

THE UNIVERSITY OF BUCKINGHAM

Registered Charity Number 1141691

Annual Report and Financial Statements

for the year ended

31 December 2012

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CHAIRMAN'S STATEMENT

I feel doubly fortunate to have taken over as Chairman of Council only six weeks before year-end, 2012. Firstly, it is an enormous gift and privilege to be starting when the University has enjoyed such success in the key league tables over the past few years. It would be hard to underestimate how important our rankings in the league tables are and how well judged it was for the University to support the Vice Chancellor in his objectives and strategies in this respect. Secondly, it is always good to start when an institution has reasonably sound finances and the outlook, while challenging, is not altogether bleak. It is true that the uncertainties surrounding the availability of students loans make it imperative that the University has Plans B and C in place to maximise revenue from sources other than UK student tuition fees, but the surplus of £1.5 million in 2012 does mean that we have been able to catch up on vital projects such as refurbishing accommodation and improving the learning experience for our students. We are also able to invest in future projects which may produce greater income and financial stability.

During the year, the refurbishment of Prebend House was completed and now provides a high quality learning environment for post-graduate students. 2012 also saw the opening of the Radcliffe Centre, a converted church which provides a 150 seat venue for lectures, performances and community events. Investment in upgrading student accommodation will continue in 2013 and significant improvements are planned for the Students Union in Tanlaw Mill. These developments have been assisted through generous donations from supporters of the University through The University of Buckingham Foundation.

Perhaps of most significance to future development is the project to develop an undergraduate Medical School in collaboration with Milton Keynes Hospital. The team responsible has put in enormous amount of work and it is now moving rapidly forward with GMC approval and with a start date of January, 2015. The Medical School is not only exciting in its own right, but its requirements for space will stimulate the development of the Tingewick Road site with a building and refurbishment programme scheduled to start at the end of 2013 and continue throughout 2014. This site is expected to be further developed over the next few years.

For Council, 2012 was a rather turbulent year. Chloe Woodhead, who had served on Council for many years, the last three of them as Chairman, resigned early in 2012. Ian Plaistowe, who was Vice-Chairman at the time, took over as Acting Chairman, pending the election of a new Chairman and stood down in November. Like Chloe Woodhead, Ian Plaistowe had served on Council for many years, most recently as Chairman of the Finance and General Purposes Committee. We would wish to thank them both for their many years of service to the University.

There were also changes among ordinary external members of Council. Professor Kenneth Siddle was elected as Vice-Chairman of Council, Mr Julian Stafford moved from chairing the Audit Committee to Chairman of the Finance and General Purposes Committee and Mr Robert Benzynie became Chairman of the Audit Committee. Ms Sophia Berqvist, Mr Bob Taverner, Mrs Sarah Deaves and Mr David Taylor resigned from Council during 2012 and we thank them for their contributions to the University. Miss Felicity Lusk, Head of Abingdon School, and Mr Nicholas Bamforth, Fellow in Law at The Queen's College, Oxford, joined Council. We look forward very much to drawing on their experience and expertise. We also appreciate the contributions of all those staff who serve on Council alongside their other responsibilities and thank those whose terms of office are coming to an end.

Dr Robert Vanderplank
Chairman

VICE-CHANCELLOR'S PREFACE

Introduction

The University is doing well. As Table 1 shows, we now have some 2,000 students, which is more than ever before in our history. Those numbers include off-campus students, amongst whom are those in Education, those on the Ealing Clinical MD programme, and those on the London MA programmes, so the numbers full-time on campus are 1525 but nonetheless, as Table 1 shows, that represents a doubling over the last 7 years.

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Type of Student</i>									
Home	189	224	247	311	339	385	493	615	817
Overseas	495	461	482	458	554	600	560	605	708
Total Campus Students	684	685	729	769	893	985	1053	1220	1525
Education/London	0	46	61	81	117	172	255	333	494
Total Registered students	684	731	790	850	1010	1157	1308	1553	2019

We have maintained our numbers of international students, but the growth in student numbers has been almost wholly in home students (those from the UK and EU) which we welcome, particularly on behalf of our international students, as we can now provide them with a predominantly British university experience, albeit one enriched by our traditionally-diverse student body: we have over eighty different nationalities represented on campus.

Table 2 shows that the growth in the size of the student body is reflected in the health of our Income and Expenditure Account. Income has grown well over two-fold, and even allowing for inflation that nonetheless represents a doubling of income in real terms. And the trend over surpluses is definitely encouraging: as we recovered from the trough represented by the years 2004/2005 we took the decision not to prioritise the generation of surpluses but, instead, to maintain our human capital until such time as the recovery of the University generated surpluses by virtue of the economies of scale that a larger establishment would provide. That strategy seems to have paid off.

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	9,476	10,264	10,538	10,836	11,697	12,580	14,588	17,106	21,599
Expenditure	9,708	10,243	10,517	10,893	11,823	12,793	14,405	16,585	20,037
Surplus	(312)	(45)	21	(167)	94	(213)	183	521	1,562

The University experienced difficult years between 1996 and 2004 for reasons out of its control: the Far Eastern financial crisis of 1996/7 damaged our recruitment from South East Asia, while our home market was damaged by the conversion of the thirty or so polytechnics into universities, which turned the UK from a nation with a shortage of places at university to one with a glut. But our recovery was initiated by our so-called League Table Strategy whereby we sought greater credibility in the market by submitting voluntarily to auditing by the Quality Assurance Agency (QAA) as a necessary prelude to negotiating entry into the mainstream university league tables.

VICE-CHANCELLOR'S PREFACE (continued)

We underwent our first QAA audit in 2004, achieving 'full confidence', which then allowed us to enter our first league table, the National Student Survey (of satisfaction.) We came top of that in 2006, and we have maintained that position ever since: Table 3 reproduces the relevant table from page 30 of *The Times Good University Guide 2013* (Times Books 2012.) Our early NSS success owed much to the leadership of our then Registrar, Professor Len Evans, who negotiated our initial entry into the survey with the Higher Education Funding Council for England, to whom we are also grateful. Professor Evans received an honorary doctorate in science from the University on his retirement in 2011.

During 2012 the present Registrar, Mrs Anne Miller, led the University through another successful QAA Institutional Review. The Review endorsed our academic standards and commended our culture of personal attention and responsiveness to students across the University. Under Mrs Miller's leadership, Registry has strengthened the central support provided to students. She has established a Visa Office to help our international students obtain their Tier 4 visas (and to protect the University's Highly Trusted Sponsor (HTS) status – a prerequisite for recruiting international students). The QA Office has continued to lead on the National Student Survey, increasing student participation year-on-year and raising awareness of it as a tool for enhancing the student experience. We thank Mrs Miller for her ongoing contribution in these areas of strategic importance to the University.

