

**THE UNIVERSITY OF BUCKINGHAM**

**Registered Charity Number 1141691**

**Annual Report and Financial Statements**

**for the year ended**

**31 December 2011**

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## **ACTING CHAIRMAN'S STATEMENT**

2011 was, for The University of Buckingham ('the University'), a year of further great success: further growth in income, growth in applications and growth in student numbers. With this expansion, we have seen developments on our campus with the restoration of the Radcliffe Centre as a modern lecture and performance hall for both students and the community and a complete refurbishment of Prebend House which was opened in early 2012 and which will be a hub for humanities research. These developments have been made possible through generous donations from supporters of the University through The University of Buckingham Foundation.

The University's prospects are exciting. We anticipate continued growth in student numbers over the next few years of around 10 per cent annually, which is lower than the growth in applications, but by limiting the rate of growth we hope to both raise entry standards and also manage that growth successfully. We will therefore be increasing academic staff numbers in parallel, not just to sustain our excellent staff: student ratio but also to help foster sufficient critical masses as to nurture research.

Building on the success of the postgraduate medical school we are hoping, under the leadership of Professor Sikora, to create an undergraduate medical school within the next two or so years. This is not only exciting in its own right, but its requirements for space will stimulate the refurbishment of the Chandos Road Building, thus completing our refurbishment programme on the Hunter Street campus. All further expansion will have to take place on the Tingewick Road site, which is a site we are anticipating developing over the next few years.

We do not know if or when our students' access to the Student Loan Company's grants and loans may cease, but we understand that that decision will not be taken by the Government before the next election. We are therefore in a good position to consolidate our activities in anticipation of any major changes in funding. While there is still great uncertainty in UK Higher Education with the Government White Paper still outstanding and increased fees looming in 2012, it is good to report that, in the meantime, the Buckingham model is clearly proving an increasing success in the sector and the University's independence is enabling it to prosper in these changing times.

With great sadness, Council learnt of the death of the Chairman of the University's Academic Advisory Council (AAC), Professor Mike Smith, Vice Principal of Glasgow Caledonian University and a long serving and valued member of our Council. He has been greatly missed. His role as Chairman of the AAC has been taken up by Dr Keith Elliot who is also a long serving member of our AAC. We appreciate all the time and expertise that our non-executive Council members give to the University so we thank Mark Lancaster, Kendra Okonski and Marion Clayton, who resigned from Council in 2011, for their contributions to the University and we welcome Dr Robert Vanderplank of the University of Oxford who is a member of the Academic Advisory Council and Charles Jackson who brings to our Council expertise in the economic and financial sectors. Both have joined Council as non-executive members. We also appreciate all those staff who make time to serve on Council alongside their other responsibilities and thank those whose terms are coming to an end.

We have also said good-bye to Chloe Woodhead who left Council in early 2012 after giving many years of service to the University during part of which she served with distinction as Chairman of Council.

**IAN PLAISTOWE**  
Acting Chairman

## VICE-CHANCELLOR'S PREFACE

### *Introduction*

The University is doing well. As the Table shows, we now have some 1200 campus students and, including the Education students, some 1550 registered students. This is more than before in our history.

Year	2004	2005	2006	2007	2008	2009	2010	2011
<i>Type of Student</i>								
Home	189	224	247	311	339	385	513	708
Overseas	495	461	482	458	554	600	584	578
<b>Total Campus Students</b>	<b>684</b>	<b>685</b>	<b>729</b>	<b>769</b>	<b>893</b>	<b>985</b>	<b>1097</b>	<b>1286</b>
Education	0	46	61	81	117	172	211	267
<b>Total Registered Students</b>	<b>684</b>	<b>731</b>	<b>790</b>	<b>850</b>	<b>1010</b>	<b>1157</b>	<b>1308</b>	<b>1553</b>
Partner institutions' students	66	305	348	671	864	860	903	1115
<b>Total studying for Buckingham qualifications</b>	<b>750</b>	<b>1036</b>	<b>1138</b>	<b>1521</b>	<b>1874</b>	<b>2017</b>	<b>2211</b>	<b>2668</b>

The growth of the University - in terms of reputation as well as physically - has been confirmed by our position in the *Times* league tables. This is the most prestigious of British university league tables and this year we fall within the top 5<sup>th</sup> of British universities, coming 21<sup>st</sup> out of 116 institutions.

The consequence of these successes is that applications to Buckingham are soaring. The British government's university admissions agency, UCAS, has reported that across the sector applications in Britain have this year fallen by 8% on average. At Buckingham they have grown by over 100%. Applications from home students to Buckingham therefore are currently more than doubling at present.

And there is another side to this story. Most universities in this world are recruiting universities: they are institutions that go out to find students. But the best universities are selecting universities: they receive more applications than they can handle, so they select between them. So they have high entry standards. Well, we are becoming a selecting university, which means that we are raising our entry standards.

### *Property*

A symbol of our progress has been the resurrection of Prebend House. Only two years ago it was an embarrassing wreck but three donors have restored it to an object of beauty. Our first donor was our former Chancellor Sir Martin Jacomb, then Lord Sainsbury's Linbury Trust made two very significant subventions indeed, and then our current Chancellor Lord Tanlaw provided a vast and glorious donation. We are extremely grateful to them.

We have also upgraded the Radcliffe Centre, at a cost of circa £550k, to provide our second significantly-sized lecture theatre. That was an initiative we funded from our own reserves but latterly Lucy Hodges of our fundraising team decided to see if she could raise some money from the town and from our friends, and within a surprisingly short space of time she raised £50,000. Some of this was thanks to a donation from the Radcliffe Trust and we thank the Chairman, Sir Henry Aubrey-Fletcher, who is also the Lord Lieutenant of the County, for all his help. Much of the remaining £50,000 was raised through two fundraising concerts given by a famous local musician, Bernie Marsden, and we are hugely grateful to him and to his generosity of spirit – during his concerts his smile lit up the whole Radcliffe Centre. But the bulk of the money was raised by individual donations from people within the town and University and we have inscribed their names with gratitude within the entrance hall of the Radcliffe Centre. Our largest single donor was Mr Barnabus Brunner, and not for the first time we thank him for his munificence.

## VICE-CHANCELLOR'S PREFACE (continued)

We have continued to buy houses in the town to accommodate our students, and where necessary we also continue to underwrite their rentals within the private market, and so far we have just managed to meet the demand. Due to the need to move swiftly, we still plan to expand our domestic property portfolio by buying residential houses in town, but as we reach a steady state we will intend over the future years to build at least one hall. We are still too small and undercapitalised to launch into the building of a new hall of residence on the six acres of land we recently bought on the other side of the river behind the Business School but we plan to do that soon.

### *The Law School*

Professor Susan Edwards stood down as Dean when her term of office came to an end, having witnessed a significant growth in the numbers of students as well as the reinvigoration of Law School scholarship. Professor Edwards edits the *Denning Law Journal* and as one of our most prominent scholars – her books on family law are authoritative texts – we are fortunate in that she has taken on a new role as Dean of Research and chair of the Research Committee.

Mr Jae Sundaram, our new Dean of Law, has degrees from both Indian and British universities and he is an Advocate in India and a Solicitor in England and Wales. We are confident that the Law School will continue to grow under his leadership. Our new director of the LLM programme is Ms Karen Dyer, replacing Mr Jae Sundaram. The new Director of the part-time LLB programme is Dr James Slater, who is replacing Mrs Judith Bray.

On the LLB programme we are perennially developing new optional subjects, and in 2011 we launched Medical Law and we will shortly be introducing Employment Law as just two of a new range of optional subjects. The LLM programme continues to develop, and the addition of Oil and Gas by Mr Sundaram is just one example of the specialisms that have proved particularly attractive. We have also introduced a new pathway in Intellectual Property.

We are pleased that we have an increasing number of Law staff with PhDs, just as we are proud of the fact that the Law School has so many staff qualified in a branch of the profession, either as solicitors or barristers, some of whom still practice as Door Tenants or in other roles. Such staff can provide only inspiration to the majority of our students who themselves intend to go on to practice.

Both Selvyn Hawkins, President of the students' Law Society, and Deandra Johnson, President of the Amnesty International Student Society, have proved inspiring members of the Law School, and we thank them for their contributions. And we congratulate Dr Greg Ioannidis and the two students Selvyn Hawkins and Kimberleigh Malyan of the mooting team for their successes in the national moots.

We have welcomed two new professors to the School, Professor Bob Watt and Professor John Hatchard. Professor Watt is a former Head of Law at Essex University and is a significant scholar, while Professor John Hatchard has been a part of Buckingham for years and on returning to us he brings his connections with Commonwealth organisations. Dr Patricia Covarrubia joins us as a specialist in Intellectual Property, while Timothy Sinamon is joining our Property Law team shortly, and we welcome them both.

Mrs Judith Bray has just published the 3<sup>rd</sup> edition of her student textbook on Equity and Trusts, Professor Alistair Alcock continues to be the editor of *Gore-Browne on Companies*, which is the leading text on commercial law, Professor Robert Pearce continues to be a prolific writer of books in the fields of Trust and Land Law, and Dr Sarah Sargent, Professor Susan Edwards, Dr Graham Melling and Dr Francis Grimal have all published peer-reviewed articles this year.

## VICE-CHANCELLOR'S PREFACE (continued)

### *The School of Science and Medicine*

The School of Science and Medicine continues to flourish this year under its new Dean Professor Jon Arch.

The Department of Psychology This department, led by Dr Alan Martin, has so grown that it has increased its entry standards by 60 points to control demand. Much of this increased demand is attributable to its British Psychological Society accreditation, it being the only accredited two-year degree in the UK.

