



University of Buckingham

Financial Statements

2015



THE UNIVERSITY OF BUCKINGHAM

Registered Charity Number 1141691

Financial Statements

for the year ended

31 December 2015

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CHAIRMAN'S STATEMENT

2015 was a most notable year for the University, with the appointment from 1 September of Sir Anthony Seldon as its seventh Vice Chancellor. Sir Anthony and his wife Joanna moved into Ondaatje Hall (previously known as Walnut Yard) which has been refurbished (thanks to a generous benefaction) to become the official VC's residence. Meanwhile the previous VC's residence, Willowbank, will be converted to house a new Institute of Humanities and Interdisciplinary Research. With the arrival of Sir Anthony, Professor Alistair Alcock, who had been Acting VC for a full year after Terence Kealey stepped down, returned to his role as Deputy VC. Enormous thanks are due to Alistair for the calm and efficient way he steered the University through what could have been a difficult period.

There were some notable departures and sad losses during 2015. Professor David Billington retired in February after three years as Pro-Vice Chancellor with wide-ranging operational responsibilities, including financial planning and performance, buildings and estate development, and catering and hospitality. Dr Jane Tapsell, Dean of the Business School, was appointed Acting Pro-Vice Chancellor, albeit with somewhat different responsibilities. During the summer, two towering figures of great academic distinction passed away. Professor Sir Chris Woodhead had been at Buckingham since 2000 and had been instrumental in setting up the pioneering Buckingham PGCE, having previously been Her Majesty's Chief Inspector of Schools in England. Professor Mike Cawthorne's association with Buckingham went back to 1992, and he had served the University magnificently as Director of the Clore Laboratory and Dean of Medicine and as one of the prime movers in helping to establish and launch the new Medical School which is already proving to be a tremendous success.

There were several changes on Council during 2015. I am personally very grateful to Charles Jackson and John McIntosh for agreeing to become co-Vice Chairs, and for the continuing support of Julian Stafford and Mark Rushton as Chair of F&GP and Acting Chair of Audit, respectively. We were very pleased to welcome Joe Harrison, Chief Executive of Milton Keynes Hospital NHS Foundation Trust, as a new member of Council. Joe is proving an invaluable point of liaison for our burgeoning Medical School, and a source of wisdom on all matters. Also new to Council were James Baker (replacing Chris Doe as a representative of the UB Alumni Association) and Bethany Carter (replacing Carmen Austin as a non-teaching staff representative). We were sorry to lose UB alumnus Robert Benzynie, who stood down as Chair of the Audit Committee and relinquished his place on Council, and Nick Bamforth who also resigned from Council at the start of the year.

The issues discussed by Council during the year included: the implications for Buckingham of the revised Code of Governance published by the Committee of University Chairs; the threat to student numbers (and thus to fee income) resulting from lifting of the admissions cap at UK Universities, and the marketing effort that would be required to counteract this threat; future student funding and support; the importance of increasing the proportion of good (1st/2.i) degrees while maintaining academic standards; the Medical School Academic Building to be constructed at Milton Keynes Hospital; progress towards the establishment of a Dental School; collaborations with overseas institutions; and, latterly, the priorities for University development identified by the new VC, and his plans for a strategic review.

2016 will be a year of celebration, marking the 40th anniversary of the admission of the first students to the University College of Buckingham (as it then was). At the same time the University will be looking forward in good heart and implementing the Vice Chancellor's strategic plan that will set it firmly on the road to an even greater celebration a decade from now.

Prof Kenneth Siddle
Chairman of Council

VICE-CHANCELLOR'S PREFACE

From: Professor Alistair Alcock, Acting Vice-Chancellor to September 2015

Introduction

Although the University has shown a low level of profitability in the Accounts to end 2014 and 2015, this is somewhat misleading. After taking account of the up-front costs of starting the Medical School in 2014, the one-off effect of the Universities Superannuation Scheme's rescue plans and the changes to the accounting treatment of donations for FRS102 (see the notes to these Accounts), the underlying University business has produced a surplus of between £1m and £1.5m for each of the last four years; and now with the second year of students in the Medical School, that School will start contributing to overheads.