The top universities for student satisfaction in the 2013 *Times* table

= 1	Oxford	87%
= 1	Cambridge	87%
= 1	Buckingham	87%
= 4	Bath	84%
= 4	Loughborough	84%
= 4	Leicester	84%
= 7	Durham	83%
= 7	St Andrews	83%
= 7	Glasgow	83%
= 7	Keele	83%
= 7	Aberystwyth	83%

The Times Good University Guide 2013

Since 2006, we have successfully negotiated entry into all the mainstream university league tables (those of the Times, Sunday Times and Daily Telegraph) and though we do respectably in those tables (coming 21st for example on entering the Times's table in 2011) we do not do as well as we might because we are excluded from HEFCE's Research Assessment Exercise (RAE; now the REF) which is the Exercise from which the newspapers draw their ranking of the different universities' research achievements. We currently get 0 for that ranking, which drags down our aggregate league table scores: but we are exploring strategies to address this problem. The university had 174 research students in 2012, so our commitment to research cannot be questioned: we must find ways to get it recognised.

In the medium term we face the increasing importance of a new range of university league tables that rank student (non teaching) facilities, and we are planning over the next few years a series of upgrades in the areas of sports and recreation, which is discussed in part immediately below under 'Property.'

VICE-CHANCELLOR'S PREFACE (continued)

Property

We have refurbished all of the Tanlaw Mill, from top to bottom, and it has been transformed as a students' building and as a Students Union. And to further improve the recreational spaces for the students, we are completing the refurbishment of the cellars in the Franciscan Building. Meanwhile the newly-refurbished Radcliffe Centre has added significantly to the lecturing capacities of the University.

Thanks to generosity of Lord Tanlaw, our former Chancellor, and of Lord Sainsbury's Linbury Trust, and of Sir Martin Jacomb who was Lord Tanlaw's predecessor as Chancellor, the refurbishment of Prebend House and of its gardens has now been completed, and it looks lovely. Indeed, it recently won a civic award. We are using Prebend House as the postgraduate centre of the School of Humanities, which speaks to our general commitment to upgrading research within the University.

Thanks to the generosity of Mr Richard Hoare, the son-in-law of our first Chancellor, Lord Hailsham, we will be building a bridge this year over the river to link the 6 acres of the right bank that we now own to the main campus. We are applying for planning permission to start the development of the right bank, and it is our intention to move the focus of the Hunter Street campus to the river itself, to generate a series of lawns running down on both sides of the river.

Catering

We have brought this function (so vital to student satisfaction) back in-house under the direction of Mr Craig Decent, and the transformation of the food we now serve in the University has been gratifying.

The Law School

The Law School has continued to make good progress, particularly with the introduction of new courses. On the LLB programme, as one of a new range of optional subjects, we have introduced a new course on human rights, and on the LLM programme we have introduced a new option in *Indigenous People and Market Management*. The addition of Oil and Gas to the LLM programme is another of the specialisms that has proved attractive. We welcome, moreover, Dr Adolfo Paolini as the new LLM Programme Director, and in addition to the January start he is contemplating a possible September start for the LLM Programme.

We are pleased that we have an increasing number of staff with PhDs, and this is important for the Law School's reputation for scholarship. But we are also proud that the School has so many staff who are professionally qualified in both branches of the profession as either solicitors or barristers, some of whom still practise as Door Tenants or in other roles. Such staff must provide inspiration to the majority of our students who themselves intend to go on to practise.

Student involvement is vital in creating a vibrant Law School, and we thank the students' Law Society under the presidency of Aderan SooKoo for all it has done in that area. We congratulate the student mooters on reaching two sets of finals in the national moots, and we acknowledge the work of the Amnesty International Student Society and its president Lara Oriye in reminding us that the law can be based only on justice. It's good to report that the Law School has participated in the negotiation competition and, with the participation of leading law firms from Buckingham and Milton Keynes, is discussing the formation of a Law Clinic.

We welcome two new members of staff, Mr Timothy Sinnamon and Mr Wissam Abboud. Mr Sinnamon joins our Property Law team and Mr Abboud joins as an EU law specialist.

VICE-CHANCELLOR'S PREFACE (continued)

Amongst our publications this year, Professor Susan Edwards continues to edit the *Denning Law Journal*, Professor Alistair Alcock continues to edit *Gore-Browne*, which is the leading text on company law, and Professor Robert Pearce continues to be a prolific writer of books in the fields of Trusts and Land Law. This year Mrs Judith Bray, Professor Susan Edwards, Dr Francis Grimal, Dr Graham Melling, Dr Carol Brennan, Dr Sarah Sargent and Professor Bob Watt have all published peer-reviewed papers or books in their respective fields of trust and land law, family law, conflict and security law, the law of tort, human rights and electoral law, and we welcome their achievements.

The success of the Law School owes much to a succession of committed deans, and we thank our current dean Mr Jae Sundaram for all he has done to lead the School.

The School of Science and Medicine

The Clinical MD, which enables qualified doctors from overseas to come to the UK for two years' further training, continues to prosper, and the first students have received full General Medical Council registration. The clinical MD started with 5 students in 2008 and by the end of 2013 – thanks to new agreements with hospitals in Welwyn Garden City, Stevenage and Blackpool, and with an agreement with Governments of Iraq and Kurdistan to place significant numbers of students on the Clinical MD - we will have close to 70 students.

We are still working with the Milton Keynes Hospital NHS Trust over the possible creation of an undergraduate medical school, and discussions with the General Medical Council are in progress.

Research within the School of Science and Medicine

Of the University's 174 research students in 2012, 45 were in Science, most of them studying for doctorates. The Clore Laboratory has always been focussed entirely on research, and the Applied Computing Department has always had a large proportion of research students, but the big change this year has been the substantial increase in the number of research students in Psychology. Some of these students work with Dr Katherine Finlay, who now has projects on pain relief running in the Department of Health Psychology at Milton Keynes Hospital and the National Spinal Injuries Centre at Stoke Mandeville Hospital. Of the other members of staff who lead research projects, Dr Philip Fine's research on music is well established, while Dr Alan Martin continues to supervise students working within developmental and educational psychology, including children's understanding of emotion regulation and hiding, children's learning about science, and the dyslexia assessment of children.

The department expanded in 2012, taking on new members of staff including Dr Shelly Kemp who teaches biopsychology, sports and exercise psychology, and who is currently supervising research into body image.

Interdepartmental research within the School of Science has advanced, and the Department of Applied Computing and the Clore Laboratory collaborate successfully in the field of bioinformatics, which uses computers to analyse the massive amounts of data that can be generated by modern biology. They also collaborate in biological image analysis, diabetes and obesity. In all these areas we have published peer reviewed papers in distinguished journals.

The Clore Laboratory is a partner with researchers from Oxford on a grant recently awarded by the Medical Research Council, and the Laboratory is also part of a consortium working on research funded by a grant from the Danish government.

