a school in rural Nepal for children between the age of five and twelve. Over £60,000 has been raised to date and the school opened in April 2011. This year 15 students from the University visited the school as part of their complementary placement module in the School of Education.

Springboard Grants – Nearly £200,000 of unrestricted donations have been used to create a series of awards open to all students and staff at the University. This funding programme offers grants (of up to £1,000) to current students and staff at the University to support unique activities that will enrich and enhance the student and staff experience. These activities may be academic, professional or extra-curricular. They can be undertaken by individuals or groups, such as Students' Union clubs and societies.

Elite Sports Scholarships – Each year £21,000 is allocated to providing scholarships and support to some of the University's sports men and women. This includes a cash award as well as free access to the University's sports facilities, sports science labs and physiotherapy.

Alumni and Friends Funds – Each year we ask alumni to make small regular donations to support projects in their own areas of study; our alumni and friends funds. This year over £50,000 was pledged by nearly 300 graduates. These funds support student activities, prizes, clubs and societies, travel awards and much more.

## MEMBERSHIP OF THE BOARD OF GOVERNORS

Membership of the Board of Governors for the year ended 31 July 2012.

Twelve independent members	Lord Mogg (Chairman) Ms K Allen Dr Y Burne Judge M Fawcett Mr M Geerts Mr J Harley Ms R Lowe Mr S Maycock Mrs C Miller Dr T Simpson Mr C Thomson Vacancy
Two teachers at the University, nominated by the Academic Board	Dr E Ostler Ms M Wallis
Four co-opted members	Professor P Ashworth Ms B Brewer Professor B Gourley Mr D Pleavin
The Vice-Chancellor of the University	Professor J Crampton
One student of the University, nominated by the students	Mr T Preston

### Attendance at meetings of the Board of Governors during 2011-12

During 2011-2012 five meetings of the Board were held, in September and November 2011, February, May and June 2012. The attendance record of members was as follows:-

Name	No. of meetings attended	Name	No. of meetings attended
Ms K Allen	2	Mr S Maycock	5
Professor P Ashworth	4	Mrs C Miller	5
Ms B Brewer	4	Lord Mogg	5
Dr Y Burne	2	Dr E Ostler	5
Professor J Crampton	5	Mr D Pleavin	4
Judge M Fawcett	5	Mr T Preston	5
Mr M Geerts	4	Dr T Simpson	5
Professor B Gourley	3	Mr C Thomson	4
Mr J Harley	5	Ms M Wallis	5
Ms R Lowe	2		

## CORPORATE GOVERNANCE

The University is a higher education corporation with exempt charity status incorporated under the Education Reform Act 1988.

The following statement is given to assist readers of the financial statements to obtain an understanding of the Governance procedures applied by the University's Board of Governors.

The Board of Governors is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that has been in place for the year ended 31 July 2012 and up to the date of approval of the annual accounts and that the procedures for identifying compliance with the key principles for corporate governance can be demonstrated. The University accords with the internal control guidance on the combined code as deemed appropriate for higher education. The Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 2006 and guidance provided by the Committee of University Chairmen (CUC) in March 2009. Its purpose is to help the reader of the financial statements understand how the principles have been applied. The University considers itself to be fully compliant with the CUC code.

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

The Board of Governors meets five times a year; and has several committees. These include a Finance and Employment Committee and an Audit Committee which play key roles in ensuring the financial probity of the institution and the identification and the management of risk.

The Board of Governors is sensitive to risk management and its consideration permeates all of its deliberations. It receives regular and comprehensive financial and control reports from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

**The Finance and Employment Committee** inter alia recommends to the Board of Governors the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It has responsibility to make recommendations to the Board of Governors on the development and redevelopment of the University's estate and on the financial implications of such development. It does not have any decision-making powers. It meets four times a year.

**The Audit Committee** meets three times a year with the University's external and internal auditors in attendance. The committee considers detailed reports from both auditors, together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the University's business, monitors adherence to the regulatory requirements and monitors the management of risk by the University's senior management team. The Committee has the authority to call for any information from University officers, from internal and external auditors and from others whom it considers necessary to consult in order to discharge its responsibilities.

**The Nominations Committee** ensures that the membership of the Board of Governors is refreshed at appropriate times by individuals of appropriate standing.

**The Remuneration Committee** determines the salaries of senior post-holders.

**The Student Affairs Committee** advises the Board of Governors on all matters concerning the experience of students as members of the University community. It meets three times a year.

**The Disbursement Advisory Group** monitors the administration of philanthropic income received by the University, ensures regard is given to the principles of public benefit promulgated by the Charity Commission in the administration of philanthropic income and makes recommendations for the disbursement of unrestricted funds in line with institutional priorities as determined by the Board. It meets three times a year.

Each of these committees is formally constituted with terms of reference and chaired by an independent member of the board, and reports regularly to the main Board.



**The Senior Management Team** receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training.

The University maintains a Register of Interests of members of the Board of Governors and of senior officers which may be consulted by arrangement with the Clerk to the Board of Governors.

Lord Mogg.....Chair of the Board of Governors

Dated: 23 November 2012

## RESPONSIBILITIES OF THE BOARD OF GOVERNORS

In accordance with the Education Reform Act 1988 and the University's Instrument and Articles of Government, the Board of Governors of the University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Instrument and Articles of Government, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of the University, the Board of Governors through its designated office holder is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and the surplus or deficit and cash flows for that financial year.

In causing the financial statements to be prepared, the Board of Governors has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed;
- financial statements are prepared on the going concern basis as the University has adequate resources to continue in operation for the foreseeable future.

The Board of Governors has taken reasonable steps to ensure that funds from the Higher Education Funding Council for England and the Training Development Agency for Schools grants are used only for the purpose for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe.

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

- 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;
- secure the economical, efficient and effective management of the University's resources and expenditure;
- define clearly the responsibilities of, and the authority delegated to, budget managers and senior budget managers;
- ensure a comprehensive planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- make regular reviews of academic performance and financial results involving variance reporting and updates of forecast out-turns;
- ensure clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- maintain comprehensive financial regulations, detailed financial controls and procedures, approved by the Audit Committee and Board of Governors;
- maintain a professional internal audit team whose annual programme is approved by the Audit Committee.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

In regard to the publication of these accounts on the Internet, The Board of Governors recognise their responsibility for:

- (a) The maintenance and integrity of the University of Brighton website; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF BRIGHTON**

We have audited the group and University financial statements (the "financial statements") of the University of Brighton for the year ended 31 July 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board of Governors and auditor**

As explained more fully in the Statement of Responsibilities of Board of Governors set out on page 16, the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31<sup>st</sup> July 2012 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