Table 1 University Income and Expenditure Since 2006

Year	2006	2007	2008	2009	2010	2011	2012	2013	Restated FRS102	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	10,538	10,836	11,697	12,580	14,588	17,106	21,599	24,967	25,124	27,101
Expenditure	10,517	10,893	11,823	12,793	14,405	16,585	20,037	23,505	24,911	27,069
Exceptional										
Items	-	(110)	220	-	-	-	-	-	-	-
Surplus	21	(167)	94	(213)	183	521	1,562	1,462	213	32

Table 2 Student Numbers Since 2006

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Type of Student</i>										
Home	247	311	339	385	463	596	782	870	818	666
Overseas	482	458	554	600	539	578	678	661	502	582
Foundation/ non-degree	n/a	n/a	n/a	n/a	59	66	80	118	106	84
Total on campus	729	769	893	985	1061	1240	1540	1649	1426	1332
Education PGCE/ MEd	61	81	117	172	210	266	393	550	612	680
London MA and MD	n/a	n/a	n/a	n/a	37	47	86	160	249	286
Total Registered	790	850	1010	1157	1308	1553	2019	2359	2287	2298

Table 2 shows that the effect of two large intakes in 2012 and 2013 associated with higher fees coming in has now passed, but that overseas recruitment then picked up in 2015. In 2016, there has been a concentrated effort, led by the new Director of Recruitment and Marketing, James Seymour to restore growth in the University's Home student numbers, though with the removal of the numbers cap on undergraduate recruitment in the publicly funded Universities, the UK Higher Education market has become extremely competitive.

VICE-CHANCELLOR'S PREFACE (Continued)

Table 3 shows that we have the best student:staff ratio amongst British Universities. We alone alongside with Oxford and Cambridge have retained the tradition of small group tutorial teaching in Britain, and our contact hours of some nine a week are one of our proudest boasts. This may also help to explain Buckingham's high level of student satisfaction, again the highest amongst British Universities and the award by The Times and The Sunday Times as the University of the Year for Teaching Quality.

Table 3 Student:Staff Ratios and Student Satisfaction

University	Student:staff ratio	University	Satisfaction Position
Buckingham	9.6	Buckingham	1 st
UCL, London	10.2	Surrey	2 nd
Oxford	10.5	Keele	3 rd
Cambridge	11.0	Coventry	3 rd
SOAS, London	11.1	Liverpool Hope	5 th

The data come from the *Complete University Guide 2017*

<http://www.thecompleteuniversityguide.co.uk/league-tables/rankings?o=Student-Staff+Ratio&v=wide>

News from the Schools

The Medical School

Although the Medical School only had its second intake in January 2016, it already feels a central part of the University. Only one of the first intake is having to retake the first year (a far better success rate than other Medical Schools'), a tribute to the School's support mechanisms. The rest of the cohort is engaging enthusiastically with the second year course, and feedback so far remains very good.

The major effort now is concentrated on the implementation work for the Clinical Stage of the curriculum. The University is working with Milton Keynes University Hospital, our local General Practitioners and St Andrew's Healthcare to ensure that clinical education can be delivered to high quality in busy clinical environments. There is sufficient capacity in these providers for the first cohort, but we are working to develop additional capacity in other providers to support increasing student numbers over the years. Present indications are that we will be able to sustain an intake of around 90 long-term. Applications for 2017 entry are strong.

The Law School

The Law School had one of its most successful graduating cohorts in 2015 with well over 60% achieving 1sts and 2.1s, and it is confidently expected that these graduates will continue to sustain the School's remarkable employability record. It must also be recorded that three of the staff achieved Doctorates, Drs Egede, Dyer and Mawhinney. Professor Judith Bray published a further edition of her Land Law textbook and Dr Jocelynne Scutt her Magna Carta and women monograph. Indeed, the Denning Law Journal for 2015 was focused on the 800th Anniversary of Magna Carta and there were two public lectures on that subject from His Honour, Justice Michael Kirby and Michael Beloff, QC the celebrated public law and international law expert.

VICE-CHANCELLOR'S PREFACE (Continued)

Sadly, the School also had to remember those who had been part of the Law School and who died during the year, Gordon Goldberg Reader in Law and the Masters of Moots until 2006 and one of the current students Igwilo Akobundu.