VICE-CHANCELLOR'S PREFACE (continued)

The Departments of Applied Computing and Psychology

The Department of Applied Computing is close to receiving accreditation by the British Computer Society, which validates the quality of its degree. Under the presidency of John Wing, the Psychology Society flourished in 2012, having invited a large number of speakers and having organised events around them, and we look forward to further developments in 2013 under the presidency of Lucy Kirby, who has taken over from John Wing.

Finally, we are making plans to move the Departments of Psychology and Applied Computing out of their current building into a refurbished building on the land behind the river on the Hunter Street site, which will not only give those departments more and better space but which will also allow the Law School to spread into the whole of the Franciscan Building, which we intend shortly to refurbish.

Such achievements do not emerge without significant leadership, and we thank Professor Mike Cawthorne, Professor Jon Arch, Professor Sabah Jassim and Dr Alan Martin for all they have done for us.

The School of Humanities

In the Humanities we welcome the continued expansion of the London MA programmes, which now include (in addition to the Decorative Arts, Military History and Modern War Studies) programmes in Garden History under the direction of Professor Timothy Mowl, and in Diplomacy under Professor David Armstrong.

The Department of Education continues to expand astonishingly, and it is gratifying that the Teaching Agency itself has noted that the Government's new School Direct route to initial teacher training is based on the University of Buckingham PGCE. Indeed, the new Teachers' Standards have been reduced from the 33 existing ones to 8 new ones, which are very similar to the University of Buckingham standards. The MEd in Educational Leadership is the only such course endorsed and recommended both by the Headmasters' and Headmistresses' Conference and by the Independent Association of Prep Schools. We are in discussion with the Girls' Schools Association over a possible endorsement from them.

The School of Humanities continues to make extraordinary progress. We now have more students studying English Literature and English Studies than ever in our history. To appreciate the Department's commitment to teaching, let me quote from a 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 Department of Economics and International Studies has continued its long-term growth from 114 students in 2008 to 267 in 2013. New full-time appointments are being made, and over the last year the Department has welcomed three new research-active members of staff, namely Dr Juan Castaneda and Dr Ali Kabiri in Economics and Dr Valentina Kostadinova in Politics.

VICE-CHANCELLOR'S PREFACE (continued)

As noted above, Prebend House has opened as a centre for graduate work in International Studies, and an advanced studies seminar series directed by Professor Anthony Glees, under the auspices of the Centre for Security and Intelligence Studies, now attracts influential visiting speakers and will form the basis for a publications series. The Centre now has some twenty students on its books at all postgraduate levels and from all over the world, and although it is young it has already produced its first DPhil graduate. It's also good to report that its students, on graduating, are proving successful in finding employment within the field of security and its analysis.

The Humanities Research Institute under the direction of Professor John Adamson continues to make its own remarkable progress. Among the new Fellows of the Institute, elected over the course of the last twelve months, are a former British ambassador to Moscow, Sir Rodric Braithwaite, who joins us as a Senior Research Fellow in Modern History and Diplomacy, and the renowned historian of the classical world and late antiquity, Dr Tom Holland, who joins as a Senior Research Fellow in History. Dr Holland's books, including *Rubicon* and *Persian Fire*, have made him a figure of international distinction, and his latest work, *In the Shadow of the Sword* – a brilliant and original study of the expansion of the Arab empire in the century following Mohammed – was the subject of a major conference organized by the University of Oxford in December last year.

The University's associations with other leading British academic and cultural institutions continue to develop, and the coming academic year will see the inauguration of a new London-based MA programme in the History of Art From the Renaissance to Modernism, offered in association with the Royal Academy of Arts in Piccadilly. The University's research seminars in the Humanities, moreover, continue to attract a star-studded list of speakers, ranging from the former head of MI6, Sir Richard Dearlove, and the former head of the Defence Staff, Lord Dannatt, speaking on international relations and diplomacy, to Antony Beevor and Sir Max Hastings on the history of war.

And among the highlights of the academic year in Buckingham was the splendid inaugural lecture given by Professor Gert-Rudolf Flick on a missing masterpiece by the French Revolutionary painter, Jacques-Louis David, which marked Professor Flick's formal entry into his Visiting Professorship in the History of Art at the Humanities Research Institute.

In a significant addition to our published scholarship, we now publish the journal *Economic Affairs* in conjunction with the Institute of Economic Affairs under the editorship of Professor Len Shackleton. The first Buckingham volume was produced in February this year.

Achievements such as these do not appear by chance, and 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, and we are hugely grateful to them.

The Business School

Much of the growth of the University can be attributed to the growth of the Business School, which now has twice as many students as four years ago. The undergraduate management programmes have grown particularly strongly, from 86 students in 2008 to 212 in 2013.

VICE-CHANCELLOR'S PREFACE (continued)

We continue to be proud of our Business Enterprise programme, the first of only three such programmes in the world, which currently has students running a number of intriguing businesses. One involves the importing and selling of wooden mice for computers, with a view to extending their business to import and sell a wooden laptop cooler made out of recycled rubber tree wood. Another student company plans to import and distribute power transmission components from China, while a third company has developed an App that turns an iPad into an interactive sales tool. And two students have developed a range of advertising videos for businesses and the University.

We have introduced a number of new programmes including, at postgraduate level, an MSc in Management in a Service Economy, an MSc in Management in a Global Service Economy and the MSc in Finance and Investment.

Mr John Bicheno has returned to the University and he has introduced the MSc in Lean Enterprise. This is a two-year, part-time programme specifically designed for managers in the area of operations. The typical age of participants is 30s and 40s, and all participants have considerable experience and are contributors as well as recipients. There are 18 students in the first cohort, representing businesses such as Nestle, Rolls Royce, Harley Davidson and News International.

The Chartered Institute of Marketing Study Centre was launched at Buckingham in 2009 and now has thirty students and offers five courses, Introductory Certificate, Professional Certificate, Professional Diploma in Marketing, Digital Marketing and Marketing Communications. The School is intending to extend the range of professional qualifications and executive development courses in the next three to five years. The Centre also now publishes a *Quarterly Economic Review*.

The Buckingham Automotive and CEVA Forums are now chaired by Christopher Macgowan, a past Director General of the Society of Motor Manufacturers and Traders. Professor Peter Cooke is retiring in April but will continue to work on a part time/project basis with us.

To help handle our growth we welcomed three new members of staff this year, namely Mr Andrew Reeve, Dr Sardar Ahmad, and Dr Duncan Connors.

The School's research has been invigorated in recent years. Amongst our peer-reviewed papers last year three stand out, one that Dr Gurcharan Singh published on "Banking Liberalisation and Future Performance in the South Asian region" in the journal *Transformation in Business & Economics*, one that Mrs Anne Hampton and Mr James Rowell published on "Cross-border Business Relationships" in *The International Journal of Knowledge, Culture and Change Management*, and one that Dr Andreas Schroeder published on "Governance of Open Content Creation in *The Journal of the American Society for Information Science and Technology*, and we acknowledge their scholarship with pleasure.