### **Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and group.

**M G Fallon****For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

November 2012

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**Year ended 31 July 2012**

	Note	2012 £'000	2011 £'000
<b>INCOME</b>			
Funding Council grants	2	61,066	70,912
Academic fees and support grants	3	72,815	69,301
Research grants and contracts	4	8,250	8,297
Other operating income	5	22,764	23,078
Endowment and investment income	6	1,382	1,017
		<hr/>	<hr/>
TOTAL INCOME		166,277	172,605
Less share of joint venture income	31	(9,690)	(9,410)
		<hr/>	<hr/>
<b>GROUP INCOME</b>		<b>156,587</b>	<b>163,195</b>
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff costs	7	94,589	92,573
Depreciation	11	4,794	6,654
Other operating expenses	8	55,227	56,284
Interest payable	9	2,150	2,665
		<hr/>	<hr/>
TOTAL EXPENDITURE		156,760	158,176
Less share of joint venture expenditure	31	(9,200)	(9,180)
		<hr/>	<hr/>
<b>GROUP EXPENDITURE</b>		<b>147,560</b>	<b>148,996</b>
		<hr/>	<hr/>
<b>Surplus after depreciation of assets at valuation and before tax</b>		9,027	14,199
Share of surplus in joint venture	31	490	230
		<hr/>	<hr/>
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		9,517	14,429
Surplus for the year transferred to accumulated income in endowment funds	18	-	12
		<hr/>	<hr/>
<b>Surplus for the year retained within general reserves</b>	10, 17	9,517	14,441
		<hr/>	<hr/>
<b>Surplus on continuing operations before tax</b>		9,517	14,429
<b>Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount</b>	16	1,633	3,364
		<hr/>	<hr/>
<b>HISTORICAL COST SURPLUS</b>		<b>11,150</b>	<b>17,793</b>
		<hr/> <hr/>	<hr/> <hr/>

The consolidated income and expenditure of the University and its subsidiaries relate wholly to continuing operations.

The notes on pages 22–49 form part of these financial statements.

**BALANCE SHEET**  
As at 31 July 2012

	Note	Consolidated		University	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>					
Tangible assets	11	194,745	185,258	196,975	187,538
Investments	20	84	84	184	184
Joint venture assets	31	7,502	6,682	-	-
Joint venture liabilities	31	(2,881)	(2,551)	-	-
		<u>199,450</u>	<u>189,473</u>	<u>197,159</u>	<u>187,722</u>
<b>CURRENT ASSETS</b>					
Short term investments	30	75,509	61,759	75,500	61,750
Stock	1(e)	113	94	90	75
Debtors	12	8,295	8,759	12,314	12,783
Cash at bank and in hand	28	14,243	13,463	13,891	12,582
		<u>98,160</u>	<u>84,075</u>	<u>101,795</u>	<u>87,190</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(42,329)	(43,916)	(41,500)	(43,055)
<b>NET CURRENT ASSETS</b>		<u>55,831</u>	<u>40,159</u>	<u>60,295</u>	<u>44,135</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>255,281</u>	<u>229,632</u>	<u>257,454</u>	<u>231,857</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	(55,032)	(39,036)	(55,032)	(39,036)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>200,249</u>	<u>190,596</u>	<u>202,422</u>	<u>192,821</u>
Net Pension Liability	19(d)	(33,491)	(19,188)	(33,491)	(19,188)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u><u>166,758</u></u>	<u><u>171,408</u></u>	<u><u>168,931</u></u>	<u><u>173,633</u></u>
<b>Deferred Capital Grants</b>	15	16,627	16,362	16,628	16,362
Endowments	18	14	14	14	14
<b>RESERVES</b>					
Revenue reserve excluding pension liability		112,793	101,772	114,965	103,997
Pension Liability	19(d)	(33,491)	(19,188)	(33,491)	(19,188)
Revenue reserve including pension liability	17	79,302	82,584	81,474	84,809
Revaluation reserve	16	70,815	72,448	70,815	72,448
Total Reserves		<u>150,117</u>	<u>155,032</u>	<u>152,289</u>	<u>157,257</u>
<b>Total Funds</b>		<u><u>166,758</u></u>	<u><u>171,408</u></u>	<u><u>168,931</u></u>	<u><u>173,633</u></u>

These financial statements were approved by the Board of Governors on 23 November 2012  
Signed on behalf of the Board of Governors

Lord Mogg .....Governor and Chair of Governing Body

Professor Julian Crampton .....Governor and Vice-Chancellor

The notes on pages 22 to 49 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 July 2012**

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	23	8,192	33,351
Returns on investments and servicing of finance	24	(502)	(1,843)
Capital expenditure and financial investment	25	(14,040)	(9,302)
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>		(6,350)	22,206
Management of liquid resources			
Deposit – Increase to short term investments		(13,750)	(20,751)
Financing	26	20,880	(2,021)
<b>Increase/(decrease) in cash</b>	28	780	(566)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**Year ended 31 July 2012**

		2012 £'000	2011 £'000
<b>Increase/(decrease) in cash in the year</b>		780	(566)
Repayment of debt	27	2,225	2,127
Receipt of new loan	27	(23,105)	(106)
<b>Changes in net funds from cash flows</b>	28	(20,100)	1,455
Net funds at beginning of year	28	(22,504)	(23,959)
<b>Net funds at end of year</b>	28	<b>(42,604)</b>	<b>(22,504)</b>

Net funds excludes cash held as short term investments which totalled £75.5m as at 31 July 2012 (£61.8m as at 31 July 2011) .

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 July 2012**

	2012 £'000	2011 £'000
Surplus after depreciation of assets at valuation and tax	9,517	14,429
Actuarial (loss)/gain recognised in respect of pensions, Note 19(d)	(14,432)	10,255
<b>Total recognised (losses)/gains relating to the year</b>	<b>(4,915)</b>	<b>24,684</b>

**RECONCILIATION**

	2012 £'000	2011 £'000
Opening reserves and endowments	155,046	130,362
Total recognised (losses)/gains for the year	(4,915)	24,684
<b>Total reserves and endowments at 31 July</b>	<b>150,131</b>	<b>155,046</b>

The notes on pages 22-49 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 July 2012

#### 1. ACCOUNTING POLICIES

##### a) Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and applicable accounting standards.

Repair and maintenance of buildings costs are treated in line with the requirements of FRS 15 'Tangible Fixed Assets' in that they are treated as revenue expenditure unless there is a clear indication that such repairs will enhance the economic benefits of the tangible asset, in excess of the previously assessed standard of performance.

FRS 18 'Accounting Policies' has been adopted and the Board is satisfied that the current accounting policies are the most appropriate for the University.

##### b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the University and its subsidiary undertakings as well as the University's share of the joint venture, the Brighton and Sussex Medical School (Note 31).

Although the University exercises a measure of control over the Students' Union, this is not considered to be control as defined by Financial Reporting Standard 2. Therefore, the consolidated financial statements do not include the results of the Students' Union.

##### c) Recognition of income

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors.

All income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments not expended is transferred from the income and expenditure account to specific endowments.

Income grants received during the year in support of general or specific revenue activities of the University are credited directly to the Income and Expenditure Account.

Capital grants are released to the Income and Expenditure Account over the estimated useful lives of the related assets purchased with the grants.

Capital grants received in advance of expenditure are carried forward as receipts in advance. The amount of capital grants relating to the non-depreciated element of fixed assets is carried forward as a creditor.