Although the key focus of the School remains on the students, many of the staff kept the School in the public and international eye working, for example, with Parliamentary Select Committees. Professor Bray advising on Manorial Rights, Professor Watt on Electoral Law, and Professor Edwards on Women and International Human Rights, also all appeared on the main UK news networks and Dr Patricia Covarrubia delivered training, recently, in Brussels to the European and Latin America Technology Business Services and Innovation.

The School of Humanities

Dr Barbara Lasic joined the **History of Art Department** from the Victoria & Albert Museum, to help launch a new MA in the History of Collecting and the Art Market, in partnership with the National Gallery. Both Adriano Aymonino, and Head of Department Jeremy Howard have been invited to be Visiting Fellows at the Getty Research Institute.

The **English Department**, again performed well in the National Student Survey (NSS), coming 2nd in the United Kingdom for overall satisfaction. The Department's special relationship with Soka University in Tokyo continued, with the second cohort of 5 Soka double-degree students gaining three First Class and two upper-second degrees this January. The Department expanded its postgraduate provision, including a new MA by Research in Dickens Studies based in London in partnership with the Charles Dickens Museum. The Department's journalists and media study students have continued to broadcast a half-hour live news bulletins throughout the year, and the Department is particularly delighted to welcome back Helen Thain, a former first-class Communications, Media & Journalism student from 2013, as its new Studio Manager.

Our **Modern Foreign Languages Department** has its largest number of students taking minor degree programmes in French and Spanish, thanks to the efforts of its outgoing Head of Department Carmen Rivera Galicia. She is succeeded as acting Head of Department by Dr Karine Deslandes.

The **Economics and International Studies Department** was delighted to have been ranked 7th out of 77 for its Politics provision in the *Guardian Good University Guide, 2016*. In Economics, the International Monetary Institute was launched as a separate institution; it was founded by Prof Tim Congdon to research the history of monetary policy. The formal retirement of Professor Martin Ricketts was marked with a one-day conference in September; but Martin is still at the University devoting his time to the Max Beloff Centre for the Study of Liberty. Perhaps the most exciting recent development was the receipt of a donation of £5.5million in January 2016, shared with the Institute of Economic Affairs, from Lord Vinson. This is to go towards a building for, and development of, a Centre for Liberal Economics. Finally, in History, Dr Thomas Jones succeeded as part of a small research group in obtaining a grant of over 200,000 euros from France's national research agency to help fund research into and publication of maps and studies of nineteenth-century migration patterns and policies.

The **Humanities Research Institute** launched new research programmes in Philosophy, Human Rights and the History of the English Country House. The Institute also acquired teaching premises in London and looks forward to the imminent opening of these, which are centrally situated at the north end of Gower Street, facing UCL on the other side of the way. Further innovative programmes are commencing there this autumn, in the History of Sport, Applied Urban Design and Charles Dickens Studies.

VICE-CHANCELLOR'S PREFACE (Continued)

The Business School

The School continued to do well in the NSS and in Business Studies came joint 6th in the United Kingdom for overall satisfaction. Nevertheless, not resting on its laurels, the School will be introducing a new Business and Management programme in September 2016 and at the same time launching a new placement degree which will give a small group of students the opportunity to spend a year in business as part of their studies. The Business School has also helped Applied Computing to develop and launch another innovative programme, Computing and Software Entrepreneurship. Other postgraduate developments include an MSc in Continuous Improvement in the Public Services in September 2015, in Entrepreneurial Consultancy and Practice in 2016 and in Innovation and Design for 2017.

The Business School and Grant Thornton UK LLP recently announced the establishment of the Grant Thornton Chair in Automotive Management. Colin Tourick, already an associate of the University, has become the first Grant Thornton Professor of Automotive Management. This should also support the School's research. Dr Halari has spoken at conferences and published articles on Calendar Anomalies and Efficient Markets. Dr Robin Burrow has successfully published papers on work and employment studies and has a chapter in a new book entitled "Identity struggles: Evidence from workplaces around the world". Marijana Baric is working on a European Commission Project as a Marie Curie Fellow. Professor Found has contributed to a new Sage Encyclopaedia in Quality in the Service Economy, two Routledge Companion books and has had 4 papers published in leading journals. Finally Dr Deba Bardhan-Correia successfully defended her doctoral thesis despite her involvement in all these recent programme developments in the School.