The Department's first batch of MSc students will shortly be completing their *vivas* and our first cohort of DPhil students carrying out research within developmental psychology is being supervised by Dr Alan Martin. Ms Kirsty Lowe, who is also the departmental technician and demonstrator, is carrying out her research into children's comprehension of emotion regulation and hiding, which led us to introducing an undergraduate course in the *psychology of emotion* to the psychology degree programme in 2011. Dr Katherine Finlay has applied for an Economic and Social Research Council seminar grant in association with the Universities of Salford and Lincoln, to run a seminar series on the Lifecourse of Homelessness. In collaboration with Professor Paul Kennedy (National Spinal Injuries Clinic; Oxford University) she is writing research grants to assess negative cognitive appraisals and mental defect in chronic pain sufferers following spinal injury. Dr Philip Fine collaborates in research projects with colleagues at a number of institutions, including the Royal Northern College of Music, Southampton Solent University, and the Lisbon Higher School of Music, as well as with Dr Kathryn Friedlander at Buckingham.

To deal with the increased numbers of students, and to develop its research base, the Department is now recruiting another full time lecturer and two graduate teaching assistants.

The Department of Applied Computing This department, led by Professor Sabah Jassim, now has more students than ever before in its history. The academic team published more than ten refereed conference and journal papers in 2011. Being a member of a number of EU consortia, the Department continues to raise research grant money, while Dr Harin Sellahewa has won Teaching and Development grants from the Higher Education Academy for Information and Computer Sciences.

To increase its capacities in both research and teaching, the Department has recruited a Research Lecturer in Mathematics, Dr Stuart Hall, whom we welcome.

The Postgraduate Medical School This continues to grow and it now reaches out beyond the hospitals in the Ealing area to include hospitals in Blackpool, Gwent and Welwyn Garden City. These successes are a tribute to Professors Rajat Mathur and Jay Arnold who created the postgraduate medical school.

The Centre for Astrobiology This is led by Professor Chandra Wickramasinghe, who has moved from Cardiff to Buckingham, and we welcome him and his team. We are in the process of recruiting the first DPhil students in Astrobiology.

The Clore Laboratory The laboratory was 25 years old in 2011 and under the leadership of Professor Cawthorne it continues to flourish, producing 8 peer-reviewed publications in the last year, including its first publication in bioinformatics. Bioinformatics is the application of computer science and information technology to the analysis of data in biology and medicine, which generates new knowledge and insights into existing data, and our bioinformatics initiative has built on the strengths of the Computer Science group and the Clore Laboratory.

## VICE-CHANCELLOR'S PREFACE (continued)

The Clore Laboratory received a grant of \$1.75 million from the Butterfield Trust (\$1 million for laboratory equipment and \$0.75 million for a simulation suite in our new medical school).

Professor Paul Trayhurn, who is a Fellow of the Royal Society of Edinburgh, joined the Clore Laboratory in 2011 and will further strengthen the research group. He has also taken up the University-wide post of Dean of Research Strategy.

### *The Business School*

Much of the growth of the University can be attributed to the growth of the Business School under the Deanship of Dr Jane Tapsell. The School now has twice as many students as four years ago. The greatest areas of growth have been in our core programmes of Business, and of Accounting and Finance, which have been led by Mr Eddie Shoemith and Miss Katie Balaam (an alumna) but there have also been increases stimulated by the new programmes, which include courses of the Chartered Institute of Marketing, professional marketing certificates and diplomas for executive development, and an increasing range of automotive courses. The School has introduced a new Masters Programme in Finance and Investment, an updated MBA programme for those students who want to study the theory of business before entering it, and assessed courses for both undergraduates and postgraduates in Business Simulation. The BSc in Business Enterprise continues to strengthen its reputation under the leadership of Mr Nigel Adams, while Professor Peter Cooke's Centre for Automotive Management continues to do well. Research within the School continues to flourish through the output of peer-reviewed papers, books and case studies of Dr Andreas Schroeder, Dr Gurcharan Singh, Mr John Bicheno, Mr James Rowell and Mrs Anne Hampton. Ms Thomai Filippeli successfully defended her DPhil in 2011 and contributed to the output of peer-reviewed papers.

To help handle our growth we have recruited a number of new staff members including Mr David Ferguson to teach Maths for Business, Dr Ning Wu to teach Human Resources Management, and Dr Robin Burrow to teach Organisational Behaviour, and we welcome them all.

### *The School of Humanities*

The School of Humanities continues to make extraordinary progress.

English Literature and English Studies We now have more students studying these subjects than ever in our history. For the second year in succession the English Department has been listed in the UK's top ten in *The Guardian's University Guide* and two of the long-standing lecturers in English Literature, Dr John Drew and Dr Stefan Hawlin, who have both established international reputations, have been made Professors. To appreciate the Department's commitment to teaching, let me quote from our most recent external examiner's report:-

'The English Literature team at Buckingham is obviously an enthusiastic and energetic team of tutors who know their subjects well and work hard at passing on that knowledge to their students. They also do an admirable job of identifying the specific skills individual students require to study literature successfully at this level and teaching them those skills. Students get the sort of attention here that most universities can only dream of providing.'

The Dickens Journals Online project, which has been so generously funded by the Leverhulme Trust, has now been launched.

Journalism Our new 'major' programme in Journalism, led by Mr Roger Perkins, is now established. This is a practical programme and each Friday students are involved in the production of a live News broadcast in our upgraded studio, which goes out on the web.

## VICE-CHANCELLOR'S PREFACE (continued)

Art History With the support of the Esmée Fairbairn Foundation we have re-launched our BA in Art History and Heritage Management and the first students were able to spend the autumn term living in Florence and studying at the British Institute there under the auspices of Mr Jeremy Howard and Mr Michael Liversidge. We thank Mr John Fairbairn for his invaluable support for the programmes.

International Studies To cope with the expansion in the number of students in International Studies we have recruited three new faculty members in economics and politics, and they will be joining us in July 2012. We are moreover introducing three new graduate programmes: in Diplomacy; Diplomacy and Intelligence; and in Global Affairs and Diplomacy.

The graduate programmes continue to gain in reputation. The Buckingham University Centre for Security and Intelligence Studies under the direction of Professor Anthony Glee, and the MA in Global Affairs under the direction of Professor Richard Langhorne, have produced a strong foundation for a Graduate School soon to be located in the newly refurbished Prebend House.

London programmes In London we have established an MA by Research programme in Modern War Studies to sit alongside our programme in Military History. This is led by Professor Lloyd Clark from the Royal Military Academy Sandhurst, with which we are honoured to be associated. Professor John Adamson has overseen the development of our research programmes in London which Dr Gert-Rudolf Flick, a Visiting Professor of this University, has very generously supported.

The Humanities Research Institute This continues to make important contributions to scholarship. Professor Saul David's study of the experience of soldiering in the British Army during the 18th and 19th centuries appeared to critical acclaim, Professor Simon Sebag-Montefiore's history of Jerusalem was described as 'spectacular' by former US President Bill Clinton (who chose it as his 'number one book of the year' for 2011), Professor Timothy Mowl's nationwide survey of the historic landscapes and gardens of England has continued with the publication of *The Gardens of Herefordshire*, Senior Research Fellow Martin Gayford recently published his *Conversations* with the artist David Hockney (and his book on Lucian Freud has now been translated into French, German and Dutch) while Senior Research Fellow Ms Judith Flanders's study of murder in Victorian England was published to superb reviews.

Among the distinctions achieved in 2011 by Fellows in the Humanities Research Institute were that Professor Michael Burleigh was awarded the Nonino Prize (Italy's most important prize for scholarly achievement in the Humanities), Professor Gwyn Prins (Visiting Professor in Modern War Studies) was appointed to the Chief of the Defence Staff's Strategy Advisory Panel, while Professor John Adamson was elected to deliver the Bond Memorial Lecture for 2011 at St George's Chapel, Windsor Castle.

The Department of Education This has now over 200 PGCE students and its MEd programme, moreover, has now been endorsed by the Headmasters' and Headmistresses' Conference and by the Independent Association of Preparatory Schools. Indeed, MEd numbers are now so large that from September 2012 there will be two courses, one for secondary schools and one for prep schools and primaries. One of the creators of the Department, Professor Christopher Woodhead, was recently awarded a Knighthood for his contributions to education in Britain.

Professor Martin Ricketts the Dean of Humanities, and Mr Julian Lovelock the Dean of Arts and Languages, have done a fantastic job in leading the School, as have its heads of department including Mr Gerry Loftus, Mr Mike McCrostie and Mr Peter Ireland.

### *People*

Our previous Chancellor was Sir Martin Jacomb, whose portrait was unveiled recently, and it now hangs in the staff dining room in the Tanlaw Mill, alongside the portraits of his two predecessors, Lord Hailsham and the Baroness Thatcher.

## **VICE-CHANCELLOR'S PREFACE (continued)**

Professor Sir Alan Peacock, our first Vice Chancellor (and second Principal) spent a week in the University this year, to transmit his experience to the new generation of University leaders. Sadly his wife Margaret, Lady Peacock, died recently. She was hugely valued by an earlier generation of students who will be very sad to learn of her death.

Professor Mike Smith, the Chairman of our Academic Advisory Council (AAC) also died recently. The Academic Advisory Council is a crucial part of the University as it acts as our internal quality control department, providing us with mentoring and guidance, and Mike Smith proved a super leader of that Council. We shall miss him.

We thank Dr Keith Elliot for taking over the chairmanship of the AAC so smoothly.

Professor Jane Ridley has just entered into her tenth year as Senior Tutor and we thank her and her colleagues, Mrs Judith Bray and Dr Carol Brennan, for their creation of such a good Senior Tutor group. And we thank Mrs Felicity Roberts-Holmes and the Student Support team for all the work they do in this important area.

The Friends of the University continue to help us enormously, and they took a significant lead in helping fund the refurbishment of the Radcliffe Centre. Mrs Margaret Taylor has just stood down as Chairman and has been succeeded by Dr Paul Radcliffe, and we thank them both.

There have been at least four significant retirements this year: Mrs Chloe Woodhead from the Chairmanship of Council, Professor John Clarke from some of his myriad roles (his retirement is only partial as he is staying on as a teacher and researcher) and Talal Qavi and Ahmed Hasan as successive presidents of the Student Union. We thank them all and wish them all well.

Professor Mike Cawthorne has completed his term of office as Deputy Vice-Chancellor and has been succeeded by Professor Alistair Alcock.