##### d) Tangible fixed assets

###### i) Land and buildings

Land and buildings are stated at cost, or in the case of buildings in use at 31 July 1999, at valuation.

Land and buildings were valued on 31 July 1999 at depreciated replacement cost by Stiles Harold Williams, a firm of independent chartered surveyors.

The transitional rules set out in FRS 15 'Tangible Fixed Assets' have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

Buildings in the course of construction are accounted for at cost, based on the value of architects certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

###### ii) Rentals in respect of operating leases are charged to the income and expenditure account as incurred.



## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 July 2012

- iii) Depreciation is charged so as to write off fixed assets in equal annual instalments over their estimated useful lives. The minimum rates of depreciation are as follows:

Vehicles	20% per annum
Computer equipment	33% per annum
Other equipment	20% per annum
Buildings	2% per annum
Land is not depreciated.	

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

- iv) Equipment and vehicles are shown as disposed of within the books of accounts once fully depreciated.

Assets purchased for less than £20,000 are not capitalised and are written off to the income and expenditure account in the year of purchase.

#### e) **Stocks**

Stocks, which consist of goods for resale, are stated at the lower of cost and net realisable value.

#### f) **Taxation**

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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 regard to Value Added Tax (VAT) and so is only able partially to recover the VAT input tax suffered.

#### g) **Research grants and contracts**

Income from ongoing research grants and contracts is included in the income and expenditure account to match the amount of expenditure incurred during the year.

#### h) **Accounting for pensions**

The University staff are able to join either the Teachers Pension Scheme operated by the Department for Education or the Local Government Pension Scheme operated by the East Sussex County Council, as detailed in note 19(d). Additionally, the University has agreed with the Universities Superannuation Scheme that new staff who are in membership as at the date of joining the University of Brighton may remain members of that scheme. These are defined benefit schemes and contributions, including the capitalised cost of enhanced early retirement, are charged to the income and expenditure account as they become payable in accordance with the rules of the scheme.

#### i) **Leased assets**

Assets held under finance leases and hire purchase contracts are capitalised at their fair value at the inception of the leases and are depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding. Income and costs in respect of operating leases are credited/charged on a straight line basis over the lease term.

#### j) **Investments**

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for permanent impairment in their value. Current asset investments, which may include listed investments, are stated at the lower of cost and net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**k) Provisions**

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

**2. FUNDING COUNCIL GRANTS**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent Grants</b>		
Higher Education Funding Council for England (HEFCE)	51,779	56,380
Training and Development Agency for Schools (TDA)	7,448	7,903
<b>TOTAL RECURRENT GRANTS</b>	<b>59,227</b>	<b>64,283</b>
<b>Specific Grants (HEFCE)</b>		
University Modernisation Fund	-	2,131
Aim Higher	31	1,630
Learning & Teaching Development	103	573
Teaching & Research Capital Investment Fund	386	551
Centre for Work and Learning	530	497
CUPP (SECCP)	6	234
Higher Education Innovation Funds	6	58
CETL - Learning Through Design	-	39
Other	108	158
Sub Total HEFCE Specific Grants	1,170	5,871
<b>Specific Grants (TDA)</b>		
Masters in Teaching and Learning	14	24
Extended Placements	12	-
Leading Literacy Schools	-	12
Spanish Primary Languages Programme	-	9
Mainstream RRCC	-	6
Capital Support	6	5
Other	10	2
Sub Total TDA Specific Grants	42	58
<b>TOTAL SPECIFIC GRANTS</b>	<b>1,212</b>	<b>5,929</b>
<b>Deferred Capital Grants (HEFCE)</b>		
Buildings	368	369
Equipment	259	331
<b>TOTAL DEFERRED CAPITAL GRANTS</b>	<b>627</b>	<b>700</b>
	<b>61,066</b>	<b>70,912</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**3. ANALYSIS OF ACADEMIC FEES AND SUPPORT GRANTS**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Home and EU domiciled students		
Full Time		
Undergraduate	49,634	47,654
Postgraduate	3,645	3,215
Part Time		
Undergraduate	2,930	3,441
Postgraduate	2,950	2,201
Sub total	<u>59,159</u>	<u>56,511</u>
Non EU domiciled students	<u>11,561</u>	<u>10,707</u>
Total HE Course Fees	70,720	67,218
Non Credit Bearing Course Fees	1,618	1,733
Research Training Support Grants	<u>477</u>	<u>350</u>
	<b><u>72,815</u></b>	<b><u>69,301</u></b>

The analysis of the 2011 figures has been restated to align with HESA definitions. Overall totals remain as previously reported.

**4. RESEARCH GRANTS AND CONTRACTS**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
European Commission	2,084	2,395
UK Government	2,426	2,682
Research Council	1,739	1,135
UK based charities	827	1,010
UK industry & public corporations	778	952
Other	396	123
	<u>8,250</u>	<u>8,297</u>

**5. OTHER OPERATING INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Residences, catering and conferences	13,653	13,033
Other services rendered	4,432	4,984
Other income	4,679	5,061
	<u>22,764</u>	<u>23,078</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**6. ENDOWMENT AND INVESTMENT INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from short term investments and bank deposits	1,111	1,017
Net return on pension schemes	271	-
	<u>1,382</u>	<u>1,017</u>

**7. STAFF**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Consolidated</b>		
Wages and salaries	77,233	76,774
Social security costs	6,477	6,147
Other pension costs	10,879	9,652
	<u>94,589</u>	<u>92,573</u>

**University's share of Joint Venture**

Wages and salaries	3,408	3,896
Social security costs	424	303
Other pension costs	537	387
	<u>4,369</u>	<u>4,586</u>

**University and Subsidiaries excluding Joint Venture**

Wages and salaries	73,825	72,878
Social security costs	6,053	5,844
Other pension costs	10,342	9,265
	<u>90,220</u>	<u>87,987</u>

**Emoluments of the Vice-Chancellor**

	<b>£</b>	<b>£</b>
Professor Julian Crampton		
Salary	200,000	200,000
Pension contributions	21,333	32,000
Benefits in kind	2,271	2,271
	<u>223,604</u>	<u>234,271</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

The remuneration of other higher paid staff, excluding employer's pension costs, was as follows:

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
£100,000 - £110,000	7	5
£110,000 - £120,000	1	7
£120,000 - £130,000	5	1
£130,000 - £140,000	2	1
£140,000 - £150,000	1	-
£150,000 - £160,000	-	1
£160,000 - £170,000	1	-
£170,000 - £180,000	1	1
£180,000 - £190,000	-	1
£190,000 - £200,000	-	1
£200,000 - £210,000	-	-
£210,000 - £220,000	1	1

14 (2011 – 14) of the above staff are employed by the joint venture (see Note 31)

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
<b>Average staffing numbers (full time equivalent)</b>		
Senior managers	12	12
Teaching and Research	871	868
Administrative	859	860
Technical	119	114
Manual and craft	172	186
	<u>2,033</u>	<u>2,040</u>