Our postgraduate students are increasingly presenting their work at conferences: Caitlin Baltzer, who studied for a Masters in Finance and Investment, had her work on "The Icelandic Financial Crisis" accepted for presentation by the 38th Annual British Association for Canadian Studies Conference, while James Stacey, who studied for a Masters in Service Management, had his work on "The role of trust in the acquisition of software services" accepted at the UK Information System conference.

Achievements such as these do not appear by chance, and Dr Jane Tapsell has done a fantastic job in leading the School, and we are hugely grateful to her.

VICE-CHANCELLOR'S PREFACE (continued)

It is with great sadness that I must report the death on 9 February of Mr VS Mahesh, after a short illness. Mr Mahesh joined the University of Buckingham in 1993. His MSc in Service Management was for many years the only course of its kind in the world, which demonstrates the extraordinary vision of a man who was way ahead of his time. He remained as Programme Director of the course until his retirement in October 2009. Mr Mahesh epitomised the concept of service, to both students and staff at the University, over the years. He was one of the first academics to seriously focus on the student as a customer, and he led the newly formed Student Experience Committee in 2006, so it was fitting that the University of Buckingham was rated top for student satisfaction in the National Student Survey in the same year.

Following the news of his death, the University has received many messages from his past students. All of them have reflected on how inspirational and motivational he was, with many saying that he was the best teacher that they ever had. It was very clear that Mahesh had had a tremendous effect on their lives, not only from an academic point but also from a personal perspective. Mr Mahesh was kind, humorous, full of life, lovely, and a highly original academic. We will miss him.

The relative contributions of the four Schools

As recently as 2004 Buckingham was essentially an ace law school with a nice university attached, but the growth of the University has brought a new, healthier, balance, as is illustrated for example by the contribution by teaching for the four schools report (table 4.) Out of interest, medicine is presented separately.

Academic Faculties	Income	Expenditure	Net
	£'000	£'000	£'000
Law	4,881	1,517	3,364
Humanities	5,538	2,826	2,712
Business	3,901	1,363	2,538
Science & Medicine	1,884	1,404	480
Total	16,204	7,110	9,094

Collaborations

We are, as always, thrilled by the strength of our collaboration with the Sarajevo School of Science and Technology, and last year Professor Mike Cawthorne and I attended the opening of their new magnificent building, which can only help transform the entire higher education landscape in Bosnia and Herzegovina.

The Chancellor

Lord Tanlaw is standing down from the Chancellorship, and nominations for his successor are being discussed as I write this. The University will never forget his literally-irreplaceable role in its foundation, and we send him and Lady Tanlaw our very best wishes. We have commissioned a portrait from the Tanlaws' family portraitist, Paul Emsley, who is also the portraitist of Catherine, Duchess of Cambridge (formerly Kate Middleton) and of Nelson Mandela, and Lord Tanlaw's portrait will hang alongside those of his predecessors Lord Hailsham, Baroness Thatcher and Sir Martin Jacomb in the refurbished staff dining room in the Tanlaw Mill.

VICE-CHANCELLOR'S PREFACE (continued)

Art

Let me here note our gratitude to Anthony Green RA who continues to deposit his marvellous prints with us (he intends that we will be the repository of every one he has ever made) and to Dr Paul Davis who has gifted and loaned us some lovely paintings to adorn Prebend House.

Obituary

I am very sorry to have report the death, at the age of 90, of Professor Alan Brook. He was a distinguished scientist, who had been elected a Fellow of the Royal Society of Edinburgh for his pioneering work on algae. Alan was appointed here before we opened, in 1973. While here, he created and nurtured our School of Science, and it is no exaggeration to say that without him we would not today have science in this University. Alan loved music, and he helped found the Buckingham Music Festival, for which he was deservedly honoured with the MBE ten years ago. He was a lovely, kind, humorous man who nonetheless achieved great things and he will be missed hugely. We send his wife Pat and their family all our best wishes.

Council

Amongst our retirements we thank Mr Ian Plaistowe for all he has done for us as both the chair of our Finance and General Purposes Committee and as our acting chairman of Council. We welcome in that key post Dr Robert Vanderplank. Dr Vanderplank has sat on our Academic Advisory Council for a decade and directs the Language Centre at the University of Oxford and is a fellow of Kellogg College Oxford.

Honorary Graduates

We conferred honorary doctorates this year on Sir Ivan Lawrence QC, Professor Stephen O'Rahilly FRS, Mr Anthony Seldon, the Rt Hon John Bercow PC MP and Professor Romilda Rizzo.

Friends

The Friends of the University continue to help us enormously, and they took a huge lead in helping fund the refurbishment of the Radcliffe Centre. Mrs Margaret Taylor has just stood down as Chairman, and we are delighted that Dr Paul Radcliffe has taken over. Mr Julian Lovelock continues to support the Friends.

Postscript In 2013, to our dismay, our second Chancellor and perennial supporter Baroness Thatcher died. We will be paying full tribute to her in the foreword to the 2013 accounts.

PROFESSOR TERENCE KEALEY

Vice-Chancellor

OPERATING AND FINANCIAL REVIEW

Status and Administration

The University of Buckingham is a company incorporated by Royal Charter with authority to award taught and research degrees.

The University is a registered charity, registered at the Charity Commission under charity number 1141691 and has a bicameral constitution. Buckingham has a Senate and Council, plus an Academic Advisory Council (“AAC”) and is a member 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.

The Council of the University has complete responsibility for the stewardship of the Charity’s assets; its members focus on strategic decision making and ensuring adherence to its charitable objectives whilst delegating day-to-day operational responsibilities to the Executive and senior management team.

The committees, consisting of Trustees of Council carry out certain tasks within specific terms of reference as follows:

- Audit Committee
- Finance and General Purposes Committee
 - Buildings and Development Sub-Committee
 - Health and Safety at Work Sub-Committee
- Remuneration Committee
- Nominations Committee
- Ethics Committee
- Investment Committee

Joint Committees of Council and Senate:

- Honorary Awards Committee
- Disability Committee
- Grievance Committee

At the year end, the Council comprised 26 trustees.

Charitable Objectives

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.

OPERATING AND FINANCIAL REVIEW (continued)

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 be top in the NSS for the past seven years.

Structure of Reduced Two Year Degrees

Offering a reduced two year degree at the university is not the only factor which sets Buckingham apart from the rest of the sector. The university operates a four term academic year with multiple intakes. Students starting in September would normally have five terms in their first academic year.

Term 1	September - December
Term2	January – March
Term3	April – June
Term 4	July – September
Term 5	September/October – December

The second year would follow the pattern of terms 2 – 5.