We awarded four honorary doctorates this year to:- Professor Daisaku Ikeda of Soka University, Tokyo; former Inspector-General of the Royal Malaysian Police and distinguished Malaysian alumnus Tun Mohammed Hanif bin Omar; Professor Philip James who pioneered the study of metabolic diseases; and to Lady Barbara Judge, Chairman of the UK Atomic Energy Authority. Mr Tom Merrick, former and long-serving Estates Bursar, received an Honorary MA.

**PROFESSOR TERENCE KEALEY**

Vice-Chancellor

## OPERATING AND FINANCIAL REVIEW

### 1 The University's character and objectives

The University of Buckingham is in many ways similar to other British universities. We are a Royal Charter company with authority to award taught and research degrees. We are a charity and have a bicameral constitution, with a Senate and Council - plus an Academic Advisory Council ("AAC") - and we are members of Universities UK.

To help monitor and demonstrate teaching quality we are members of the Quality Assurance Agency ("QAA") and subject to regular audits by them. To the same end we have joined the Higher Education Statistics Agency ("HESA"), which has resulted in partial inclusion in the University League tables; we are working towards having more data included. We also participate in the National Student Survey ("NSS"). Like other British universities an important part of our mission is to contribute to scholarship and research. However, we do not participate in the Research Assessment Exercise since we are ineligible for its main purpose, the allocation of core research funding from the government.

#### Charitable Objects

The Objects of the Charity, as set out in the aims of the university which operates under a Royal Charter and Statutes, are the advancement of education for the public benefit and the foundation, maintenance and support of an educational establishment for students, both male and female, to include residential accommodation and all necessary and proper ancillary services for such establishment. The University has had regard to the Charity Commission's guidance on public benefit.

#### Teaching

Where we mostly differ from other British universities is in our funding and consequent obligations. We have chosen to forego public money and so have not entered into a Financial Memorandum - the contract through which the government controls the publicly financed sector. So we depend on fee income and see students as our primary customers. Elsewhere the government tends to be the dominant customer (although increased tuition fees are changing the emphasis).

While keeping a keen eye on affordability we set fee levels to fund a degree of personal attention to our students, both academic and pastoral, that enables them to make the best of their time here. For example, we supplement lectures with small group tutorials. We feel this approach helped us to come first in the NSS for the past five years.

#### Research and scholarship

We undertake externally-commissioned studies into metabolic science, dermatology, educational policy, automotive manufacturing and applied computing. Some is funded publicly - by research councils or the European Commission - and some by donations or commercial contracts.

In addition, most members of academic staff undertake individual scholarship for publication, in many cases funded by fellowships or grants. Our fields of scholarship include: in Law - European, sports, property, insurance, medical, child and gender law; in Business - service management and business strategy; in Science - diabetes, obesity, developmental, educational and music psychology, cognition, image processing and wireless networking; and in Humanities - security intelligence, economic organisation, health economics, biography, 19<sup>th</sup> and 20<sup>th</sup> century literature.

#### Public policy

One of our goals is to participate in the development of education policy. We do so through press coverage and by the example we provide of a university outside the system of government funding and control. For example, more state funded universities are now offering compressed two year honours degrees "on the Buckingham model". We have also in a sense blazed the trail for the sector's move towards increased funding by students rather than government and our success in the NSS has prompted public debate about students' expectations as customers.

## OPERATING AND FINANCIAL REVIEW (continued)

### 2. Business environment and strategies

#### **The market in higher education**

We are in competition with over 100 other institutions for a UK student population that HESA reported (in 2010/11) as consisting of over 2.5 million students. Of these 2.07 million (83%) were UK domicile, 130,000 (5%) other EU students and 298,000 (12%) international students. We believe that there are a further 2 million international students worldwide (studying outside their own countries but not in the UK) who also represent a potential market.

#### **Buckingham's distinctive position**

Based on HESA returns, our student-staff ratio in 2010/11 was 10.5, compared to a UK median of 18.1. This helps us to offer a much greater level of personal attention than nearly all other British universities – e.g. through more contact hours and small group tutorials. The small size of the campus and the town also promotes personal attention.

The compressed two year honours degree gives a uniquely rapid route to graduation. So not only do our graduates enter employment sooner, but they also spend less on living costs while they study. Local applicants value the fact that they can continue to live at home while they study. Some applicants also value our independence from government.

#### **Product and service strategies**

*Customer service.* We monitor the student experience - academic, pastoral and social - in order to make continual improvements so that they speak favourably of us to potential students. The NSS shows we have a measure of success.

*Academic courses.* We aim to offer an attractive range of degree courses – bachelors, masters and doctorates - periodically modernised, periodically added to and occasionally discontinued.

*Teaching quality.* Our academic procedures and regulations, and membership of QAA, are designed to assure the quality of teaching and assessment.

*Access courses.* Able candidates whose school results or English are below the required level are offered access courses to prepare them for degree courses.

#### **Pricing strategies**

*Home students.* Differential fees were introduced in autumn 2006 with the objective of increasing home student numbers and creating a more equal balance between home and international students. This has reduced our reliance on international markets and reinforced our character as a British university. Our home students now pay £17,880 (2011 rate) in tuition fees over the course of their studies compared to £9,870 at other universities (2010/11 rate), which will increase significantly with the new funding regime.

*International students.* Our objective is to keep our international fees competitive and student numbers at least stable. We monitor the sector and charge a little more than the average – less than the Russell Group, but more than the New Universities.

#### **Marketing strategies**

*Corporate publicity.* We have successfully raised our profile through participation in the NSS, university league tables, policy debate and scholarship.

*Recruitment.* We maintain our website and prospectus to high standards. We visit schools and educational fairs in Britain and abroad, and maintain a network of overseas agents. Admissions officers follow up on expressions of interest with the personal attention our small size allows.

## OPERATING AND FINANCIAL REVIEW (continued)

### 2. Business environment and strategies (continued)

#### Capacity and estates strategies

Growing student numbers have resulted in our student residences becoming full. The increased proportion of UK students has limited the effect of accommodation constraints (since home students are more likely to live at home). Also, the private rented sector in the town has absorbed additional students in recent years.

However, Buckingham is a small town and many students prefer to live in university residences, so more are needed to allow the recent growth trend to continue. In January 2010 we acquired the Tingewick Road site, adjacent to the main campus, which includes a major building. The intention is to occupy this building and convert some of our existing buildings to student residences. The extra space will also help us to avert constraints on teaching space and office accommodation.

Most of the current estate was developed at least twenty years ago, so an extensive programme to modernise and/or replace buildings will be necessary in due course. Some of the older student residences have already been converted to ensuite rooms.

#### Financial strategies

The university's general financial objectives are to sustain current operations and fund expansion. Immediate objectives are to service the loans on the Tingewick Road site, houses and flats purchased for student accommodation; to fund consequent developments; and to strengthen liquidity. In due course we will also need to fund the modernisation of the rest of the estate.

The five-year business plan prepared in connection with recent loan applications and strategic development identifies how we can maintain operating surpluses. Favourable student application trends present an opportunity to improve margins by raising fees and making economies of scale. Surpluses alone may not suffice to meet our objectives, but we have other resources. We have a history of generous beneficiaries and we are seeking further benefactors willing to support the university's mission. Over the university's lifetime, donations have funded about 40% of capital expenditure on property. In addition, we could sell some of the significant amount of undeveloped land within the Tingewick Road site.

#### Ancillary business activities

*Research.* In principle we expect research income to cover its related direct costs. Since we do not receive "core" research funding (i.e. from a funding council), our research has not in recent years contributed to the cost of facilities and support services. It therefore relies on a cross subsidy from teaching, which we accept in order to maintain our academic reputation and enrich the experience of staff and students.

*Validation.* We validate the teaching of a number of other institutions, awarding our degrees to their students, for which we receive fees.

### 3. Resources

#### Financial resources

Although working capital is negative (current liabilities exceed current assets), fees received in advance provide sufficient operating cash. The recent investment of £4.5m in property has partly been funded by new borrowing facilities, repayable over 12 years.

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **3. Resources (continued)**

#### **Physical assets**

We own our attractive estate, set in the heart of the historic town of Buckingham. Its 14,200 square metres of building space house teaching rooms and other facilities. In addition we have 9,200 square metres of student accommodation comprising 465 rooms, and houses/flats in the town supplying a further 98 rooms.

There are some undeveloped buildings and land plots, while the Tingewick Road site acquired in January 2010 includes a building with 4,000 square metres of usable space as well as undeveloped land.

#### **Staff**

At the year-end we have the equivalent of 271 full time equivalent members of staff, 100 academic and 171 support staff, who are committed to the ethos of supporting our students as individuals.

#### **Fundraising and supporters**

When the University started (and at various times since) donations were a major resource for developing the estate. The University of Buckingham Foundation ('the Foundation'), although being a separate charity has for 2011 been consolidated with the University (a charity). The objects of the Foundation Trust Deed highlights that the Foundation exists to support the university. The University has consolidated the Foundation for the first time this year for the reasons set out in note 25 to the accounts. In 2011 the university had the controlling interest at governing body level. This and the fact that the University itself has a fundraising department and the staff who run the administration of the Foundation further demonstrates how the two charities are closely inter-dependent. Donations have helped in developing new courses, restoring old buildings, scholarships, bursaries, prizes and research grants to our staff.

#### **Royal Charter**

Our Royal Charter allows us to award the full range of degree types and to validate the teaching of selected institutions.

#### **Strategic partnerships**

We aim to build on our validations of the Sarajevo School of Science and Technology and the European School of Economics and on collaborations with Ealing NHS Trust.

### **4. Opportunities and risks**

#### **Tingewick Road site**

This purchase provides the extra space to create the capacity in which to continue growing. However, it also represents a risk, since funding its development is expensive.

#### **Acceptability of two year degrees**

The European Higher Education Area (the outcome of the Bologna process) commenced in 2010. Under it Bachelor level degrees require a minimum of three years, but it isn't yet clear how the acceptability of our compressed two year honours degrees will be affected in practice.

We can draw comfort from the government's pilot study of two year degrees at seven state universities, although it isn't clear whether the model will continue in the light of the mixed reception given to the Higher Education Academy's evaluation of the pilots. Nor is it clear what will be the attitude of professional bodies to degrees that don't comply with Bologna.