These staff numbers exclude BSMS staff employed on the Joint Venture and exclude all casual staff.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**8 ANALYSIS OF OTHER OPERATING EXPENSES**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Agency and contract staff	3,213	2,933
Auditors' remuneration*	61	58
Bad debt expense	(193)	170
Books and periodicals	1,649	1,644
Catering and bar provisions	1,333	1,344
Cleaning and waste disposal	821	876
Consultancy	1,169	1,273
Energy	2,536	2,050
Enhanced pension capital and interest	17	18
Equipment and materials	9,333	8,763
Exam and registration fees	50	49
External examiners	283	313
Facilities management fee	927	866
Field course expenses	497	486
Grants to students	6,479	6,693
Insurances	457	452
Maintenance of buildings and grounds	5,320	5,570
Mentorship payments	905	920
Other employee expenses	601	610
Partner colleges	3,245	5,166
Printing	872	911
Publicity and advertising	1,164	953
Rent, rates and water	6,805	6,271
Student accommodation	210	396
Students Union grant	753	799
Subscriptions	557	565
Telephones and postage	985	910
Transport	2,493	2,395
Miscellaneous	2,685	2,830
	<b>55,227</b>	<b>56,284</b>

\*

In addition, KPMG LLP, the external auditors have been paid £27,522 (VAT inclusive) for other services in the year (2011: £44,626).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**9. INTEREST PAYABLE**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Bank and other loans not wholly repayable within 5 years	1,988	1,910
Bank and other loans wholly repayable within 5 years	54	82
Interest on pension scheme liabilities (note 19d)	-	569
Finance leases	108	104
	<u>2,150</u>	<u>2,665</u>

**10. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
University surplus for the year	9,464	14,399
Depreciation on intra group asset sale	50	50
Surplus/(deficit) generated by the subsidiary undertakings	3	(8)
	<u>9,517</u>	<u>14,441</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**11. TANGIBLE FIXED ASSETS**

	<b>Land and Buildings £'000</b>	<b>Vehicles £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Consolidated</b>				
<b>Valuation/Cost</b>				
At 1 August 2011 - valuation	117,369	-	-	117,369
- cost	99,303	216	3,457	102,976
Additions	14,037	-	244	14,281
Disposals	-	-	(799)	(799)
As at 31 July 2012	<u>230,709</u>	<u>216</u>	<u>2,902</u>	<u>233,827</u>
<b>Accumulated Depreciation</b>				
At 1 August 2011	33,498	126	1,463	35,087
Depreciation on disposals	-	-	(799)	(799)
Charge for the year	3,991	44	759	4,794
As at 31 July 2012	<u>37,489</u>	<u>170</u>	<u>1,423</u>	<u>39,082</u>
<b>Net Book Value</b>				
At 31 July 2012	<u>193,220</u>	<u>46</u>	<u>1,479</u>	<u>194,745</u>
At 31 July 2011	<u>183,174</u>	<u>90</u>	<u>1,994</u>	<u>185,258</u>
<b>Analysis of Funding</b>				
Inherited	68,521	-	-	68,521
Financed by capital grant	15,927	-	704	16,631
Other	108,772	46	775	109,593
<b>Net Book Value at 31 July 2012</b>	<u>193,220</u>	<u>46</u>	<u>1,479</u>	<u>194,745</u>

The transitional rules set out in FRS 15 'Tangible Fixed Assets' have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

Land and buildings were valued on 31 July 1999 at depreciated replacement cost by a firm of independent chartered surveyors.

Included within land and buildings is property with a net book value of:

	<b>2012</b>	<b>2011</b>
Freehold properties	£169.0m	£172.3m
Held under finance lease	£3. 2m	£3. 3m
Assets in the course of construction	£21.0m	£7.8m

The depreciation charge of assets held under finance lease for the year was £80,840 (2011: £80,840). If the land and buildings inherited from East Sussex County Council on corporation had not been valued they would have been included at the following amounts:

	£
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	<u>Nil</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**11. TANGIBLE FIXED ASSETS (CONTINUED)**

	<b>Land and Buildings £'000</b>	<b>Vehicles £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>University of Brighton</b>				
<b>Valuation/Cost</b>				
At 1 August 2011 - valuation	112,061	-	-	112,061
- cost	106,303	216	3,457	109,976
Additions	14,037	-	244	14,281
Disposals	-	-	(799)	(799)
As at 31 July 2012	<u>232,401</u>	<u>216</u>	<u>2,902</u>	<u>235,519</u>
<b>Accumulated Depreciation</b>				
At 1 August 2011	32,910	126	1,463	34,499
Depreciation on disposals	-	-	(799)	(799)
Charge for the Year	4,041	44	759	4,844
As at 31 July 2012	<u>36,951</u>	<u>170</u>	<u>1,423</u>	<u>38,544</u>
<b>Net book value</b>				
At 31 July 2012	<u>195,450</u>	<u>46</u>	<u>1,479</u>	<u>196,975</u>
At 31 July 2011	<u>185,454</u>	<u>90</u>	<u>1,994</u>	<u>187,538</u>
<b>Analysis of Funding</b>				
Inherited	68,521	-	-	68,521
Financed by capital grant	15,927	-	704	16,631
Other	111,002	46	775	111,823
<b>Net book value at 31 July 2012</b>	<u>195,450</u>	<u>46</u>	<u>1,479</u>	<u>196,975</u>

The transitional rules set out in FRS 15 'Tangible Fixed Assets' have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

Land and buildings were valued on 31 July 1999 at depreciated replacement cost by a firm of independent chartered surveyors.

Included within land and buildings is property with a net book value of:

	<b>2012</b>	<b>2011</b>
Freehold properties	£171.2m	£174.3m
Held under finance lease	£3.2m	£3.3m
Assets in the course of construction	£21.0m	£7.8m

The depreciation charge of assets held under finance lease for the year was £80,840 (2011: £80,840). If the land and buildings inherited from East Sussex County Council on corporation had not been valued they would have been included at the following amounts:

Cost	£
Aggregate depreciation based on cost	Nil
Net book value based on cost	<u>Nil</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**12. DEBTORS**

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>Due within one year:</b>				
Trade debtors	3,848	3,381	3,311	2,966
Amounts owed by subsidiary undertakings	-	-	110	400
Prepayments and accrued income	4,447	5,378	8,893	9,417
<b>TOTAL DEBTORS</b>	<b>8,295</b>	<b>8,759</b>	<b>12,314</b>	<b>12,783</b>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Finance Lease	3,711	123	3,711	123
Building project loans	3,260	2,035	3,260	2,035
Salix Loan	56	30	56	30
Trade creditors	437	1,158	437	1,158
PAYE creditors	1,826	1,835	1,826	1,835
HM Revenue and Customs – VAT	235	872	194	818
Superannuation funds	596	559	596	559
Other creditors	1,991	1,865	1,664	1,554
Accruals and deferred income	30,217	35,439	29,756	34,943
	42,329	43,916	41,500	43,055