The School of Science and Postgraduate Medicine

The **Psychology Department** continued to grow in size both at the undergraduate and postgraduate research levels and its first DPhil student Jasmine Hearn now lectures in the Medical School. With the arrival of Dr. Emily Doe in the Department, Health Psychology has become a research focus with several research students working in that area (mainly pain and homelessness research). This has also allowed for the launch of an MSc in Health Psychology in 2017. Dr. Kathryn Friedlander and Dr. Philip Fine published an article on Cryptic Crossword Expertise in the journal *Frontiers in Psychology* to national attention. This is linked to a new CREATE research hub (Centre for Research in Expertise Acquisition, Training and Excellence), which itself has led to the creation of a unique Undergraduate module, Creative Performance and Expertise.

The **Applied Computing Department** also continued to grow with the largest cohort of students the Department has ever had. This included the first cohort of students on the BSc Computing and Software Entrepreneurship programme and 10 students completing DPhils. Although small, the department collaborates with a number of world leading universities and research institutes. Professor Sabah Jassim, Hongbo Du and Dr Hisham Al-Assam are working on multidisciplinary projects with researchers at Imperial College, and Queen Charlotte & Chelsea, Kings College, and St Thomas Hospitals. Their focus is on ovarian cancer diagnosis and miscarriage detection in early pregnancy. The Department collaborates with the Wellcome Trust Sanger Institute. In 2015, the Department was awarded two Knowledge Transfer Partnership projects worth over £300,000 to add to the first one it received in 2014.

The **Buckingham Institute for Translational Medicine** based in the Clore Laboratory suffered a major blow in 2015 with the sudden death of the Institute's Head, Professor Mike Cawthorne. Professors Paul Trayhurn and Jon Arch stepped up to steer the Institute and the Lab through to the appointment in 2016 of Professor Andrew Krentz to take over their leadership. A major review is now being undertaken to determine the future of this area, and in particular, how it may be supportive of the new Medical School.

VICE-CHANCELLOR'S PREFACE (Continued)

School of Education

The School of Education grew in student numbers by over 25% last year compared to the previous year. The majority of the growth was seen in the PGCE with QTS (now over 300 students) and in new courses such as the Ab Initio course for new teachers and the Assessment Only Route to QTS.

The School established a formal partnership with the Headmasters' and Headmistresses' Conference (HMC) to deliver the PGCE for the new HMC Teacher Training Programme. We are also only the second university in England to gain accreditation with the General Teaching Council in Scotland (GTCS). The PGCE residentials have evolved to be more subject and phase focused, and our new home at Whittlebury Hall is able to accommodate this new curriculum.

Our Master's degree in Educational Leadership continues to lead the sector's provision for school leadership training and has become the qualification of choice in the independent school sector for aspirant and current headteachers.

Our venture abroad to Sherborne School Qatar to deliver the Certificate of Middle Leadership to the school's heads of department was a great success and we are doing the same in Haileybury School this year.

Changes in Leadership

In September 2015, the new Vice-Chancellor, Sir Anthony Seldon, joined the University. As I reported in the last set of Financial Statements, he has had a remarkable career, transforming two struggling private schools, Wellington College and Brighton College, setting up state schools and independent schools abroad under the Wellington banner, founding The Institute of Contemporary British History, founding and editing various academic journals, writing or editing over 40 books, including authorised books of the last four Prime Ministers, serving as the honorary historian to 10 Downing Street, governor of the Royal Shakespeare Company, and on the board of several national bodies.

I will leave the last part of this Preface to him.

From: Professor Anthony Seldon, Vice-Chancellor from September 2015

Joanna and I moved into Ondaatje Hall, the Vice-Chancellor's new (albeit 15th Century) residence in September which is already proving to be a great venue for seminars and more informal meetings. Since then I have been spending most of my time seeing colleagues and making as many external contacts as possible. This has been with a view, not just to raising the number of students in the short term, but to formulating a strategy to meet my two overriding ambitions, to make the University of Buckingham distinctive and distinguished.