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **4. Opportunities and risks (continued)**

In response, we are working towards being able to offer each course over three years as well as two. However, the compressed two year degree is one of our "Unique Selling Points". We may need a major change in marketing strategy to attract students to our three year courses.

#### **Collaborations**

Our Royal Charter entitles us to validate the teaching of selected institutions in the UK and overseas, an activity we would like to increase. However, collaborations bring both credit control and reputational risks, so we aim to be careful in our choice of collaborative partners and to develop clear contractual arrangements.

#### **Quality reputation**

Our ability to recruit depends on a reputation for academic integrity, based on comprehensive academic regulations and quality procedures and on the scrutiny of our independent AAC and public quality audits by QAA.

#### **Market size**

In due course the home market may flatten or decline. A report for Universities UK forecasts a fall in the number of 18 to 20 year olds over the next ten years. The coalition government are bringing a shift in emphasis towards vocational training, which may further impact student demand. However, a reduction in government funded places might increase applications to Buckingham.

In the meantime, the home market represents a major opportunity for us. Student applications are down across the sector as a consequence of the introduction of increased fees and the economic environment. We believe we are well placed though, as we are now more competitive on price and reputation.

The world market in international higher education may cease growing, due to increasing local provision. The UK's share of the market has fallen over the years, but has been supported recently by the weakness of sterling. In the meantime, we share in a growing market that provides most of our income.

#### **Student loans**

The growth in numbers of our home students has been hugely stimulated by their access to the grants and loans of the Student Loan Company (SLC), but such access may be withdrawn by the Government at some time in the future as the publicly-funded sector lobbies to restrict access to the SLC's grants and loans to the publicly-funded sector. We can only mount our own lobbying campaign, monitor the situation, and seek to so raise our league table positions and expand our offerings in areas that are not SLC-sensitive (such as medicine) so that should we one day leave the SLC our position will not be too badly affected.

#### **UK competitors**

The compressed two year honours degree is no longer unique, as the government is piloting the model at seven universities, including Northampton locally. However, this seems not to have harmed us. Indeed it gives positive publicity to the two year option. The granting of degree awarding powers to BPP University College may present more of a challenge. They now offer compressed two year undergraduate law degrees at Leeds, London and Manchester.

## OPERATING AND FINANCIAL REVIEW (continued)

### 4. Opportunities and risks (continued)

#### Credit control

To minimise the risk of providing tuition and accommodation but not being paid, we require payment in advance for each term and a deposit. In addition we operate a system of graduated advice, warnings and sanctions for late payers.

Before contracts are entered with corporate customers – e.g. for research or validation services - we assess their credit worthiness.

#### Liquidity risk

Increasing net current liabilities were partially due to the use of cash resources for the purchase of new student accommodation, and our credit control policies provide a comfortable cash buffer derived from fees in advance, which market circumstances have boosted recently. With the movement from deficits to surplus, net current liabilities and hence liquidity risk will show improvements. Budget setting and monitoring are the main controls.

#### Fraud and error

As with any business, there are potential risks to the integrity of financial assets and financial information. The primary safeguards are the staffing of the finance office and its financial procedures. In addition, the Audit Committee undertakes rolling reviews of risk management.

#### Legal issues

In common with all universities, we engage professional registry and HR staff and maintain academic and staff regulations, including grievance and appeal systems, which minimises the possibility of litigation. We have a legal responsibility to maintain our listed buildings, all of which are in use except Prebend House, on which major restoration works started during 2010.

#### Regulatory matters

As required by the 2006 Charities Act the University has transferred its status to Registered charity status. Our main benefit to the public is the affordability of our courses to a substantial proportion of qualified applicants, enhanced by differential pricing for home applicants and supported by scholarship and bursary schemes. We also enhance the UK's diversity of higher education provision. In addition we provide public lectures, concerts and other public facilities.

### 5. Operating performance and trends

Table 1 – student numbers by school of study (in autumn term)

	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>
Law	445	29%	414	32%	396	34%
Business	284	18%	241	18%	204	18%
Science	156	10%	137	11%	107	9%
Humanities	<u>668</u>	<u>43%</u>	<u>516</u>	<u>39%</u>	<u>450</u>	<u>39%</u>
Total Registered students	1,553	100%	1,308	100%	1,157	100%

Table 2 – student numbers by level of study

	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>
Undergraduate	1,017	65%	835	64%	749	65%
Resident Postgraduate	146	10%	158	12%	130	11%
Non resident Postgraduate	344	22%	290	22%	234	20%
Pre degree	<u>46</u>	<u>3%</u>	<u>25</u>	<u>2%</u>	<u>44</u>	<u>4%</u>
Total Registered students	1,553	100%	1,308	100%	1,157	100%

## OPERATING AND FINANCIAL REVIEW (continued)

### 5. Operating performance and trends (continued)

Table 3 – student numbers by geography

	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>
UK	746	48%	500	38%	479	41%
Other EU	191	12%	247	19%	106	9%
International	<u>616</u>	<u>40%</u>	<u>561</u>	<u>43%</u>	<u>572</u>	<u>50%</u>
Total Registered Students	1,553	100%	1,308	100%	1,157	100%

Table 1 above shows some growth in student numbers in each school, but especially Humanities, due to new postgraduate courses and the continuing growth of Education. Table 2 shows the growth to have occurred at all levels of study, but especially non resident postgraduates (in Humanities). Table 3 shows that, while most growth has been in home students (mainly due to non resident postgraduates), international numbers have grown too.

Table 4 – Income and direct expenditure by school of study (£000s)

	<u>University Law</u>	<u>University Business</u>	<u>University Science</u>	<u>University Humanities</u>	<u>University Total</u>
<u>2011</u>					
Tuition Fees	4,382	2,804	1,343	3,821	12,350
Other school income	<u>3</u>	<u>271</u>	<u>97</u>	<u>317</u>	<u>688</u>
School income	4,385	3,075	1,440	4,138	13,038
Direct expenditure	<u>1,405</u>	<u>1,409</u>	<u>1,165</u>	<u>2,405</u>	<u>6,384</u>
Contribution	2,980	1,666	275	1,733	6,654
<i>Contribution %</i>	68%	54%	19%	42%	51%
<u>2010</u>					
Tuition fees	3,914	2,228	1,249	3,015	10,406
Other school income	<u>5</u>	<u>101</u>	<u>82</u>	<u>202</u>	<u>390</u>
School income	3,919	2,329	1,331	3,217	10,796
Direct expenditure	<u>1,297</u>	<u>1,118</u>	<u>926</u>	<u>1,991</u>	<u>5,332</u>
Contribution	2,622	1,211	405	1,226	5,464
<i>Contribution %</i>	67%	52%	31%	38%	51%

Table 5 – Changes in school Income and direct expenditure

	<u>Law</u>	<u>Business</u>	<u>Science</u>	<u>Humanities</u>	<u>Total</u>
<u>Change 2011/2010</u>					
School income	12%	32%	8%	29%	21%
Direct expenditure	8%	26%	26%	21%	20%
<u>Change 2010/2009</u>					
School income	3%	27%	42%	22%	17%
Direct expenditure	4%	(4%)	19%	22%	11%

## OPERATING AND FINANCIAL REVIEW (continued)

### 5. Operating performance and trends (continued)

Tables 4 and 5 above show that the income grew strongly for each school during the year. The improvements in contribution rates between 2011 and 2010 indicate that with the exception of Science, income grew proportionately faster than expenditure. The tables show the continued dominance of the Law school financially, but with big improvements from the other schools, particularly Business and Humanities. On a "full economic costing" basis, where support and infrastructure costs are allocated to income earning activities, Law subsidises the other schools.

*Note: School income consists mainly of tuition fees but also other income such as validation fees, other than ESE. It has not been adjusted for interdepartmental teaching on shared programmes and free choice courses.*

*Direct expenditure is mainly teaching salaries but also school administration and the devolved element of marketing and scholarships. Contribution is the difference between the two, i.e. the contribution towards support and infrastructure costs.*

### 6. Financial results

Table 6 – Income and expenditure summary

	University 2011 £000s	University 2010 £000s	University 2009 £000s	University 2011/10 % change	University 2009/10 % change
Tuition fees	12,350	10,406	8,845	18.7%	17.6%
Residences and catering income	2,643	2,141	1,792	23.4%	19.5%
Research grants and contracts	847	895	724	-5.4%	23.6%
Other operating income (note)	766	871	955	-12.1%	-8.8%
Income from fundraising activities	482	255	228	89.0%	11.8%
Interest from bank deposits	<u>18</u>	<u>20</u>	<u>36</u>	<u>-10%</u>	<u>-44.4%</u>
<b>Total income</b>	<b><u>17,106</u></b>	<b><u>14,588</u></b>	<b><u>12,580</u></b>	<b><u>17.3%</u></b>	<b><u>16.0%</u></b>
Staff costs	9,670	8,723	7,869	10.9%	10.9%
Depreciation	841	737	711	14.1%	3.7%
Other operating expenses	6,032	4,928	4,208	22.4%	17.1%
Interest payable	<u>42</u>	<u>17</u>	<u>5</u>	<u>147%</u>	<u>3.4%</u>
<b>Total expenditure</b>	<b><u>16,585</u></b>	<b><u>14,405</u></b>	<b><u>12,793</u></b>	<b><u>15.1%</u></b>	<b><u>12.6%</u></b>
<b>Surplus/(deficit) for the year</b>	<b>521</b>	<b>183</b>	<b>(213)</b>		

## OPERATING AND FINANCIAL REVIEW (continued)

### 6. Financial results (continued)

<u>Note on other operating income:</u>	2011	2010	2009
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Validation fees	323	497	477
Reimbursements from SEEDA	-	-	95
Released from deferred capital grants	133	101	95
Other	<u>310</u>	<u>273</u>	<u>288</u>
Total	766	871	955

Table 6 above shows that tuition fee income increased by 18.7% (2010: 17.6%). Student numbers grew and prices increased, although income growth was limited by an adverse fee rate mix (an increased proportion of EU undergraduates and Education postgraduates).