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Loan re building project - student residences (i)	4,244	4,464	4,244	4,464
Grand Parade 4 <sup>th</sup> Wing building (ii)	158	475	158	475
Loan re Academic Accommodation (iii)	23,503	25,030	23,503	25,030
Finance lease (iv)	-	3,734	-	3,734
Clydesdale Loans (v)	21,804	-	21,804	-
H M Revenue and Customs – VAT (vi)	2	6	2	6
Accruals and Deferred Income (vii)	5,210	5,251	5,210	5,251
Salix Loan (viii)	111	76	111	76
	55,032	39,036	55,032	39,036

- (i) This comprises a bank loan bearing interest fixed at 9.16% per annum, repayable by instalments by April 2022. This loan is secured by fixed charges over various University properties.
- (ii) Bank loan with interest fixed at 8.79% per annum, repayable by 2013. Loan secured by fixed charge over the freehold of various University properties.
- (iii) Bank loan in three tranches with interest rates fixed at between 5.3507% and 5.5057%. Loan secured by fixed charge over the freehold of various University properties.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

- (iv) In 1995 the University entered into a lease and leaseback transaction of one of its freehold properties. The University received £4m proceeds and entered into a finance lease for 30 years. The finance lease is secured by a first fixed charge over the freehold of various University properties. The University has exercised its option to purchase, this being completed in October 2012.
- (v) Bank loan in two tranches with interest rates fixed at 4.49% and 3.96%. Loans secured by fixed charge over the freehold of various University properties.
- (vi) Repayment due under the capital goods scheme.
- (vii) Advance payment regarding operating lease.
- (viii) Interest free loans under the Carbon Reduction Programme to fund improvements to energy efficiency.

	<b>Consolidated</b>		<b>University</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Analysis of Loan Repayments</b>				
<b>Total Loans</b>				
In one year or less or on demand	3,316	2,065	3,316	2,065
In more than one year but not more than two years	3,191	2,093	3,191	2,093
In more than two years but not more than five years	9,233	5,663	9,233	5,663
In more than five years	37,396	22,289	37,396	22,289
	<u>53,136</u>	<u>32,110</u>	<u>53,136</u>	<u>32,110</u>

	<b>Consolidated and University</b>	
	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Obligations under Finance Leases Falling Due as follows:</b>		
Minimum lease payments payable		
Within one year	3,711	123
Within two to five years	-	3,734
	<u>3,711</u>	<u>3,857</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**15. DEFERRED CAPITAL GRANTS (HEFCE)**

	<b>Consolidated and University Funding Councils £'000</b>
<b>As at 1 August 2011</b>	
Equipment	815
Buildings	15,547
	<hr/> 16,362
<b>Cash Received</b>	
Equipment	144
Buildings	748
	<hr/> 892
<b>Released to Income and Expenditure</b>	
Equipment	(258)
Buildings	(369)
	<hr/> (627)
<b>As at 31 July 2012</b>	
Equipment	701
Buildings	15,926
	<hr/> 16,627

In accordance with the University's accounting policy for recognition of income 1(c), capital grants are released to the Income and Expenditure account over the estimated useful lives of the related assets purchased with the grants. This matches the University's fixed asset policy which depreciates computer equipment over three years, other equipment over five years and buildings over 50 years. The majority of capital grants are applied to the acquisition of buildings.

**16. REVALUATION RESERVE**

	<b>Consolidated £'000</b>	<b>University £'000</b>
Revaluations as at 1 August 2011	72,448	72,448
Transfers from revenue reserve to revenue reserve for depreciation	(1,633)	(1,633)
	<hr/> 70,815	<hr/> 70,815
As at 31 July 2012	<hr/> <hr/> 70,815	<hr/> <hr/> 70,815

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**17. REVENUE RESERVE**

	<b>Consolidated £'000</b>	<b>University £'000</b>
Surplus for the year retained in general reserves	9,517	9,464
FRS 17 actuarial (loss)	(14,432)	(14,432)
Transfers from revaluation reserve in respect of depreciation on revalued assets	1,633	1,633
	<hr/>	<hr/>
Movement in the year	(3,282)	(3,335)
Balance as at 1 August 2011	82,584	84,809
	<hr/>	<hr/>
Balance at 31 July 2012	<b>79,302</b>	<b>81,474</b>
	<hr/> <hr/>	<hr/> <hr/>

**18. ENDOWMENTS**

	<b>Restricted Permanent £'000</b>	<b>Restricted Total £'000</b>
Capital Value	14	14
	<hr/>	<hr/>
As at 1 August 2011	14	14
	<hr/>	<hr/>
Represented by:		
Capital Value	12	12
Accumulated Income	2	2
	<hr/>	<hr/>
	14	14
	<hr/>	<hr/>

	<b>Consolidated and University £'000</b>	
	<b>Year ended 2012 £'000</b>	<b>Year ended 2011 £'000</b>
Balance as at 1 August 2011 and 31 July 2012	14	14
	<hr/>	<hr/>
Represented by Bank Balances	14	14

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 July 2012

#### 19. PENSIONS

##### (a) Pension Contributions

The two principal pension schemes for the University's staff are the Teachers Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). Additionally, the University has agreed with the Universities Superannuation Scheme (USS) that new staff who are in membership as at the date of joining the University of Brighton may remain members of that scheme. The assets of the Schemes are held in separate administered funds. The schemes are defined benefit schemes, which are valued every three years for LGPS and every five years for TPS and by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. TPS provides benefits based on final pensionable salary for academic staff, LGPS provides similar benefits for support staff, including research and manual staff, subject to the rules of eligibility. USS provides similar benefits. Pension costs are assessed using the projected unit method.

##### (b) TPS

The TPS is an unfunded pension scheme which is externally funded and contracted out of the State Second Pension (S2P). The Secretary of State for Children, Schools and Families makes statutory regulations under the Superannuation Act 1972, which govern it.

Under the definitions set out in the Financial Reporting Standard FRS 17 'Retirement Benefits', the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has used the exemption in FRS 17 and contributions to the scheme have been accounted for as if it were a defined contribution scheme.

##### (c) USS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires scheme to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

Standard mortality tables were used as follows:

Male members' mortality	S1NA ("light") YoB tables- no age rating
Female members' mortality	S1NA ("light") YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include

*New Entrants*

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

*Normal pension age*

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

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 July 2012

#### *Flexible retirement*

Flexible retirement options were introduced.

#### *Membership contributions increased*

Contributions were uplifted to 7.5% pa and 6.5%pa for FS section members and CRB section members respectively.

#### *Cost sharing*

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

#### *Pension increase cap*

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

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

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

<b><i>Assumption</i></b>	<b><i>Change in assumption</i></b>	<b><i>Impact on scheme liabilities</i></b>
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

The trustees believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cashflow of the scheme means that it is not



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

**(d) LGPS**

The University is a member of the East Sussex County Council (ESCC) Local Government Pension Scheme, a funded defined benefit scheme in the UK. It is contracted out of the State Second Pension (S2P). A full actuarial valuation was carried out at 31 March 2010 and was updated to 31 July 2012 by a qualified independent actuary for the purposes of FRS 17 disclosures.