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.

Council of the University acts as the Trustee Body of the registered charity and 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 mainly of members 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, Council comprised 26 members.

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 has helped us to have been top or near top in the National Student Survey (NSS) since 2006.

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, Council has 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 £2.6m all of which is for the benefit of the University. Within the £2.6m, £2.5 million is available for scholarships and bursaries, from endowments and restricted funds. £140k is available for grants and other projects and £28k is held as unrestricted donations.

In the year, the University awarded total scholarships, bursaries and prizes of £574k. Excluding prizes of £4k, scholarships and bursaries were broken down as: £36k Foundation funded, £17k from restricted donations received by the University and £517k funded from university income.

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.

The “Four Counties” bursary as from September 2014 has now been increased to “Five Counties” and the bursary value increased from £1,100 per academic year, to £2,500 per academic year. The details are:

- The applicant must currently reside in one of the five counties of; Buckinghamshire (including Milton Keynes), Bedfordshire, Northamptonshire, Oxfordshire or Hertfordshire.
- To qualify, the student must meet the conditions of the offer and make Buckingham the firm UCAS choice or make a firm acceptance of a direct offer of a place.
- If the applicant is in receipt of a Maintenance Grant from Student Finance England, a further £1,100 bursary is awarded per academic year.
Maintenance Grant bursary is not combined with 5 counties but can be combined with high achievers.

From September 2014, an automatic scholarship, worth £2,500 per annum is available to undergraduate Home (UK/EU) students (excluding Medicine) achieving ABB or above (or equivalent) in their A Levels.

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 “Five 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 viable.

Financial Activities and Results

The Financial Statements

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

OPERATING AND FINANCIAL REVIEW (continued)

Results for the Period

For the year ended 31 December 2015 the University only recorded a surplus of £32k and a group surplus of £139k. This compares to a re-stated University only surplus of £213k and group loss of £85k for the previous year. These results are reported in accordance with the new rules under FRS102. During 2015 the University welcomed its first cohort of Medical School students. Continued investment in start-up costs in this new school necessarily incurred a deficit of £103k (2014: £1.27m).

Note 25 details how the new FRS102 has impacted on the results, and under the 2007 SORP the University would have reported a surplus of £1.06m.

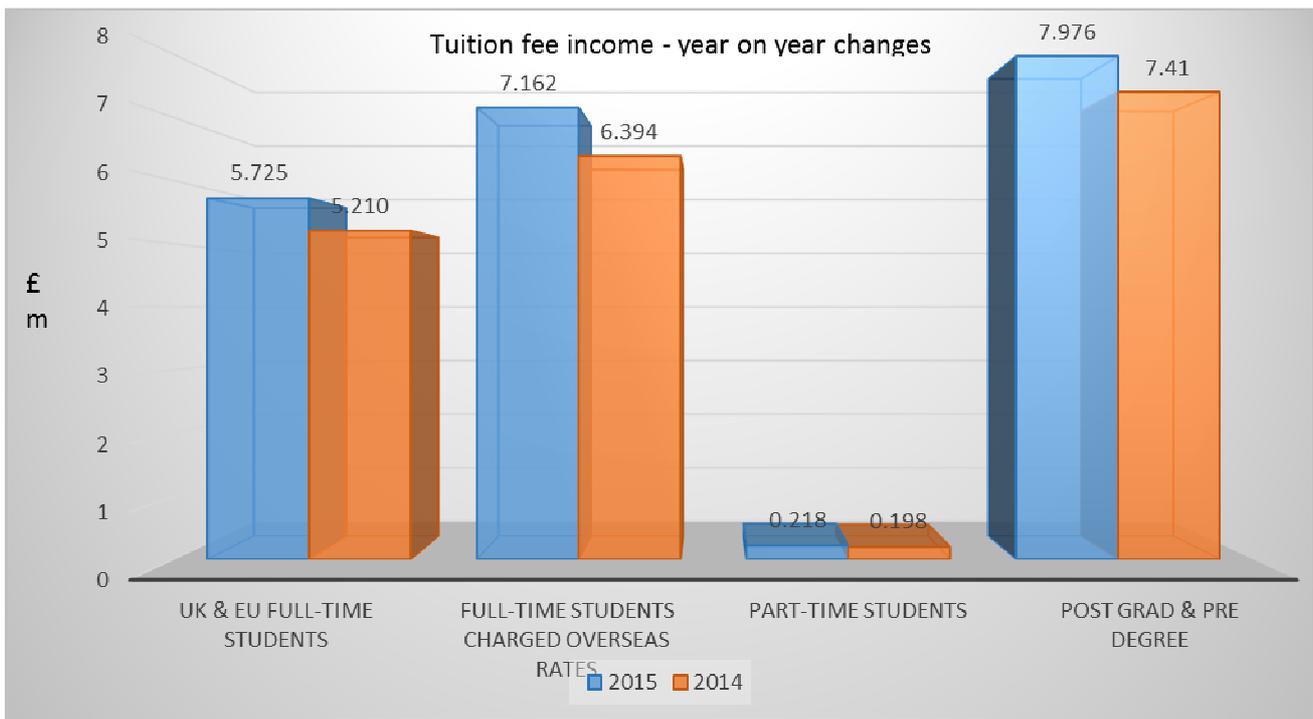
The USS pension deficit recovery plan, has created charges in both 2014 and 2015 and as at 31 December 2015 the University has a total pension provision of £1.35m.