Income from residences and catering was up by 23.4% (2010: 19.5%). Research income was 5% down (2010: 23.6% increase).

Other operating income was 12.1% down (2010: 8.8% down). Staff costs rose by 10.9% (2010: 10.9%), a 5% general salary increase and increased manual staffing in particular to support the security re new campus housing. Other operating expenses grew by 22.4% (2010: 17.1%).

### 7. Cash flow and liquidity

The increase in cash in the year was £3,277,000 (2010: £889,000 positive), with a cash inflow from operating activities of £2,228,000 (2010: £3,098,000). In 2011 the statement includes the University of Buckingham Foundation, which had a cash balance of £558,000 at the point of consolidation. Capital expenditure continued to rise in 2011, due in the main to the purchase of houses which were partly financed by a £3m loan. University working capital improved during the year with net current liabilities of £2,782,000 (2010: £3,120,000). The group position is net liabilities of £2,777,000. University liquid assets (cash and debtors) cover 70% of short term liabilities (2010: 60%).

### 8. Capital expenditure and loans

£4,825,000 (2010: £3,589,000) was paid on tangible fixed asset capital programs. The major projects were the completion and exchange on ten new houses £2,270,500 for student residences and seven flats £954,851. Major refurbishments of the Radcliffe Centre £189,200 and Prebend House £400,700 for phase 2 commenced. The University drew down on a £3m secured loan during the year.

### 9. Fund raising

The University's income from the University of Buckingham Foundation (a separate charity) was, used mainly to fund scholarships. The Foundation disbursed £336,000 to the University in the year taking the total received as a deferred capital grant for Prebend house to £681,000 at the year-end. In addition, the University had income from other donors of £242,000 (2010: £106,000). Restricted donations were used to fund professorships in Business.

The release of deferred capital grants which is included in other operating income of £132,630 (2010: £101,000) is also income from fund raising, being phased recognition in income of past donations (in proportion to the depreciation of the building costs that they funded).

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **10. Medical school**

Options for an undergraduate medical school are still being explored. Meanwhile the Clinical MD program continues to develop. It is Buckingham's course but with teaching and logistical support provided by Ealing NHS Trust, with most of the teaching being undertaken at Ealing hospital.

### **11. Public Benefit**

The Trustees and Council recognise the obligations of the University as a Charity to contribute to public benefit. Following the publication of the guidance from the Charity Commission, including the specific guidance for educational institutions, and the outcome of the reviews of public benefit by the Charity Commission, Council have reviewed the existing approach to public benefit.

Council views our bursary awards as important in helping students from families who would otherwise not be able to afford the fees to benefit from a University education. Our bursary awards are made available to all who meet the general entry requirements and are made on the basis of need or to relieve hardship. In making means tested awards we consider a number of factors including family income, investments and savings, assets and family circumstances.

However, the University does not have a large endowment and in funding awards has to be mindful that it needs to strike a balance between fee-paying parents and students, many of whom make considerable sacrifices to fund a university education, and those benefiting from the awards.

### **12. Conclusion and prospects**

2011 saw continuing progress in achieving our mission of exemplifying the viability and merits of an independently funded university. Student numbers continued to grow, we reinforced our character as a British university, new courses were launched and we raised our profile further, through scholarship and participation in public policy debate. Progress towards the objective of financial sustainability materially improved and a surplus is reported, and we are on track to achieve another surplus for 2012.

**P JENNINGS**  
Finance Director

## STATEMENT OF CORPORATE GOVERNANCE

### General

Whilst the University, being a corporation formed by Royal Charter, does not fall within the regulation of the London Stock Exchange, the Council is satisfied that the University has complied throughout the period with the provisions of the Combined Code in so far as they are applicable to Higher Education Institutions and are practicable in the University's circumstances.

### Summary of corporate governance structure

The University is an independent charitable corporation, whose legal status derives from its Royal Charter, which was approved by the Privy Council in 1983. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes.

The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities.

- The Council is the governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. It has a majority of members from outside the University (lay members). For a full list of members of Council, see page 19.
- The Senate is the academic authority and draws its membership from the academic and academic related staff and the students of the University. Its role is to direct and regulate the teaching and research work of the University.
- The Academic Advisory Council plays an important role in quality assurance. It advises Council and Senate on academic matters and approves the appointment of all external examiners. Its members are senior academics from outside the University, appointed by the University's Council.

The principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University and who is the Chairman of the Senate. The Vice-Chancellor also chairs the Executive Committee, which is composed of the academic Deans and other senior managers.

### Operations of Council

Although the Council meets at least four times each academic year, much of its detailed business is handled by committees. The Finance and General Purposes Committee, which usually meets six times a year, *inter alia* recommends budgets and fee levels, and monitors financial performance in relation to approved budgets. The Committee has two sub-committees, covering Buildings and Development; and Health and Safety at Work.

The Audit Committee is responsible for reporting to Council on systems of internal control and financial reporting arrangements and reviewing the effectiveness of the internal controls annually. It is also responsible for satisfying itself that the University has adequate arrangements for ensuring economy, efficiency and effectiveness. The Audit Committee is responsible for the appointment of and approving the Auditors remuneration.

The Nominations Committee is responsible for making recommendations to Council on the appointment of lay members of the Council. The Remuneration Committee is responsible for determining the remuneration of the senior management team, including the Vice Chancellor.

## MEMBERS OF COUNCIL

### Ex officio members:

The Chancellor – Lord Tanlaw  
The Vice-Chancellor – Professor T Kealey  
The Acting Deputy Vice-Chancellor – Professor A Alcock  
The President of the Students' Union – Mr A Hasan

### Appointed members:

Up to three nominated by the  
Academic Advisory Council:

Dr K Elliott  
Dr R Vanderplank

Up to two appointed by  
Buckinghamshire County Council:

Mr D Polhill  
Mrs M Clayton (term of office expired Dec 2011)

Up to 16 appointed by  
co-option:

Mrs C Woodhead (Resigned 22 February 2012)  
Mr I Plaistowe (Acting Chairman and Vice-Chairman)  
Mr R Benzynie  
Mrs S Bergqvist  
MS S Deaves (Resigned March 2012)  
Mr C Jackson  
Mr J Nichols  
Ms K Okonski (Resigned March 2011)  
Mr M Rushton  
Professor K Siddle  
Mr J Stafford  
Dr R von Heusinger (Resigned June 2011)  
Mr B Tavener (Resigned 22 January 2012)  
Mr D Taylor (Resigned 8 May 2012)

Up to two members of  
Convocation:

Mr A Jovy  
Ms S Tomassi

UBAA

Ms L Long  
Mr C Gibbs

Up to five nominated by  
Senate:

Professor J Ridley  
Professor S Edwards  
Professor M Cawthorne  
Professor A Smithers  
Dr C Brennan  
Mrs J Bray (Term of office expired December 2011)  
Dr S Hawlin (Term of office expired December 2011)  
Dr A Martin (Term of office expired December 2011)  
Mr J Sundaram (Term of office expired December 2011)

Up to two elected from the non-  
teaching staff:

Mrs D Millns  
Mrs A Matsuoka  
Mr C Martin (Term of office expired December 2011)

Up to two elected from the  
student body:

One graduate student elected by the graduate students  
of the University: Mr M Keltanen  
One student elected by the undergraduate students of  
University: Mr J Bille

## **RESPONSIBILITIES OF THE UNIVERSITY'S COUNCIL IN RELATION TO THE FINANCIAL STATEMENTS**

In accordance with its responsibilities under section 18 of Schedule 7 of the Education Reform Act 1988 the University's Council presents audited financial statements for each financial year. The Council is required to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and University and which enable it to ensure that the annual financial statements give a true and fair view of the state of affairs of the Group and University and of the income and expenditure for that year.

In causing the financial statements to be prepared, the Council has ensured 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, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and University will continue in operation.

The Council has taken reasonable steps to:

- ensure that there are appropriate financial and management controls in place to safeguard the assets of the Group and University and prevent and detect fraud;
- secure the economical, efficient and effective management of the Group and University's resources and expenditure.

The key elements of the Group and University's system of internal financial control, which is designed to discharge the responsibilities set out above, and operated throughout the year and up until the date the accounts were approved, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators, risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- 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 Council.

The University complies with the Statement of Recommended Practice on Accounting for Further and Higher Education except that its small size means a comprehensive accounting manual and an internal audit function are not deemed necessary, although independent internal control reviews are commissioned periodically. Any systems of internal financial control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

## **INDEPENDENT AUDITORS' REPORT TO THE GOVERNING COUNCIL OF THE UNIVERSITY OF BUCKINGHAM**

We have audited the Consolidated and University financial statements (the "financial statements") of the University of Buckingham for the year ended 31 December 2011 which comprise the Consolidated and University Income and Expenditure Account, The Statement of Total Recognised Gains and losses, the Balance Sheets, the Cash Flow Statements, the Statement of Principal Accounting Policies and the related Notes to the Financial Statements. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of 'Responsibilities of the University's Council in relation to the financial statements' the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for Council as a body in accordance with Statute 11 of the Charters and Statutes of the institution and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 and university's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the consolidated and university's affairs as at 31 December 2011 and of the consolidated and university's income and expenditure, consolidated recognised gains and losses and consolidated 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.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
26 September 2012

### **Notes:**

- The maintenance and integrity of the University of Buckingham website is the responsibility of Council; 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.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### 1 Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and are prepared and presented in accordance with the Statement of Recommended Practice, Accounting for Further and Higher Education Institutions, (SORP) published in July 2007 and with applicable Accounting Standards in the United Kingdom, on the basis that the university is a going concern. The Accounting policies have been applied consistently over the period.

### 2 Basis of Consolidation

The financial statements for the Group are the consolidation of the financial statements of the University and the University of Buckingham Foundation. The University of Buckingham Foundation has been consolidated from the 1 January 2011 as there were no material transactions between that date and the date of deemed control on 14 January 2011. The University has not consolidated any other subsidiary as in the opinion of Council, the other subsidiaries are not material.