The major assumptions set by the Governing Body having taken independent actuarial advice and then used by the actuary were:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Rate of increase in salaries	3.4%	4.5%	4.4%
Rate of increase in pensions in payment	1.9%	2.7%	2.9%
Discount rate	4.1%	5.3%	5.6%
Inflation assumption	1.9%	2.7%	2.9%

The University's share of the assets in the LGPS and the expected rate of return were:

	<b>Year ended 31 July 2012</b>		<b>Year ended 31 July 2011</b>		<b>Year ended 31 July 2010</b>	
	<b>Long term return %</b>	<b>Fund value £ million</b>	<b>Long term return %</b>	<b>Fund Value £ million</b>	<b>Long term return %</b>	<b>Fund value £ million</b>
Equities	5.5	96.212	7.0	88.624	7.3	75.156
Bonds	3.7	12.179	4.6	11.661	4.8	9.527
Property	3.7	10.961	5.1	9.329	5.3	9.527
Cash	2.8	<u>2.436</u>	4.0	<u>6.997</u>	4.4	<u>11.644</u>
		<b><u>121.788</u></b>		<b><u>116.611</u></b>		<b><u>105.854</u></b>

The following amounts relating to the University of Brighton were measured in accordance with the requirements of FRS 17:

<b>Analysis of amount shown in the balance sheet</b>	<b>2012 £ million</b>	<b>2011 £ million</b>
University's estimated asset share	121.788	116.611
Present value of University's scheme liabilities	<u>(155.279)</u>	<u>(135.799)</u>
Deficit in the scheme – Net Pension Liability	<u>(33.491)</u>	<u>(19.188)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

<b>Analysis of amount charged to operating surplus</b>	<b>2012</b>	<b>2011</b>
	<b>£ million</b>	<b>£ million</b>
Current service cost	5.060	4.097
Past service cost	0.008	0.013
	<hr/>	<hr/>
	5.068	4.110
	<hr/>	<hr/>
<b>Analysis of other amount credited/(debited) to interest receivable/(other finance cost)</b>	<b>2012</b>	<b>2011</b>
	<b>£ million</b>	<b>£ million</b>
Expected return on pension finance assets	7.520	7.052
Interest on pension scheme liabilities	(7.249)	(7.621)
	<hr/>	<hr/>
Net income/(charge)	0.271	(0.569)
	<hr/>	<hr/>
<b>Analysis of amount recognised in statement of total recognised gains and losses (STRGL)</b>	<b>2012</b>	<b>2011</b>
	<b>£ million</b>	<b>£ million</b>
Actual return less expected return on pension scheme assets	(4.174)	1.494
Changes in assumptions underlying the present value of scheme liabilities	(10.258)	8.761
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in STRGL	(14.432)	10.255
	<hr/>	<hr/>
<b>Analysis of movement in the market value of the scheme assets</b>	<b>2012</b>	<b>2011</b>
	<b>£ million</b>	<b>£ million</b>
At beginning of year	116.611	105.854
Contributions by members	1.940	1.911
Contributions by the employer	4.988	4.846
Benefits paid	(5.107)	(4.546)
Expected return on assets	7.520	7.052
Actuarial (loss)/gain	(4.174)	1.494
	<hr/>	<hr/>
As at end of year	121.778	116.611
	<hr/>	<hr/>
<b>Analysis of movements in the present value of the scheme's liabilities</b>	<b>2012</b>	<b>2011</b>
	<b>£ million</b>	<b>£ million</b>
At beginning of year	135.799	135.464
Current service cost	5.060	4.097
Contributions by members	1.940	1.911
Past service cost	0.080	0.013
Benefits paid	(5.107)	(4.546)
Interest costs	7.249	7.621
Actuarial loss/(gain)	10.258	(8.761)
	<hr/>	<hr/>
As at end of year	155.279	135.799
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

Amounts for the current and previous accounting periods	Year Ended 2012 £ million	Year ended 2011 £ million	Year ended 2010 £ million	Year ended 2009 £ million	Year ended 2008 £ million
Fair value of employer assets	121.788	116.611	105.854	88.652	89.775
Present value of defined benefit obligation	(155.279)	(135.799)	(135.464)	(129.115)	(121.843)
Deficit	33.491	19.188	29.610	40.463	32.068
Experience (losses)/gains on assets	(4.174)	1.494	7.400	(11.149)	(13.110)
Experience (losses)/gains on liabilities	(10.258)	9.985	(0.027)	0.078	(2.002)

**Mortality Assumptions**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are as follows and are based on the PFA92 and PMA92 tables, year of birth, medium cohort projection for pensioners and non-pensioners

Retiring today	
Males	21.3
Females	23.4
Retiring in 20 years	
Males	23.3
Females	25.7

**(e) Successor Authority**

Were the University of Brighton to close and there were no successor establishment, the Secretary of State would become the compensating authority.

**(f) Employer contribution rates as notified by scheme administrators**

TPS	1 April 2002 to 31 March 2003	8.35%
	1 April 2003 to 31 December 2006	13.5%
	1 January 2007 to date	14.1%
LGPS	1 April 2006 to 31 March 2007	14.1%
	1 April 2007 to 31 March 2008	15.7%
	1 April 2008 to 31 March 2011	16.7%
	1 April 2011 to 31 March 2012	17.0%
	1 April 2012 to date	17.4%
USS	1 January 1997 to 30 September 2009	14.0%
	1 October 2009 to date	16.0%

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**20. INVESTMENTS HELD AS FIXED ASSETS**

	<b>Consolidated</b>		<b>University</b>	
	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Associated companies	84	84	184	184
	<u>84</u>	<u>84</u>	<u>184</u>	<u>184</u>

As at 31 July 2012, the University's interests in subsidiary and associated undertakings were as follows:

<b>Consolidated Subsidiaries</b>	<b>Interest</b>	<b>Cost</b>	<b>Class of Shares</b>	<b>Activity</b>
University of Brighton Trading Company Ltd	100%	£100,000	Ord.	Provider of commercial services to public and private sector.
University of Brighton Foundation +	-	-	-	Charitable trust for the advancement of education.
<b>Associate Companies</b>	<b>Interest</b>	<b>Cost</b>	<b>Class of Shares</b>	<b>Activity</b>
CVCP Properties Ltd	0.8%	£34,158	Ord.	Purchase of lease and refurbishment of Woburn House, the London office of Universities UK.
LeNSE Ltd	11.1%	£50,000	Ord.	Provider of University IT network infrastructure in South-East.

All of the above entities were registered in England and Wales.