For the Business and Management degrees, September starters have four terms in each academic year, finishing in the September (two years later).

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, 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, 19th and 20th century literature.

Public Benefit

Council recognises 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 first reviews of public benefit by the Charity Commission, the Trustees 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.

A number of scholarships and bursaries are offered to home and international students for undergraduate and postgraduate programmes.

OPERATING AND FINANCIAL REVIEW (continued)

The University of Buckingham Foundation has total funds of £3m all of which is for the benefit of the university. Within the £3m, £2m is available for scholarships and bursaries, £0.9m for grants and other projects and £0.1m is held as unrestricted donations.

In the year the university awarded total scholarship and bursaries of £293k, of which £55k was Foundation funds, £43k from restricted donations received by the university and £195k funded from university income.

A new “Four Counties” bursary is to be launched in the September 2013 term. The university is keen to increase participation in the local vicinity and for those potential students who may find that going away to study is too expensive.

Those living close to Buckingham and who have applied for an undergraduate programme starting in either September 2013 or January 2014 will therefore qualify for the new ‘Four Counties Bursary’. The details are:

- The applicant must currently reside in one of Buckinghamshire (including Milton Keynes), Bedfordshire, Northants or Oxfordshire.
- The bursary of £1,100 per academic year will reduce the fees as below
For September 2013 starts; terms 1 – 5 (First academic year) will be reduced by £220 per term. Terms 6 – 9 (Second and final year) will be reduced by £275 per term.
For January 2014 starts; terms 1 – 4 (First academic year) will be £275 per term.
Terms 5 – 8 (Second and final year) will be reduced by £275 per term.
- If the applicant is in receipt of a Maintenance Grant from Student Finance England, a further £1,100 bursary is awarded per academic year. This will be deducted in the same way as a local bursary above.

Being regarded as an independent university under the terms of Student Finance England, Buckingham students are entitled to a £6,000 tuition fee loan per year. This is slightly lower than the up to £9,000 for publically funded universities. However maintenance loans and grants are awarded in the same way as any other university.

The aim of the “Four Counties” and the Maintenance Grant Bursaries is to allow a student claiming student tuition and maintenance loans to cover nearly all Buckingham’s tuition fees with them. Students or their sponsors will still have to meet any maintenance costs, but as they will live near Buckingham and the degree programme can be completed in two years rather than three elsewhere, the bursary will made studying much more financially possible.

Financial Activities and Results

The Financial Statements

The Financial Statements presented by the Trustees comprise the consolidated results of the University and its associated charity, The University of Buckingham Foundation as detailed in the supplementary information.

Results for the Period

The income from tuition fees for the period, as set out in note 1, was £16,204,000 compared to £12,350,000 for the year ended 31 December 2011, the increase being due to higher student enrolments across the University. The consolidated total income for the year was £21,538,000 compared to £17,143,000 for the year ended 31 December 2011.

OPERATING AND FINANCIAL REVIEW (continued)

The consolidated balance sheet total funds for the year, showed an increase of £1,610,000 (2011: increase £474,000) consisting of the retained surplus in the year of £1,490,000 (2011: surplus £523,000), an increase to deferred capital grants of £788,000 less a decrease to endowment funds of £668,000. As at 31 December 2012 the reserves amounted to £9,490,000 (31 December 2010: £8,000,000).

The University's Consolidated Income, Expenditure and Results for the year to 31 December 2012 are summarised as follows:

	2012 £'000	2011 £'000
Income	21,538	17,143
Expenditure	19,977	16,588
Surplus on Continuing Operations	1,561	555
Surplus transferred to endowment income	(71)	(32)
Surplus for the Year	1,490	523

The scholarships and bursaries of £293,000 and prizes of £6,000 (2011: £239,000) were awarded to students based on academic merit and financial need.

The consolidated surplus for the year is better than budget and the University is operating in line with the financial strategy particularly as student numbers continue to grow.

Cash Flow

The Consolidated Cash Flow Statement shows there was an increase in cash for the year of £397,000 (2011: increase of £3,277,000).

Reserves

The Charity requires reserves for the following reasons:

- Market fluctuations could impact significantly on the number of students attending the University courses. The University's income is substantially derived from its revenues from academic programmes, and accordingly will rely on reserves if there is a temporary reduction in student numbers.
- The University has substantial ongoing commitments relating to the welfare and education of the students and needs to maintain a level of reserves sufficient to continue to meet these commitments.
- The University requires reserves to fund its ongoing intention to create a Medical School in January 2015 and of increasing and further developing research activities.

The University continues to develop a programme for investment in the refurbishment of the estate.

OPERATING AND FINANCIAL REVIEW (continued)

Buckingham's distinctive position

Based on HESA returns, our student-staff ratio in 2011/12 was 11.4. 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.

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.

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.

Staff

At the year-end we have the equivalent of 288 full time equivalent members of staff, 110 academic and 178 support staff, who are committed to the ethos of supporting our students as individuals.

Royal Charter

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

Financial Risk Management Objectives and Policies

The group's main financial instruments are cash and quoted investments within the Foundation. In addition, items such as trade debtors and trade creditors arise directly from its operations. The main purpose of these financial instruments is to manage the finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

The main risks arising from the group's financial instruments are market risk, liquidity risk and credit risk. The Trustees review and agree policies for managing each of these risks and they are summarised below.

OPERATING AND FINANCIAL REVIEW (continued)

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk.

- **Currency risk**

The group is exposed to some translation and transaction foreign exchange risk. However the Trustees do not consider this risk to be significant to the group's operations and accordingly there are no hedging provisions in place.

- **Interest rate risk**

The University has two bank loans including a term loan of £1m drawn down in 2010 with a variable interest rate of 1.15% above LIBOR. There is no repayment of principal in the first five years and following this, the loan is to be repaid over a period of fifteen years. The interest on this loan is therefore at risk of increasing should base rate rise during the repayment period. The second loan is a mortgage of £3m with a fixed interest rate of 4.35% repayable by instalments over twelve years, drawn down in 2011. Since the rate has been fixed there is no interest rate risk on this loan.

- **Price risk**

The group's exposure to price risk consists mainly of movements in the value of the group's investments in quoted shares. The group employs investment managers who work within guidelines set out by the University of Buckingham Foundation Board. These guidelines include limits on the total investment in any one particular equity instrument, and in any one sector of the market. The aim is to try to manage price risk, as far as possible. The Trustees of the Foundation keep under review these guidelines and regularly review the performance of the investments and the performance of the investment managers against the guidelines set by the Trustees.

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.

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.