The income from tuition fees for the period, as set out in note 1, was £21.1m compared to £19.2m for the year ended 31 December 2014. The increase is predominantly due to the new Medical School.

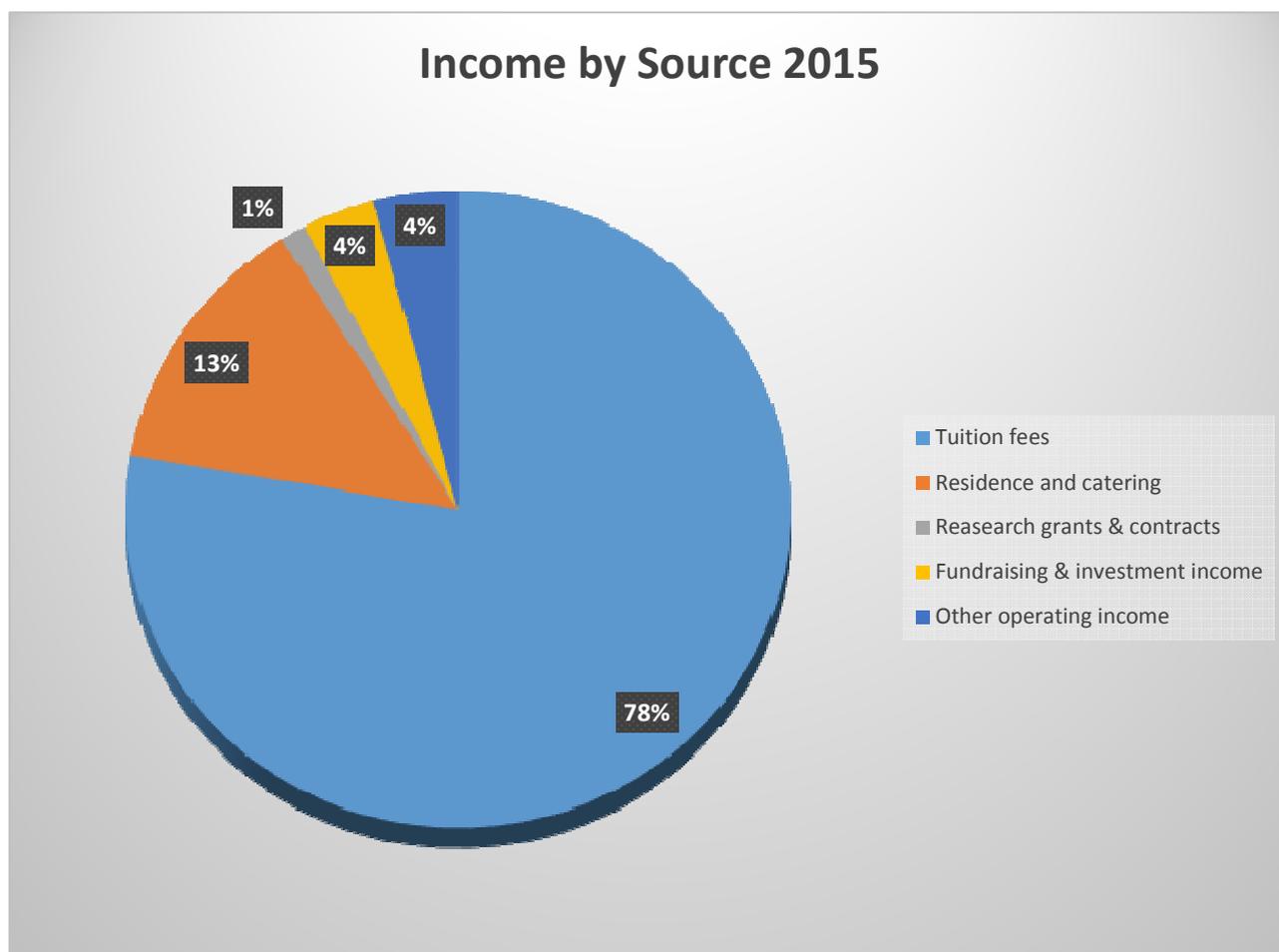
UK and EU full-time students have increased 10% year on year.