+ Consolidated due to controlling interest

**21. LEASE OBLIGATIONS**

At 31 July 2012 the University was committed to making the following payments during the next year in respect of operating leases for land and buildings:

	<b>Consolidated and University</b> <b>2012</b> <b>£'000</b>
Leases which expire:	
Between one and two years	241
Between two and five years	216
After five years	4,117
	<u><b>4,574</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**22. CAPITAL COMMITMENT**

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Commitments contracted 31 July	16,322	19,640	16,322	19,640
Authorised, not committed	29,474	35,294	29,474	35,294
	<u>45,796</u>	<u>54,934</u>	<u>45,796</u>	<u>54,934</u>

**23. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2012 £'000	2011 £'000
Surplus before tax	9,517	14,429
Depreciation and impairment charge	4,794	6,654
Deferred capital grants and lease premium released to income	(627)	(701)
Investment income, excluding credit on pension scheme	(1,382)	(1,017)
Interest payable, excluding charge on pension scheme	2,150	2,665
(Increase) in stocks	(19)	(17)
Decrease in debtors	268	3,106
(Decrease)/Increase in creditors	(5,890)	8,629
Actuarial (loss)/gain on Local Government Pension Scheme	(14,432)	10,255
Investment in Joint Venture	(490)	(230)
Increase/(Decrease) in pension liability	14,303	(10,422)
	<u>8,192</u>	<u>33,351</u>

**24. RETURN ON INVESTMENTS AND SERVICING OF FINANCE**

	2012 £'000	2011 £'000
Interest received	1,579	839
Interest paid on loans and finance lease	(2,081)	(2,682)
	<u>(502)</u>	<u>(1,843)</u>

**25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2012 £'000	2011 £'000
Payments to acquire fixed assets	(14,932)	(10,079)
Deferred capital grants received	892	777
	<u>(14,040)</u>	<u>(9,302)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**26. FINANCING**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Receipt of new loans	23,105	106
Repayment of building loans and finance lease	(2,225)	(2,127)
	<u><b>20,880</b></u>	<u><b>(2,021)</b></u>

**27. ANALYSIS OF CHANGES IN FINANCING**

	<b>2012</b> <b>Finance</b> <b>leases</b> <b>£'000</b>	<b>2012</b> <b>Mortgages</b> <b>&amp; loans</b> <b>£'000</b>	<b>2011</b> <b>Finance</b> <b>leases</b> <b>£'000</b>	<b>2011</b> <b>Mortgages</b> <b>&amp; loans</b> <b>£'000</b>
Balance as at 1 August	3,857	32,110	3,975	34,013
New loans subscribed	-	23,105	-	106
Capital repayments	(146)	(2,079)	(118)	(2,009)
<b>Balance as at 31 July</b>	<u><b>3,711</b></u>	<u><b>53,136</b></u>	<u><b>3,857</b></u>	<u><b>32,110</b></u>

**28. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At</b> <b>1 August 2011</b> <b>£'000</b>	<b>Cash</b> <b>Flows</b> <b>£'000</b>	<b>At</b> <b>31 July 2012</b> <b>£'000</b>
Cash at bank	13,463	780	14,243
Debt due within one year	(2,188)	(4,839)	(7,027)
Debt due after one year	(33,779)	(16,041)	(49,820)
	<u><b>(22,504)</b></u>	<u><b>(20,100)</b></u>	<u><b>(42,604)</b></u>

**29. ACCESS TO LEARNING FUNDS**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Brought forward from previous year	16	34
Funding Council Grants	406	432
Interest allocated	2	2
	<u>424</u>	<u>468</u>
Disbursement to students	(401)	(438)
Audit fees	(14)	(14)
	<u>(415)</u>	<u>(452)</u>
<b>Balance unspent at 31 July</b>	<u><b>9</b></u>	<u><b>16</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

Access to Learning Fund grants are solely available for full-time undergraduate EU/UK students. The University acts as a paying agent only. The grants and related disbursements are therefore excluded from the income and expenditure account. The balance unspent is included in accruals and deferred income per note 13.

**30. SHORT TERM INVESTMENTS**

**Consolidated**

	<b>2012</b>		<b>2011</b>	
	<b>Consolidated Book Cost £'000</b>	<b>Consolidated Market Value £'000</b>	<b>Consolidated Book Cost £'000</b>	<b>Consolidated Market Value £'000</b>
Unit Trusts	9	9	9	9
Short term Bank Deposits	58,000	58,000	61,750	61,750
Treasury Bills	17,500	17,500	-	-
	<u><b>75,509</b></u>	<u><b>75,509</b></u>	<u><b>61,759</b></u>	<u><b>61,759</b></u>

**University**

	<b>2012</b>		<b>2011</b>	
	<b>University Book Cost £'000</b>	<b>University Market Value £'000</b>	<b>University Book Cost £'000</b>	<b>University Market Value £'000</b>
Short term Bank Deposits	58,000	58,000	61,750	61,750
Treasury Bills	17,500	17,500	-	-
	<u><b>75,500</b></u>	<u><b>75,500</b></u>	<u><b>61,750</b></u>	<u><b>61,750</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**31. BRIGHTON & SUSSEX MEDICAL SCHOOL**

**Income and Expenditure Account for the  
year ended 31 July 2012**

	<b>Brighton £'000</b>	<b>Sussex £'000</b>	<b>Total £'000</b>	<b>2011 £'000</b>
<b>Income</b>				
HEFCE grant	3,800	3,875	7,675	7,588
NHS funds	2,017	2,017	4,034	4,754
Academic fees	1,727	1,727	3,454	2,789
Research grants & contracts	1,208	1,512	2,720	3,062
Other	938	1,046	1,984	1,530
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Income</b>	<b>9,690</b>	<b>10,177</b>	<b>19,867</b>	<b>19,723</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure</b>				
Staff costs	4,376	4,741	9,117	9,605
Other operating expenses	4,824	4,969	9,793	9,602
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Expenditure</b>	<b>9,200</b>	<b>9,710</b>	<b>18,910</b>	<b>19,207</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Surplus on continuing operations</b>	<b>490</b>	<b>467</b>	<b>957</b>	<b>516</b>

**Balance Sheet of the Community Chest  
As at 31 July 2012**

	<b>Brighton £'000</b>	<b>Sussex £'000</b>	<b>Total £'000</b>	<b>2011 £'000</b>
<b>Fixed Assets</b>	<b>371</b>	<b>371</b>	<b>742</b>	<b>932</b>
<b>Current Assets</b>				
Debtors	578	590	1,168	1,465
Cash at bank and in hand	6,553	7,045	13,598	11,663
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>7,131</b>	<b>7,635</b>	<b>14,766</b>	<b>13,128</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Current Liabilities</b>				
Creditors	(2,524)	(2,620)	(5,144)	(4,475)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Current Liabilities</b>	<b>(2,524)</b>	<b>(2,620)</b>	<b>(5,144)</b>	<b>(4,475)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Assets</b>	<b>4,978</b>	<b>5,386</b>	<b>10,364</b>	<b>9,585</b>
<b>Deferred Capital Grants</b>	<b>(357)</b>	<b>(357)</b>	<b>(714)</b>	<b>(892)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Revenue Reserves</b>	<b>4,621</b>	<b>5,029</b>	<b>9,650</b>	<b>8,693</b>
	<hr/>	<hr/>	<hr/>	<hr/>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 July 2012**

**Explanatory Notes:**

**(i) Background**

The Brighton & Sussex Medical School (BSMS) was formed as an equal partnership between the Universities of Brighton and Sussex. BSMS, in turn, has partnership arrangements with the Brighton & Sussex Universities Hospital Trust (BSUHT) and other NHS Trusts in Kent, Surrey and Sussex area. However, it is currently agreed that the University of Sussex will be allocated 75% of the income and expenditure relating to oncology research.