OPERATING AND FINANCIAL REVIEW (continued)

Credit risk

The group's principal financial assets are quoted investments (within the Foundation), cash and trade debtors. The credit risk associated with the investments and cash is limited as the counterparties are established financial institutions. The principal credit risk arises therefore from its trade debtors. The nature of the group's client base is such that it is not significantly exposed to large customers. The Trustees therefore concentrate efforts on ensuring that the processes around the giving of credit are sufficiently robust.

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.

Outlook

2012 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.

The University plans to launch major new programmes in the coming years, including the creation of a new Medical School in 2015.

Progress towards the objective of financial sustainability materially improved with a surplus reported, and we are on track to achieve another surplus for 2013.

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 (“TRUSTEES”)

Ex officio members:
The Chancellor - Lord Tanlaw (Resigned 15 March 2013)
The Chancellor - Lady T Keswick (Appointed 29 August 2013)
The Chairman of Council - Dr R Vanderplank
The Vice-Chairman of Council – Mr I Plaistowe (Resigned November 2012)
The Vice-Chancellor – Professor T Kealey
The Deputy Vice-Chancellor – Professor A Alcock

Appointed members:

Up to three nominated by the Academic Advisory Council:

Dr K Elliott

Up to two appointed by Buckinghamshire County Council:

Mr D Polhill

Up to 16 appointed by co-option:

Mrs C Woodhead (Resigned 22 February 2012)
Mr R Benzynie
Mr N Bamforth (Appointed 22 January 2013)
Ms Sophia Berqvist (Resigned 30 November 2012)
Ms S Deaves (Resigned March 2012)
Mr C Jackson
Ms F Lusk (Appointed 22 January 2013)
Mr J Nichols
Mr M Rushton
Professor K Siddle
Mr J Stafford
Mr B Taverner (Resigned 22 January 2012)
Mr D Taylor (Resigned 8 May 2012)

Up to two members of Convocation:

Mr A Jovy (Resigned 7 June 2013)
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

Up to two elected from the non-teaching staff:

Mrs D Millns
Mrs A Matsuoka

Three registered students of the University

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
The President of the Students' Union – Mr Ahmed Hasan

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

Respective responsibilities of the Council and auditors

As explained more fully in the statement of Responsibilities of The University's Council in Relation to the Financial Statements set out on page 20 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 the 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
[Date]

Notes:

- The maintenance and integrity of The University of Buckingham website is the responsibility of the 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)

5 Pension schemes (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%
Specialist science laboratory equipment	33%

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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.

CONSOLIDATED & UNIVERSITY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

		Consolidated	University	Consolidated	University
		2012	2012	2011	2011
	Note	£000	£000	£000	£000
Income					
Tuition fees	1	16,204	16,204	12,350	12,350
Residences and catering income		3,307	3,307	2,643	2,643
Research grants and contracts		519	519	847	847
Other operating income	2	1,024	1,024	766	766
Income from fundraising activities	3	321	438	438	482
Interest from bank deposit/endowment	4	<u>163</u>	<u>107</u>	<u>99</u>	<u>18</u>
Total income		<u>21,538</u>	<u>21,599</u>	<u>17,143</u>	<u>17,106</u>
Expenditure					
Staff costs	5	11,473	11,473	9,670	9,670
Depreciation	9	1,004	1,004	841	841
Other operating expenses	6	7,354	7,414	6,035	6,032
Interest payable	7	<u>146</u>	<u>146</u>	<u>42</u>	<u>42</u>
Total expenditure		<u>19,977</u>	<u>20,037</u>	<u>16,588</u>	<u>16,585</u>
Operating surplus, on continuing operations for the year		1,561	1,562	555	521
Surplus for the year transferred to accumulated income in endowment		<u>(71)</u>	<u>(15)</u>	<u>(32)</u>	<u>-</u>
Surplus for the year retained within general reserves		<u>1,490</u>	<u>1,547</u>	<u>523</u>	<u>521</u>

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 2012

	Consolidated	Consolidated
	2012	2011
	£'000	£'000
Surplus on continuing operations for the year	1,490	523
Total return on endowments not applied in year	71	32
Appreciation/(Depreciation) on fixed asset investment	198	(151)
New unrealised endowments received in the year	372	1,952
*New unrealised endowments on deemed acquisition	-	2,961
Application of endowments in year	<u>(1,310)</u>	<u>(455)</u>
	<u>821</u>	<u>4,862</u>
Reconciliation:		
Opening reserves and endowments	12,417	7,555
Total recognised gains for the year	<u>821</u>	<u>4,862</u>
Closing reserves and endowments	<u>13,238</u>	<u>12,417</u>

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

BALANCE SHEETS

AT 31 DECEMBER 2012

Registered company number RC000730

	Note	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Fixed assets					
Tangible fixed assets	9	20,487	20,487	18,728	18,728
Investments	10	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>
		<u>20,510</u>	<u>20,510</u>	<u>18,751</u>	<u>18,751</u>
Endowment assets	11	<u>3,749</u>	<u>665</u>	<u>4,417</u>	<u>1,151</u>
Current assets					
Debtors	12	2,386	2,472	1,520	1,891
Cash at bank and in hand		<u>5,652</u>	<u>5,618</u>	<u>4,870</u>	<u>4,491</u>
		<u>8,038</u>	<u>8,090</u>	6,390	6,382
Creditors: amounts falling due within one year	13	<u>(10,652)</u>	<u>(10,652)</u>	<u>(9,167)</u>	<u>(9,164)</u>
		-			
Net current liabilities		<u>(2,614)</u>	<u>(2,562)</u>	<u>(2,777)</u>	<u>(2,782)</u>
Total assets less current liabilities		<u>21,645</u>	<u>18,613</u>	20,391	17,120
Creditors: amounts falling due after more than one year	14	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,750)</u>	<u>(3,750)</u>
Provision for liabilities and charges	15, 22	<u>(167)</u>	<u>(167)</u>	<u>(273)</u>	<u>(273)</u>
Total net assets		<u>17,978</u>	<u>14,946</u>	<u>16,368</u>	<u>13,097</u>
Deferred capital grants	16	4,739	4,739	3,951	3,951
Endowments	17	3,749	665	4,417	1,151
Reserves	18	<u>9,490</u>	<u>9,542</u>	<u>8,000</u>	<u>7,995</u>
Total funds		<u>17,978</u>	<u>14,946</u>	<u>16,368</u>	<u>13,097</u>