### 3 Recognition of income other than donations

Tuition fees are recognised in the accounting period when the related teaching occurs, fees received in advance are held in deferred income. Income from residences and catering are also recognised when the related services are provided.

Income from long term contracts, e.g. research, is included to the extent of the expenditure incurred during the year, together with any related recovery of overhead costs which can prudently be recognised. Where a loss is foreseen, the value of the loss is included as a charge in the accounts. Validation fee income is recognised when delivered and known with certainty.

### 4 Donations

Donations received without restriction are credited direct to income.

Restricted donations made to fund capital expenditure that is subject to depreciation are initially reported as deferred capital grants in the balance sheet and then released to income in proportion to the depreciation of the related fixed assets. Where material, restricted donations for other purposes are shown within total funds as expendable endowments, if they will be spent over more than one financial year.

Other restricted donations are credited to deferred income then released to income when the related expenditure is incurred. Donations received in respect of the acquisition of freehold land are treated as income in the period in which the land is bought.

### 5 Pension schemes

The Norwich Union Group Personal Pension Plan (GPP) is a defined contribution scheme, established by contract. The employer's contributions payable for each accounting period are accounted for as expenditure.

The Universities Superannuation Scheme (USS) is a defined benefit scheme, established by trust deed with assets held in a separate fund. In this case also only the employer's contributions payable for each accounting period are accounted for as expenditure. USS is unable to identify each participating employer's share of the underlying assets and liabilities on a consistent and reasonable basis so, in accordance with the accounting standard FRS17, the University does not account for any long term liability.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

The University of Buckingham Employee Benefits Plan (EBP), established as a defined contribution scheme by trust deed was closed to further contributions on 31 December 2007. However, the scheme provides a Guaranteed Minimum Pension in respect of periods of membership prior to 6 April 1997. The University accounts for any funding deficit, based on the actuary's reports to the University on the funding of the scheme at 31 December each year.

### 6 Depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Equipment and property costing more than £3,000 per item or project is capitalised. Other equipment is written off in the year of purchase. Land is not depreciated, but depreciation is provided on a straight line basis on other assets at the following annual rates so as to write off cost/valuation:

Buildings	2%
Equipment:	
Furniture, furnishings and equipment	10%-20%
Office equipment	10%-20%
Science laboratory equipment	20%-25%
Motor vehicles	20%
Computing equipment and software	25%

### 7 Library books

The cost of purchasing library books is written off to the income and expenditure account as it is incurred. (Note 4, services, other expenses).

### 8 Maintenance of premises

The cost of maintenance is written off in the year in which it is incurred.

### 9 Taxation and charitable status

The University is a Registered Charity within the meaning of the Charities Act 2011 and as such is a charity within the meaning of Section 467 of the Corporation Tax Act 2010.

As a charity the University is exempt from taxation in respect of income and capital gains received within categories covered by Chapters 2 and 3 of part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to charitable purposes.

Charitable status provides no similar exemption from VAT, but the University is defined as an Eligible Body by Schedule 9 Group 6 of the VAT Act 1994. This means that the education provided is exempt from VAT but that VAT cannot be recovered on education related purchases. Irrecoverable VAT is therefore included in both revenue and capital expenditure.

### 10 Provisions

Provisions are recognised when three conditions are met: 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.

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**

### **11 Endowment Assets**

Endowment assets include listed investments, cash and property.

The listed investments are included at market value in the balance sheet. Any gain or loss on revaluation is included in the statement of total recognised gains and losses and the endowment reserve.

Investment property is carried at market value at the balance sheet date. Any gains or losses on revaluation are included in the statement of total recognised gains and losses and the endowment reserve. As this is the first year of ownership of these properties the July purchase price has been used as the year end value.

## CONSOLIDATED & UNIVERSITY INCOME AND EXPENDITURE ACCOUNT

### FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated 2011	University 2011	University 2010
		£000	£000	£000
<b>Income</b>				
Tuition fees	1	12,350	12,350	10,406
Residences and catering income		2,643	2,643	2,141
Research grants and contracts		847	847	895
Other operating income	2	766	766	871
Income from fundraising activities	3	438	482	255
Interest from bank deposit/endowment	4	<u>99</u>	<u>18</u>	<u>20</u>
<b>Total income</b>		<b><u>17,143</u></b>	<b><u>17,106</u></b>	<b><u>14,588</u></b>
<b>Expenditure</b>				
Staff costs	5	9,670	9,670	8,393
Exceptional staff costs	5	-	-	330
Depreciation	9	841	841	737
Other operating expenses	6	6,035	6,032	4,928
Interest payable	7	<u>42</u>	<u>42</u>	<u>17</u>
<b>Total expenditure</b>		<b><u>16,588</u></b>	<b><u>16,585</u></b>	<b><u>14,405</u></b>
<b>Operating surplus, on continuing operations for the year</b>		<b>555</b>	<b>521</b>	<b>183</b>
<b>Surplus for the year transferred to accumulated income in endowment</b>		<b><u>(32)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Surplus for the year retained within general reserves</b>		<b><u>523</u></b>	<b><u>521</u></b>	<b><u>183</u></b>

All results in the current and prior year arise from continuing operations. There is no significant difference between the surplus for the year above and their historical cost equivalents.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

### FOR THE YEAR ENDED 31 DECEMBER 2011

	<b>Consolidated 2011 £'000</b>	University 2010 £'000
Surplus on continuing operations for the year	523	183
Total return on endowments not applied in year	32	-
Depreciation on fixed asset investment	(151)	-
New unrealised endowments received in the year	1,952	30
*New unrealised endowments on deemed acquisition	2,961	-
Application of endowments in year	<u>(455)</u>	<u>(11)</u>
	<b><u>4,862</u></b>	<b><u>202</u></b>
Reconciliation:		
Opening reserves and endowments	7,555	7,353
Total recognised gains for the year	<u>4,862</u>	<u>202</u>
Closing reserves and endowments	<b><u>12,417</u></b>	<b><u>7,555</u></b>

Note \*: The endowments arising on the deemed acquisition have been treated as unrealised endowments.

## BALANCE SHEETS AT 31 DECEMBER 2011

Registered company number RC000730

	Note	Consolidated 2011 £000	University 2011 £000	University 2010 £000
<b>Fixed assets</b>				
Tangible fixed assets	9	<b>18,728</b>	<b>18,728</b>	14,744
Investments	10	<b><u>23</u></b>	<b><u>23</u></b>	<u>23</u>
		<b><u>18,751</u></b>	<b><u>18,751</u></b>	<u>14,767</u>
<b>Endowment assets</b>	11	<b><u>4,417</u></b>	<b><u>1,151</u></b>	<u>81</u>
<b>Current assets</b>				
Debtors	12	<b>1,520</b>	<b>1,891</b>	1,377
Cash at bank and in hand		<b><u>4,870</u></b>	<b><u>4,491</u></b>	<u>3,304</u>
		<b>6,390</b>	<b>6,382</b>	4,681
<b>Creditors: amounts falling due within one year</b>	13	<b><u>(9,167)</u></b>	<b><u>(9,164)</u></b>	<u>(7,801)</u>
<b>Net current liabilities</b>		<b><u>(2,777)</u></b>	<b><u>(2,782)</u></b>	<u>(3,120)</u>
<b>Total assets less current liabilities</b>		<b>20,391</b>	<b>17,120</b>	11,728
<b>Creditors: amounts falling due after more than one year</b>	14	<b><u>(3,750)</u></b>	<b><u>(3,750)</u></b>	<u>(1,042)</u>
Provision for liabilities and charges	15, 22	<b><u>(273)</u></b>	<b><u>(273)</u></b>	<u>(276)</u>
<b>Total net assets</b>		<b><u>16,368</u></b>	<b><u>13,097</u></b>	<u>10,410</u>
<b>Deferred capital grants</b>	16	<b>3,951</b>	<b>3,951</b>	2,855
<b>Endowments</b>	17	<b>4,417</b>	<b>1,151</b>	81
<b>Reserves</b>	18	<b><u>8,000</u></b>	<b><u>7,995</u></b>	<u>7,474</u>
<b>Total funds</b>		<b><u>16,368</u></b>	<b><u>13,097</u></b>	<u>10,410</u>

The Council approved the financial statements on pages 22 to 39 on 5 September 2012 and they were signed on its behalf by:

**Professor G T E Kealey**  
Vice-Chancellor

**Mr P Jennings**  
Finance Director

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated 2011 £000	University 2010 £000
<b>Net cash inflow from operating activities</b>	19	<b>2,228</b>	3,098
<b>Return on investments and servicing of finance</b>			
Interest received		18	24
Interest paid		<u>(19)</u>	<u>(17)</u>
<b>Net cash (outflow)/ inflow from returns on investments and servicing finance</b>		<u>(1)</u>	<u>7</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(4,825)	(3,589)
Deferred capital grant received		1,064	201
Endowment cash on deemed acquisition		557	-
Net cash receipt on new endowments		<u>1,444</u>	<u>30</u>
Net cash (outflow) from capital expenditure and financial investments		<u>(1,760)</u>	<u>(3,358)</u>
		<hr/>	<hr/>
<b>Cash inflow/(outflow) before financing</b>		<b>467</b>	(253)
<b>Financing</b>			
(Decrease)/ increase in bank overdraft		(138)	152
New secured loan		3,000	1,000
Bank loan repayment in year		-	-
Other loan repayment in year		<u>(52)</u>	<u>(10)</u>
<b>Increase in cash in the year</b>	20	<b><u>3,277</u></b>	<u>889</u>
<b>Reconciliation of net cash flow to movement in consolidated net debt</b>			
		<b>2011</b>	
		<b>£000</b>	
Increase in cash for the year		3,277	
Change in debt in the year		<u>(2,810)</u>	
Change in net (debt)/cash		467	
Net (debt)/cash opening		<u>2,181</u>	
Net (debt)/cash closing	20	<u>2,648</u>	

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Tuition fees

	Consolidated 2011 £000	University 2011 £000	University 2010 £000
Full-time undergraduates-home fee rates	3,143	3,143	2,366
Full-time undergraduates-standard fee rates	5,580	5,580	4,878
Part-time undergraduates	100	100	113
Post graduates	3,031	3,031	2,660
Pre degree and non degree courses	<u>496</u>	<u>496</u>	<u>389</u>
	<b><u>12,350</u></b>	<b><u>12,350</u></b>	<b><u>10,406</u></b>

### 2 Other operating income

	Consolidated 2011 £000	University 2011 £000	University 2010 £000
Interest on deferred debt receivable	-	-	4
Release from deferred capital grants (Note 16)	133	133	101
Validation fees	323	323	497
Other income	<u>310</u>	<u>310</u>	<u>269</u>
	<b><u>766</u></b>	<b><u>766</u></b>	<b><u>871</u></b>

Other income comes from diverse sources, including a grant for the relaunch of Art History teaching.