Under the administrative arrangements for the School it was agreed that while the financial statements of each university will formally incorporate only a part of BSMS activities, each will carry an identical note which sets out the total financial position of BSMS. All revenue income received in respect of BSMS by each University is to be transferred to a "community chest", managed by the University of Sussex. Expenditure incurred by each university on behalf of BSMS is reimbursed from the community chest.

In September 2003 the School received its first cohort of students. Facilities have been provided at each of the universities, at BSUHT and at other Trusts in the area. These developments are being funded by HEFCE at the universities and at the NHS Trusts by specific capital grants from the NHS.

**(ii) Accounting arrangements**

The income and expenditure of the BSMS for the year ended 31 July 2012 is reflected in the audited Financial Statements of both universities. Each University has included its share of the gross assets and liabilities of the joint venture and its share of turnover and surplus.

**(iii) Cash at bank and in hand**

The balance of £13.598m was held on behalf of the School at 31 July 2012 by the University of Sussex to meet expenditure commitments in future years, to be settled by claims for reimbursement of expenditure from each University.

**(iv) Capital Commitments**

As at 31 July 2012 the School had a capital commitment, authorised but not committed of £nil (2011: £nil).

**32. TRUSTEES**

Expenses reimbursed to members of the Board of Governors and of its committees were as follows:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Travel and subsistence in respect of attending meetings and training courses	<u>4,305</u>	<u>6,310</u>

**Remuneration**

No trustee received any remuneration for their services as a trustee to the University.

**33. RELATED PARTY TRANSACTIONS**

Due to the nature of the University's operations and the compositions of the Board of Governors, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a Member of the Board may have an interest. All transactions involving organisations in which a member of the Board of Governors or a member of the Senior Management Team may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 July 2012

Minor transactions involving members of the Senior Management Team below £2,500 are not considered to be material and not disclosed.

- (a) Professor Julian Crampton, Vice-Chancellor, was a Director of the South East England Development Agency (SEEDA) (to 31 March 2012) and is a Director and Chair of the Board of Hastings & Bexhill Renaissance Limited (HBRL). The trading name of HBRL is Sea Space and it is a company which was connected to SEEDA until 29 September 2011.

During the 2010-11 financial year, the University engaged in property transactions with Sea Space. On 31 March 2011 the University purchased:

- The long lease of an academic building in Havelock Road, Hastings, which the University had previously leased. The rental for the year prior to 31 March 2011 was £46,603 (2010: £64,772). The consideration for the purchase was £1. Sea Space had previously funded the purchase of the lease and major refurbishment of this building.
  - The freehold of a partly constructed new academic building in Priory Square, Hastings. The consideration for the purchase was £1 and the obligation to complete the building to deliver higher education in Hastings. SEEDA provided a £2.95m grant to Sea Space which was applied to acquire the site and commence construction of this building.
  - In addition, during the year the University leased short-term accommodation in Lacuna Place, Hastings from Coastal Land (Sussex) LLP, which was placed into Receivership on 16 December 2011, but was a Joint Venture development vehicle previously connected to Sea Space. The rent during the year was £85,340 (2011: £133,932). This rental ceased on 31 July 2012.
- (b) Professor Julian Crampton, Vice-Chancellor and Mr M Geerts, members of the University's Board of Governors, are Directors of Brighton Dome and Festival Ltd (BDF). BDF has a wholly owned trading subsidiary Brighton Dome and Festival (Trading) Ltd (BDFT). During the year the University paid BDF £311 (2011:£870) for theatre tickets and catering services and paid BDFT £96,631(2011:£50,684) for the Hire of the Dome for the graduation ceremonies.
- (c) Professor Julian Crampton, Vice-Chancellor, is a Director and Treasurer of Universities UK. During the year the University paid Universities UK £26,736 (2011:£53,182) as the University's subscription to be members of Universities UK. The 2011 figure includes 2 years subscriptions.
- (d) Professor Julian Crampton, Vice-Chancellor, is a Council member of the Council for Industry and Higher Education (CIHE). During the year, the University paid CIHE £4,000 (2011: Nil) as membership subscription.
- (e) The President of the University of Brighton Students' Union (UBSU) is a member of the Board of Governors. During the year this post was held by Mr T Preston. In addition, the Board of Governors co-opted the Chair of the Student Union Council to its membership. During the year this post was held by Mr D Pleavin. During the year the University paid £742,000 (2011: £799,100) in grant to the UBSU. It also bought services from UBSU of £75,822 (2011: £28,258) and invoiced the UBSU for £47,974 (2011: £4,449) of services.
- (f) Ms B Brewer, a member of the Board of Governors was Chair of the Crew Club to 18 September 2012 (a registered Charity). During the year the University paid the Crew Club £2,500 for publicity (2011 Nil).
- (g) The University is the lead sponsor to the Hastings Academies Trust, a Charitable Company Limited by Guarantee, which was formed in March 2010. The Trust oversees the operation of two Academy Schools within the Hastings area of East Sussex. Professor Julian Crampton, Vice-Chancellor, is a Director and Chair of the Board of Directors of the Trust and Mrs S McHugh, Director of Finance to the University, held the position of Company Secretary to the Trust until 21 May 2012. In addition, Mr P Griffiths, Dean of the Faculty of Education and Sport and three members of the University's Board of Governors are also Directors of the Hastings Academy Trust; Dr Y Burne OBE, Mr C Thomson and Ms C Miller CBE. Mr C Thomson retired as a member of the Board of Governors and of the Trust on 31 July 2012.

During the 2010-11 financial year, the University financed some implementation costs (of £405K) for the two academies prior to receiving the Implementation Grant from the Government to cover these

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 July 2012

costs. As at 31 July 2012, the University was owed Nil (2011 £405k) . During the implementation period, various University officers assisted the Trust and no recharge for staff time has been, or will be, made.

#### 34. LINKED CHARITIES

The University has two linked charities, the purpose of which are to provide prize funds to students. The transactions in the year were as follows:

	<b>£000</b>
Balance as at 1 August 2011	22
Balance as at 31 July 2012	22

#### 35. NATIONAL SCHOLARSHIP FUND

During the year the University received £3,891 (2011: Nil) from the National Scholarship Fund of the Teacher Training Agency for the purpose of supporting Continuous Professional Development of Teachers

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Year ended 31 July 2012**

#### **OFFICERS & PROFESSIONAL ADVISERS**

##### **SENIOR MANAGEMENT TEAM**

Professor Julian Crampton	-	Vice-Chancellor
Professor Stuart Laing	-	Deputy Vice-Chancellor
Professor Bruce Brown	-	Pro-Vice-Chancellor – Research
Colin Monk	-	Pro-Vice-Chancellor – Business & Marketing
Sue McHugh	-	Director of Finance
Carol Burns	-	Registrar and Secretary

##### **CONTACT ADDRESS**

Mithras House  
Lewes Road  
Brighton  
East Sussex  
BN2 4AT

##### **BANKERS**

Barclays Bank PLC  
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