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

and

Professor G T E Kealey
Vice-Chancellor

Mr P Jennings
Finance Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated 2012 £000	Consolidated 2011 £000
Net cash inflow from operating activities	19	2,393	2,228
Return on investments and servicing of Finance			
Interest received		163	18
Interest paid		(146)	(19)
		<u>-</u>	<u>-</u>
Net cash inflow/ (outflow) from returns on investments and servicing finance		<u>17</u>	<u>(1)</u>
Capital expenditure and financial Investment			
Payments to acquire tangible fixed assets		(2,763)	(4,825)
Deferred capital grant received		1,014	1,064
Endowment cash on deemed acquisition		-	557
Net cash receipt on new endowments		372	1,444
Endowment asset Investments acquired		<u>(372)</u>	<u>-</u>
Net cash outflow from capital expenditure and financial investments		<u>(1,749)</u>	<u>(1,760)</u>
Cash inflow/(outflow) before financing		661	467
Financing			
Decrease in bank overdraft		(14)	(138)
New secured loan		-	3,000
Bank loan repayment in year		(250)	-
Other loan repayment in year		<u>-</u>	<u>(52)</u>
Increase in cash in the year	20	<u>397</u>	<u>3,277</u>

Reconciliation of net cash flow to movement in consolidated net debt

	Consolidated 2012 £000	Consolidated 2011 £000
Increase in cash for the year	397	3,277
Change in debt in the year	<u>264</u>	<u>(2,810)</u>
Change in net (debt)/cash	661	467
Net (debt)/cash opening	<u>2,648</u>	<u>2,181</u>
Net (debt)/cash closing	<u>3,309</u>	<u>2,648</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Tuition fees

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Full-time undergraduates-home fee rates	4,952	4,952	3,143	3,143
Full-time undergraduates-standard fee rates	6,885	6,885	5,580	5,580
Part-time undergraduates	126	126	100	100
Post graduates	3,859	3,859	3,031	3,031
Pre degree and non degree courses	<u>382</u>	<u>382</u>	<u>496</u>	<u>496</u>
	<u>16,204</u>	<u>16,204</u>	<u>12,350</u>	<u>12,350</u>

2 Other operating income

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Interest on deferred debt receivable			-	-
Release from deferred capital grants (Note 16)	226	226	133	133
Validation fees	460	460	323	323
Other income	<u>338</u>	<u>338</u>	<u>310</u>	<u>310</u>
	<u>1,024</u>	<u>1,024</u>	<u>766</u>	<u>766</u>

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

3 Income from fundraising activities

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Amounts received from University of Buckingham Foundation	-	340	-	233
Fundraising activity University of Buckingham Foundation	212	-	189	-
Expendable endowments released to the Income and Expenditure Account	14	3	7	7
Other revenue donations	<u>95</u>	<u>95</u>	<u>242</u>	<u>242</u>
	<u>321</u>	<u>438</u>	<u>438</u>	<u>482</u>

4 Endowment and investment income

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
Income from expendable endowments (Note 17)	19	15	43	-
Income from permanent endowments (Note 17)	52	-	38	-
Interest receivable	<u>92</u>	<u>92</u>	<u>18</u>	<u>18</u>
	<u>163</u>	<u>107</u>	<u>99</u>	<u>18</u>

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:

	2012	2011
	Number	Number
Academic/research	108	97
Support	125	103
Manual	<u>46</u>	<u>49</u>
	<u>279</u>	<u>249</u>
	£000	£000
Wages and salaries	9,708	8,192
Social security costs	818	684
Pension costs	<u>947</u>	<u>794</u>
Total staff costs	<u>11,473</u>	<u>9,670</u>
Academic/Research	6,374	5,468
Support	4,400	3,566
Manual	<u>699</u>	<u>636</u>
Total staff costs	<u>11,473</u>	<u>9,670</u>

The salary paid to the Vice-Chancellor was £148,000 (2011: £140,300). Pension contributions amounted to £25,760 (2011: £22,448). 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 (2011: none).

6 Other operating expenses

	University/ Consolidated	University Consolidated
	2012	2011
	£000	£000
Other operating expenses include:		
Residences and catering	1,608	1,622
Research grants and contracts	288	327
Scholarships, bursaries and prizes	299	239
Books, periodicals and electronic resources	170	150
Heat and light (excluding residences)	234	201
Repairs and maintenance (excluding residences)	462	296
Grants to Students Union	70	63
Grant to Alumni Association	6	5
Auditors' remuneration	38	28
Other services provided by the auditors:		
Student loan audit	7	2

NOTES TO THE FINANCIAL STATEMENTS (continued)**7 Interest payable**

	University/ Consolidated 2012 £000	University Cpnsolidated 2011 £000
On bank loans repayable wholly or partly in more than five years	<u>146</u>	<u>42</u>
	<u>146</u>	<u>42</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 2012 Total £000	University 2011 Total £000
Academic departments	6,061	-	2,234	-	8,295	6,575
Research contracts	596	113	288	-	997	865
Residences and catering	154	441	1,966	62	2,623	2,170
Premises	1,654	319	648	84	2,705	1,796
Services	923	131	1,053	-	2,107	2,198
Administration	<u>2,085</u>	<u>-</u>	<u>1,165</u>	<u>-</u>	<u>3,250</u>	<u>2,984</u>
	<u>11,473</u>	<u>1,004</u>	<u>7,354</u>	<u>146</u>	<u>19,977</u>	<u>16,588</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 2012	4,852	16,182	4,376	1,046	26,456
Additions	140	1,291	1,278	54	2,763
Transfers	-	1,046	-	(1,046)	-
Disposals	<u>-</u>	<u>-</u>	<u>(574)</u>	<u>-</u>	<u>(574)</u>
At 31 December 2012	<u>4,992</u>	<u>18,519</u>	<u>5,080</u>	<u>54</u>	<u>28,645</u>
Accumulated depreciation:					
At 1 January 2012	-	6,039	1,689	-	7,728
Charge for the year	-	346	658	-	1,004
Disposals	<u>-</u>	<u>-</u>	<u>(574)</u>	<u>-</u>	<u>(574)</u>
At 31 December 2012	<u>-</u>	<u>6,385</u>	<u>1,773</u>	<u>-</u>	<u>8,158</u>
Net book value:					
At 31 December 2012	<u>4,992</u>	<u>12,134</u>	<u>3,307</u>	<u>54</u>	<u>20,487</u>
At 31 December 2011	<u>4,852</u>	<u>10,143</u>	<u>2,687</u>	<u>1,046</u>	<u>18,728</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 2012 £000	University / Consolidated 2011 £000
Shares in CVCP Properties Plc at cost	<u>23</u>	<u>23</u>

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	University	Consolidated	University
	2012	2012	2011	2011
	£000	£000	£000	£000
1 January	4,417	1,151	81	81
Foundation at 1 January 2011		-	2,958	-
New endowments invested	372	-	1,952	1,077
Increase/(Decrease) in market value of investments	198	-	(151)	-
Decrease in cash balances held for endowment funds	<u>(1,238)</u>	<u>(486)</u>	<u>(423)</u>	<u>(7)</u>
At 31 December	<u>3,749</u>	<u>665</u>	<u>4,417</u>	<u>1,151</u>
Represented by:				
Cash	1,407	665	1,792	1,151
Investment properties	684	-	684	-
Listed investments	<u>1,658</u>	<u>-</u>	<u>1,941</u>	<u>-</u>
Total endowment assets	<u>3,749</u>	<u>665</u>	<u>4,417</u>	<u>1,151</u>