### 3 Income from fundraising activities

	Consolidated 2011 £000	University 2011 £000	University 2010 £000
Amounts received from University of Buckingham Foundation	-	233	138
Fundraising activity University of Buckingham Foundation	189	-	-
Expendable endowments released to the Income and Expenditure Account	7	7	11
Other revenue donations	<u>242</u>	<u>242</u>	<u>106</u>
	<b><u>438</u></b>	<b><u>482</u></b>	<b><u>255</u></b>

### 4 Endowment and investment income

	Consolidated 2011 £000	University 2011 £000	University 2010 £000
Income from expendable endowments (Note 17)	43	-	-
Income from permanent endowments (Note 17)	38	-	-
Interest receivable	<u>18</u>	<u>18</u>	<u>20</u>
	<b><u>99</u></b>	<b><u>18</u></b>	<b><u>20</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****5 Employee information**

The Group and University average number of equivalent full-time members of staff, including visiting lecturers and other temporary staff, was as follows:-

	<b>2011</b>	2010
	<b>Number</b>	Number
Academic/research	<b>97</b>	106
Support	<b>103</b>	104
Manual	<b><u>49</u></b>	<u>35</u>
	<b><u>249</u></b>	<u>245</u>
	<b>£000</b>	£000
Wages and salaries	<b>8,192</b>	7,115
Social security costs	<b>684</b>	585
Pension costs	<b><u>794</u></b>	<u>693</u>
Sub total before exceptional costs	<b>9,670</b>	8,393
Exceptional staff costs	<b><u>-</u></b>	<u>330</u>
Total staff costs	<b><u>9,670</u></b>	<u>8,723</u>
Academic/Research	<b>5,468</b>	4,775
Support	<b>3,566</b>	3,087
Manual	<b>636</b>	531
Exceptional staff costs	<b><u>-</u></b>	<u>330</u>
Total staff costs	<b><u>9,670</u></b>	<u>8,723</u>

The salary paid to the Vice-Chancellor was £140,300 (2010: £129,906). Pension contributions amounted to £22,448 (2010: £20,785). In addition, the Vice-Chancellor is required by his contract of employment to live in a house provided by the University, for which no taxable benefit accrues. No other members of staff earned more than £100,000 (2010: none).

**6 Other operating expenses**

	<b>University/ Consolidated</b>	University
	<b>2011</b>	2010
	<b>£000</b>	£000
Other operating expenses include:-		
Residences and catering	<b>1,622</b>	1,110
Research grants and contracts	<b>327</b>	350
Scholarships, bursaries and prizes	<b>239</b>	260
Books, periodicals and electronic resources	<b>150</b>	132
Heat and light (excluding residences)	<b>201</b>	203
Repairs and maintenance (excluding residences)	<b>296</b>	244
Grants to Students Union	<b>63</b>	48
Grant to Alumni Association	<b>5</b>	10
Auditors' remuneration	<b>28</b>	24
Other services provided by the auditors:		
Student loan audit	<b>2</b>	2

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 Interest payable

	University/ Consolidated 2011 £000	University 2010 £000
On bank loans repayable wholly or partly in more than five years	<u>42</u>	<u>17</u>
	<u>42</u>	<u>17</u>

### 8 Analysis of expenditure by activity

	<i>Staff Costs</i> £000	<i>Deprec iation</i> £000	<i>Other Expenses</i> £000	<i>Interest payable</i> £000	Consolidated 2011 Total £000	University 2010 Total £000
Academic departments	5,139	-	1,436	-	<b>6,575</b>	5,666
Research contracts	494	44	327	-	<b>865</b>	983
Residences and catering	154	372	1,622	22	<b>2,170</b>	1,512
Premises	931	291	554	20	<b>1,796</b>	1,511
Services	1,207	134	857	-	<b>2,198</b>	1,868
Administration	1,745	-	1,243	-	<b>2,984</b>	2,535
Exceptional staff cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330</u>
	<u>9,670</u>	<u>841</u>	<u>6,038</u>	<u>42</u>	<b><u>16,588</u></b>	<u>14,405</u>

The University has one class of business being the provision of Education.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****9 Tangible fixed assets**

	University / Consolidated				
	Freehold land	Freehold buildings	Equipment	Payments on account	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2011	3,801	14,006	4,068	328	22,203
Additions	1,051	1,983	1,157	634	4,825
Transfers	-	193	(277)	84	-
Disposals	<u>-</u>	<u>-</u>	<u>(572)</u>	<u>-</u>	<u>(572)</u>
<b>At 31 December 2011</b>	<b><u>4,852</u></b>	<b><u>16,182</u></b>	<b><u>4,376</u></b>	<b><u>1,046</u></b>	<b><u>26,456</u></b>
Accumulated depreciation:					
At 1 January 2011	-	5,728	1,731	-	7,459
Charge for the year	-	311	530	-	841
Disposals	<u>-</u>	<u>-</u>	<u>(572)</u>	<u>-</u>	<u>(572)</u>
<b>At 31 December 2011</b>	<b><u>-</u></b>	<b><u>6,039</u></b>	<b><u>1,689</u></b>	<b><u>-</u></b>	<b><u>7,728</u></b>
Net book value:					
<b>At 31 December 2011</b>	<b><u>4,852</u></b>	<b><u>10,143</u></b>	<b><u>2,687</u></b>	<b><u>1,046</u></b>	<b><u>18,728</u></b>
At 31 December 2010	<u>3,801</u>	<u>8,278</u>	<u>2,337</u>	<u>328</u>	<u>14,744</u>

In Council's opinion the market value of land and buildings is anticipated to be in excess of carrying value.

**10 Investments**

	University / Consolidated <b>2011</b> <b>£000</b>	University / Consolidated 2010 £000
Shares in CVCP Properties Plc at cost	<b><u>23</u></b>	<b><u>23</u></b>

The University owns 0.54% of the issued ordinary share capital in CVCP Properties Plc, the company that owns the offices of Universities UK. There is no material difference between costs and net market value.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11 Endowment Assets**

	Consolidated 2011 £000	University 2011 £000	University 2010 £000
1 January	81	81	62
Foundation at 1 January 2011	2,958	-	-
New endowments invested	1,952	1,077	-
Decrease in market value of investments	(151)	-	-
Increase/(decrease) in cash balances held for endowment funds	<u>(423)</u>	<u>(7)</u>	<u>19</u>
At 31 December	<u>4,417</u>	<u>1,151</u>	<u>81</u>
Represented by:			
Cash	1,792	1,151	81
Investment properties	684	-	-
Listed investments	<u>1,941</u>	<u>-</u>	<u>-</u>
Total endowment assets	<u>4,417</u>	<u>1,151</u>	<u>81</u>

**12 Debtors**

	Consolidated 2011 £000	University 2011 £000	University 2010 £000
Student debtors	434	434	242
Other debtors	665	1,036	783
Prepayments	410	410	341
Loans to subsidiary companies	<u>11</u>	<u>11</u>	<u>11</u>
	<u>1,520</u>	<u>1,891</u>	<u>1,377</u>

The loans to subsidiary companies relate to the limited companies incorporated in connection with the Bachelor of Business Enterprise teaching programme. These are unsecured interest free loans.

**13 Creditors: amounts falling due within one year**

	Consolidated 2011 £000	University 2011 £000	University 2010 £000
Bank overdraft and other loan	14	14	152
Bank loans	250	250	10
Fees received in advance	5,612	5,612	4,561
Trade creditors	666	666	463
Taxation and social security	330	330	208
Other creditors	1,446	1,446	1,393
Accruals and deferred income	<u>849</u>	<u>846</u>	<u>1,014</u>
	<u>9,167</u>	<u>9,164</u>	<u>7,801</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****14 Creditors: amounts falling due after more than one year**

	University/ Consolidated	University
	2011	2010
	£000	£000
<b>Bank and other loans</b>		
Repayable to Santander by October 2023	3,000	-
Repayable to Royal Bank of Scotland Plc by December 2030	1,000	1,000
Other loan	<u>-</u>	<u>52</u>
	<b>4,000</b>	<b>1,052</b>
Less amounts falling due within one year	<b><u>(250)</u></b>	<b><u>(10)</u></b>
	<b><u>3,750</u></b>	<b><u>1,042</u></b>
<b>Analysis of loan repayments</b>		
Between one and two years	250	10
Between two and five years	867	82
After five years	<b><u>2,633</u></b>	<b><u>950</u></b>
	<b><u>3,750</u></b>	<b><u>1,042</u></b>

The Royal Bank of Scotland bank loan bears interest at 1.15% above LIBOR and is secured by fixed charge mortgages over three of the University's freehold properties. The Santander bank loan is a fixed funds loan at 1.5% above Libor on £2,150,000 and 2% on £850,000 and is secured by legal charges over 22 residential properties. The two bank loans are repayable by instalments. The other loan relates to an interest free loan financing the purchase of catering equipment repaid in full August 2011 on termination of the agreement.