12 Debtors

	Consolidated	University	Consolidated	University
	2012	2012	2011	2011
	£000	£000	£000	£000
Student debtors	696	696	434	434
Other debtors	1,009	1,095	665	1,036
Prepayments	668	668	410	410
Loans to subsidiary companies	<u>13</u>	<u>13</u>	<u>11</u>	<u>11</u>
	<u>2,386</u>	<u>2,472</u>	<u>1,520</u>	<u>1,891</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	University	Consolidated	University
	2012	2012	2011	2011
	£000	£000	£000	£000
Bank overdraft and other loan	-	-	14	14
Bank loans	250	250	250	250
Fees received in advance	6,466	6,466	5,612	5,612
Trade creditors	898	898	666	666
Taxation and social security	376	376	330	330
Other creditors	1,543	1,543	1,446	1,446
Accruals and deferred income	<u>1,119</u>	<u>1,119</u>	<u>849</u>	<u>846</u>
	<u>10,652</u>	<u>10,652</u>	<u>9,167</u>	<u>9,164</u>

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

	University/ Consolidated 2012 £000	University Consolidated 2011 £000
Bank and other loans		
Repayable to Santander by October 2023	2,750	3,000
Repayable to Royal Bank of Scotland Plc by December 2030	1,000	1,000
Other loan	<u>-</u>	<u>-</u>
	3,750	4,000
Less amounts falling due within one year	<u>(250)</u>	<u>(250)</u>
	<u>3,500</u>	<u>3,750</u>
Analysis of loan repayments		
Between one and two years	250	250
Between two and five years	867	867
After five years	<u>2,383</u>	<u>2,633</u>
	<u>3,500</u>	<u>3,750</u>

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 2012 £000	University Consolidated 2011 £000
At 1 January	273	276
Released to Income and Expenditure	<u>(106)</u>	<u>(3)</u>
At 31 December	<u>167</u>	<u>273</u>

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 Consolidated
			2012	2011
	Freehold buildings	Equipment	Total	Total
	£000	£000	£000	£000
Cost:				
At 1 January	3,857	94	3,951	2,855
Grants receivable	485	529	1,014	1,229
Released to income and expenditure account	<u>(121)</u>	<u>(105)</u>	<u>(226)</u>	<u>(133)</u>
At 31 December	<u>4,221</u>	<u>518</u>	<u>4,739</u>	<u>3,951</u>

17 Expendable endowments (restricted)

	Consolidated	Consolidated	University	Consolidated	University
	Restricted	Restricted	2012	2011	2011
	Permanent	Expendable	Total	Total	Total
	£000	£000	£000	£000	£000
Balance at 1 January	-		1,151	81	81
Foundation Brought at 1 Jan 2011			-	2,958	-
Capital	-	-	-	-	-
Accumulated income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1,360	3,057	1,151	3,039	81
New endowments	-	372	-	1,952	1,077
Investment income	16	55	15	81	-
Expenditure	-	(3)	(3)	(56)	(7)
Transfer to deferred research income	-	(302)	(2)	(100)	-
Transfer to deferred capital grant	-	(1,004)	(496)	(348)	-
Increase/Decrease in market value of investments	<u>45</u>	<u>153</u>	<u>-</u>	<u>(151)</u>	<u>-</u>
At 31 December	<u>1,421</u>	<u>2,328</u>	<u>665</u>	<u>4,417</u>	<u>1,151</u>
Represented by:					
Capital	1,405	2,273	655	4,403	1,151
Accumulated Income	<u>16</u>	<u>55</u>	<u>10</u>	<u>14</u>	<u>-</u>
	<u>1,421</u>	<u>2,328</u>	<u>665</u>	<u>4,417</u>	<u>1,151</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**18 Reserves**

	Consolidated 2012 £000	University 2012 £000	Consolidated 2011 £000	University 2011 £000
At 1 January	8,000	7,995	7,474	7,474
Foundation unrestricted reserves brought forward at 14 January 2011		-	3	-
Surplus for the year	<u>1,490</u>	<u>1,547</u>	<u>523</u>	<u>521</u>
At 31 December	<u>9,490</u>	<u>9,542</u>	<u>8,000</u>	<u>7,995</u>

19 Reconciliation of operating surplus to operating cash flow

	Consolidated 2012 £000	Consolidated 2011 £000
Surplus for the year	1,561	555
Depreciation	1,004	841
Release of deferred capital grant	(226)	(133)
Interest received	(163)	(18)
Interest paid	146	19
Release of endowment	-	42
Endowment Income represented by Cash Surplus to endowment income	(385)	
	(71)	
Decrease in provisions	(106)	(3)
Increase in debtors	(866)	(336)
Increase in fees paid in advance	854	1,051
Increase in creditors	<u>645</u>	<u>210</u>
Net cash inflow from operating activities	<u>2,393</u>	<u>2,228</u>

20 Analysis of changes in net debt

	Consolidated 2012 £000	Consolidated 2011 £000	Consolidated Cash flows £000
Cash at bank and in hand	5,652	4,870	782
Endowment cash	<u>1,407</u>	<u>1,792</u>	<u>(385)</u>
	7,059	6,662	397
Overdraft	-	(14)	14
Loan due within one year	(250)	(250)	-
Loan due after one year	<u>(3,500)</u>	<u>(3,750)</u>	<u>250</u>
Total	<u>3,309</u>	<u>2,648</u>	<u>661</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Capital commitments

At the year end there were £146,735 of capital commitments outstanding in respect of contracts for future capital expenditure entered into by the University (2011 £1,199,446). The University's Council has authorised a capital budget for 2013 of £3,199,104 (2012: £1,007,024).

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 2012 of £167,000 (2011: £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)

22 Pension commitments (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

	Consolidated/ University 2012 £000	Consolidated University 2011 £000
Contributions to USS	751	634
Contributions to GPP	<u>196</u>	<u>160</u>
Total pension cost for the year (note 5)	<u>947</u>	<u>794</u>

Contributions outstanding at the year end

	Consolidated/ University 2012 £000	Consolidated University 2011 £000
To USS	125	85
To GPP	<u>28</u>	<u>20</u>
Total outstanding	<u>153</u>	<u>105</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 £20,000 (2011: £22,000) for business development consultancy, of which nil (2011: £2,000) 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 £137,900 (2011: £118,450). Nothing was outstanding at the year-end (2011: £nil).

In addition, Cognita supplies teaching services to the University, for which they billed nil (2011: £10,000). An amount of nil was outstanding at the year-end (2011: £nil).

24 Subsidiary undertakings

The University of Buckingham is the ultimate parent, and produces the only consolidated financial statements 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 was 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 financial statements.