**15 Provision for liabilities and charges**

	University/ Consolidated	University
	2011	2010
	£000	£000
At 1 January	276	120
Released to Income and Expenditure	(3)	(76)
Additions from Income and Expenditure	<u>-</u>	<u>232</u>
<b>At 31 December</b>	<b><u>273</u></b>	<b><u>276</u></b>

The provision relates to the EBP pension fund and it has been maintained to reflect management's estimate of the Guaranteed Minimum Pension shortfall and costs incidental in addressing it.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****16 Deferred capital grants**

			University/ Consolidated	University
			<b>2011</b>	2010
	Freehold buildings	Equipment	<b>Total</b>	Total
	£000	£000	<b>£000</b>	£000
Cost:				
At 1 January	2,755	100	<b>2,855</b>	2,560
Grants receivable	1,200	29	<b>1,229</b>	396
Released to income and expenditure account	<u>(98)</u>	<u>(35)</u>	<b><u>(133)</u></b>	<u>(101)</u>
At 31 December	<u>3,857</u>	<u>94</u>	<b><u>3,951</u></b>	<u>2,855</u>

**17 Expendable endowments (restricted)**

	Consolidated Restricted Permanent £000	Consolidated Restricted Expendable £000	Consolidated <b>2011 Total £000</b>	University <b>2011 Total £000</b>	University 2010 Total £000
Balance at 1 January	-	81	<b>81</b>	<b>81</b>	62
Foundation Brought at 1 Jan 2011	1,381	1,577	<b>2,958</b>	-	-
Capital	-	-	-	-	-
Accumulated income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,381</u>	<u>1,658</u>	<b><u>3,039</u></b>	<b><u>81</u></b>	<u>62</u>
New endowments	-	1,952	<b>1,952</b>	<b>1,077</b>	
Investment income	43	38	<b>81</b>	-	30
Expenditure	(31)	(25)	<b>(56)</b>	<b>(7)</b>	(11)
Transfer to deferred research income	-	(100)	<b>(100)</b>	-	-
Transfer to deferred capital grant	-	(348)	<b>(348)</b>	-	-
Decrease in market value of investments	<u>( 33)</u>	<u>(118)</u>	<b><u>(151)</u></b>	<u>-</u>	<u>-</u>
At 31 December 2011	<u>1,360</u>	<u>3,057</u>	<b><u>4,417</u></b>	<b><u>1,151</u></b>	<u>81</u>
<b>Represented by:</b>					
Capital	1,360	3,043	<b>4,403</b>	<b>1,151</b>	81
Accumulated Income	<u>-</u>	<u>14</u>	<b><u>14</u></b>	<u>-</u>	<u>-</u>
	<u>1,360</u>	<u>3,057</u>	<b><u>4,417</u></b>	<b><u>1,151</u></b>	<u>81</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****18 Reserves (income and expenditure)**

	Consolidated 2011 £,000	University 2011 £000	University 2010 £000
At 1 January	7,474	7,474	7,291
Foundation unrestricted reserves brought forward at 14 January 2011	3	-	-
Surplus for the year	<u>523</u>	<u>521</u>	<u>183</u>
<b>At 31 December</b>	<b><u>8,000</u></b>	<b><u>7,995</u></b>	<b><u>7,474</u></b>

**19 Reconciliation of operating surplus to operating cash flow**

	Consolidated 2011 £000	University 2010 £000
Surplus for the year	555	183
Depreciation	841	737
Release of deferred capital grant	(133)	(101)
Interest received	(18)	(24)
Interest paid	19	17
Release of endowment	<u>42</u>	<u>(11)</u>
	<b>1,306</b>	<b>801</b>
(Decrease)/Increase in provisions	(3)	156
Increase in debtors	(336)	20
Increase in fees paid in advance	1,051	1,337
Increase in other non bank creditors	<u>210</u>	<u>784</u>
Net cash inflow from operating activities	<b><u>2,228</u></b>	<b><u>3,098</u></b>

**20 Analysis of changes in net debt**

	Consolidated 2011 £000	Consolidated Change in 2011 £000	University 2010 £000	University Change in 2010 £000	University 2009 £000
Cash at bank and in hand	4,870	1,566	3,304	870	2,434
Endowment cash	<u>1,792</u>	<u>1,711</u>	<u>81</u>	<u>19</u>	<u>62</u>
	<b>6,662</b>	<b>3,277</b>	<b>3,385</b>	<b>889</b>	<b>2,496</b>
Overdraft	(14)	138	(152)	(152)	-
Loan due within one year	(250)	(240)	(10)	-	(10)
Loan due after one year	<u>(3,750)</u>	<u>(2,708)</u>	<u>(1,042)</u>	<u>(990)</u>	<u>(52)</u>
Total	<b><u>2,648</u></b>	<b><u>467</u></b>	<b><u>2,181</u></b>	<b><u>(253)</u></b>	<b><u>2,434</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 Capital commitments

At the year end there were £1,199,446 of capital commitments outstanding in respect of contracts for future capital expenditure entered into by the University (2010: £1,822,834). The University's Council has authorised a capital budget for 2012 of £1,007,024 (2011: £2,142,000).

### 22 Pension commitments

The Norwich Union Group Personal Pension Plan is a defined contribution scheme, so no commitment exists beyond the employer's contractual contributions for each accounting period.

However, the University of Buckingham Employee Benefits Plan (EBP) and the Universities Superannuation Scheme (USS) provide defined benefits and so entail long term liabilities, for which the university is ultimately responsible. The University accounts for the deficit of EBP's assets over liabilities, but not for its share of USS's deficit, for reasons explained in the statement of accounting policies. The latest actuarial information on each scheme is set out below.

#### University of Buckingham Employee Benefits Plan

The EBP is a defined contribution scheme which includes a guaranteed minimum pension (GMP) element to ensure that members receive benefits at least equivalent to those given up by contracting out of SERPS prior to 6 April 1997.

Calculations have been performed for each individual members realisable value in their GMP fund, the transfer value calculated using the Trustees' assumptions and the notional funds required to achieve a 4.2% critical yield analysis.

The Trustees and Employer have previously instructed that they wish to carry out an enhanced transfer value exercise for these GMP members using this data.

The final transfer value for the fund based on Scottish Life's buyout valuation at 6 April 2011 shows an overall value of £346,000 (2010: £453,703). This value exceeds the realisable value of the members GMP funds by £100,000 (2010: £132,630).

If a member, after taking financial advice, decides that he/she wishes to transfer his/her benefits to a new provider, then the Employer will need to provide this enhancement.

The value of money purchase funds alters daily and so fund values are not guaranteed. Consequently the university has recorded a provision in the accounts at 31 December 2011 of £273,000 in respect of the liability and costs incidental to it.

#### Universities Superannuation Scheme

The latest triennial actuarial valuation of the scheme was at 31 March 2011. The financial assumptions were derived from market yields prevailing at the valuation date.

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 (continued)

### Universities Superannuation Scheme (continued)

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

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.

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.

The valuation was carried out using the projected unit method.

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 in respect of that employer will be spread across the remaining employers and reflected in the next actuarial valuation of the scheme.

### Cost to the University

	<b>Consolidated/ University 2011 £000</b>	University 2010 £000
Contributions to USS	<b>634</b>	557
Contributions to GPP	<b><u>160</u></b>	<u>136</u>
Total pension cost for the year (note 5)	<b><u>794</u></b>	<u>693</u>

### Contributions outstanding at the year end

	<b>Consolidated/ University 2011 £000</b>	University 2010 £000
To USS	<b>85</b>	68
To GPP	<b><u>20</u></b>	<u>17</u>
Total outstanding	<b><u>105</u></b>	<u>85</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23 Related party transactions

Mr Christopher Woodhead, the husband of the former Chairman of Council, billed fees to the University totaling £22,000 (2010: £25,000) for business development consultancy, of which £2,000 (2010: £4,000) was outstanding at the year end.

Professor Chris Woodhead (no relation), a member of the University's education faculty, is also the Chairman of Cognita Schools Limited. Cognita sponsors students on the University's postgraduate education programmes, for which the company paid £118,450 (2010: £116,200). Nothing was outstanding at the year-end (2010: £nil).

In addition, Cognita supplies teaching services to the University, for which they billed £10,000 (2010: £20,000). An amount of nil was outstanding at the year-end (2010: £7,000).

### 24 Post Balance Sheet Events

The University completed the purchase of a further two houses for £338,872 in January 2012 that were brought into use as student accommodation.

### 25 Subsidiary undertakings

The University of Buckingham is the ultimate parent, and produces the only consolidated accounts for the Group.

From 14 January 2011 the University was in a position of deemed control over the University of Buckingham Foundation ('Foundation') a separate registered charity. The position of control arose due to resignation of independent trustees which meant that the majority of trustees on the Foundation were members of the University.

As there had been no material transactions between 1 January 2011 and 14 January 2011, the University has consolidated the assets, liabilities and results of the Foundation from 1 January 2011. The assets and liabilities of the Foundation at 1 January 2011 were:

Fixed Asset Investments	2,765,580
Current Assets	451,534
Current Liabilities	<u>(256,283)</u>
Net Current Assets	<u>2,960,831</u>

Represented by unrestricted funds £3,173, Restricted funds £70,378 and Endowment funds £2,887,280. Cash within the foundation in current assets was £450,004.

Organisation	Principal Activity	Status
The University of Buckingham Foundation	Promotion of the charitable purposes of the institution	100% controlled

The University owns one limited company, which have been incorporated in connection with the Bachelor of Business Enterprise teaching programme. The University also has a minority shareholding in the University of Buckingham Press Limited. However, none of them have income, expenditure, assets or liabilities that are material to the University. No value is seen in including this company in the consolidated accounts.

## **SUPPLEMENTARY INFORMATION**

### **The University of Buckingham Foundation**

The following unaudited information is not a part of the annual report.

The Foundation is a separate charity, (Registration number: 1094042) whose objects are:

- a) to advance the education of the public by supporting and promoting the education, in all its forms, of students attending the University of Buckingham, and by benefiting the wider academic community and purposes of the University as a whole; and
- b) to promote research into academic and scientific fields of learning.

The Foundation's unaudited accounts for 2011 show net assets of £3,271,007 made up of:

- Unrestricted funds - £4,611
- Endowment funds - £2,908,333
- Other restricted funds - £358,063

About half the endowment funds are expendable, whereby income and principal are available to support dermatological research and scholarships in Economics and Business. The remainder are permanent, whereby income is available to support scholarships in a variety of subjects, staff research and academic prizes.