Overseas students have increased 12% from 2014

Part-time students have increased 10% and post graduate and pre degree courses have increased 8%.



OPERATING AND FINANCIAL REVIEW (continued)



Total income increased by 9.6% year on year. Income from research grants and contracts increased by 7% compared to the previous year, as attention was again re-directed after much focus on the Medical School. Fundraising and investment income grew by 53% (£331k) with unrestricted donations being predominantly made direct to the University. Other operating income grew by 4% which was mainly in residences.

The biggest rise was in Tuition fees being a year on year change of £1.9m (9.7%).

The consolidated total income for the year was £27.1m compared to £24.8m for the year ended 31 December 2014.

The University's Consolidated Income, Expenditure and Results for the year to 31 December 2015 are summarised as follows:

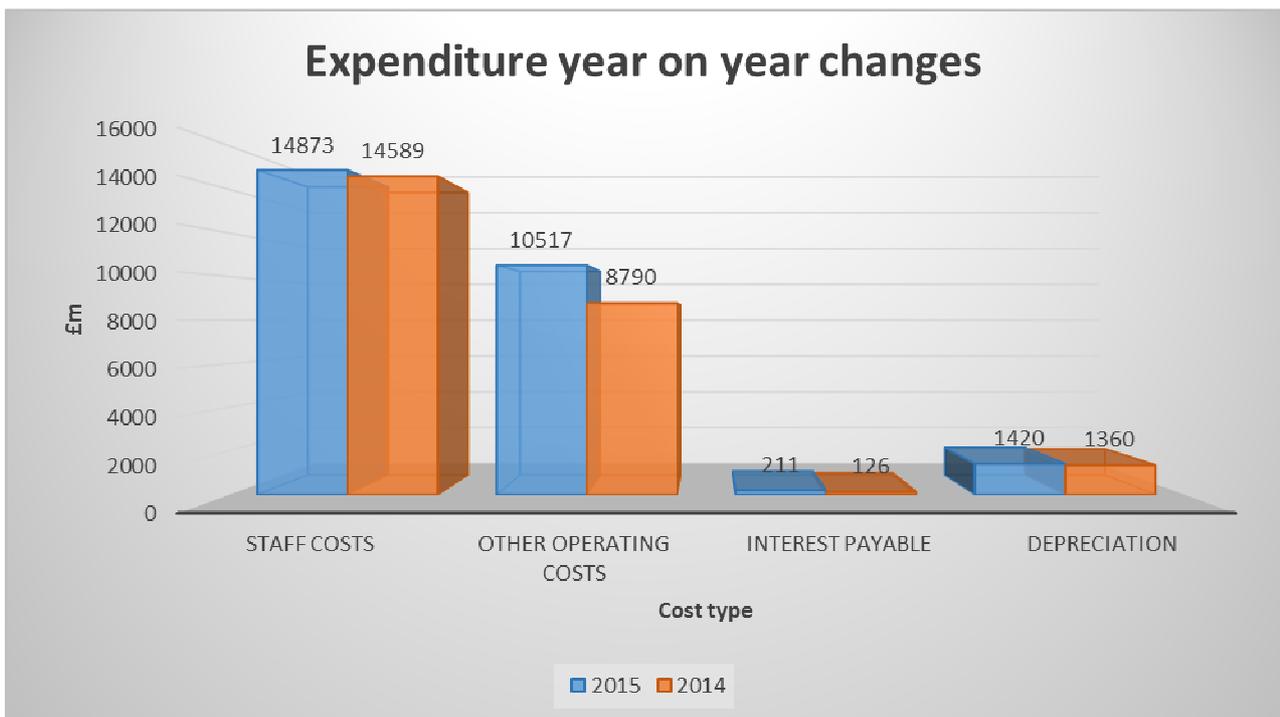
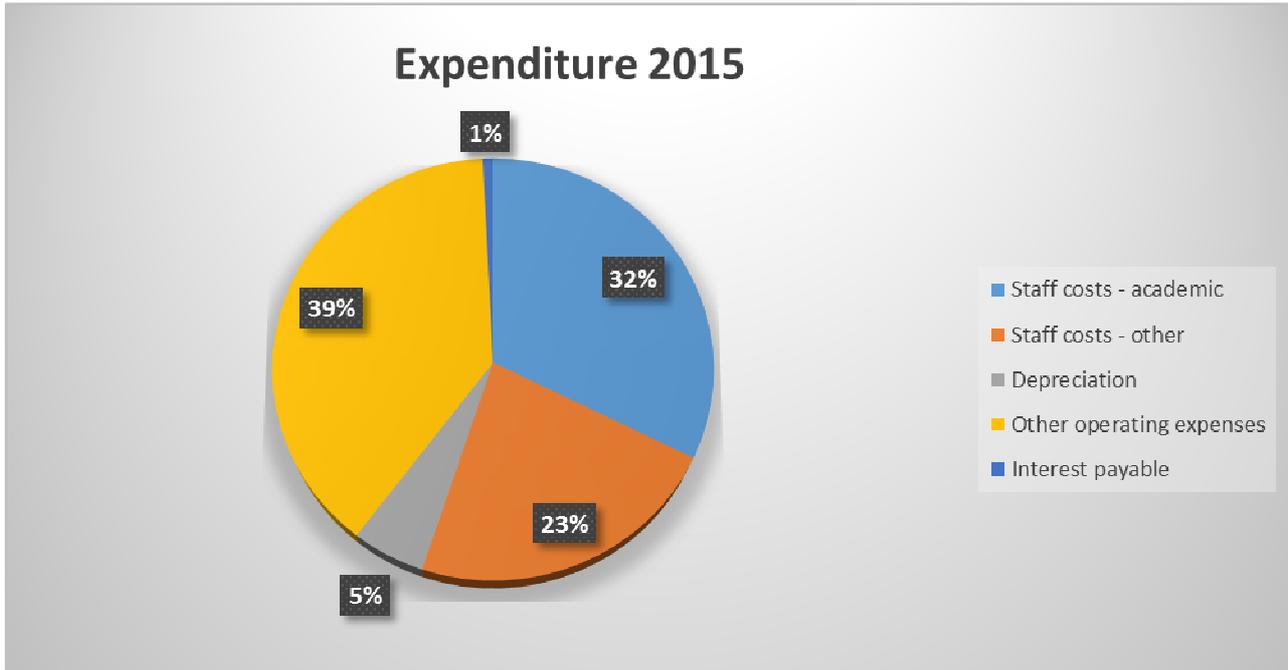
	2015	restated
	£000	2014
		£000
Income	27,132	24,764
Expenditure	(27,021)	(24,865)
Surplus/ (loss) on continuing operations	111	(101)
Gain on investments	28	16
Surplus/ (loss) for the year	139	(85)

OPERATING AND FINANCIAL REVIEW (continued)

Expenditure:

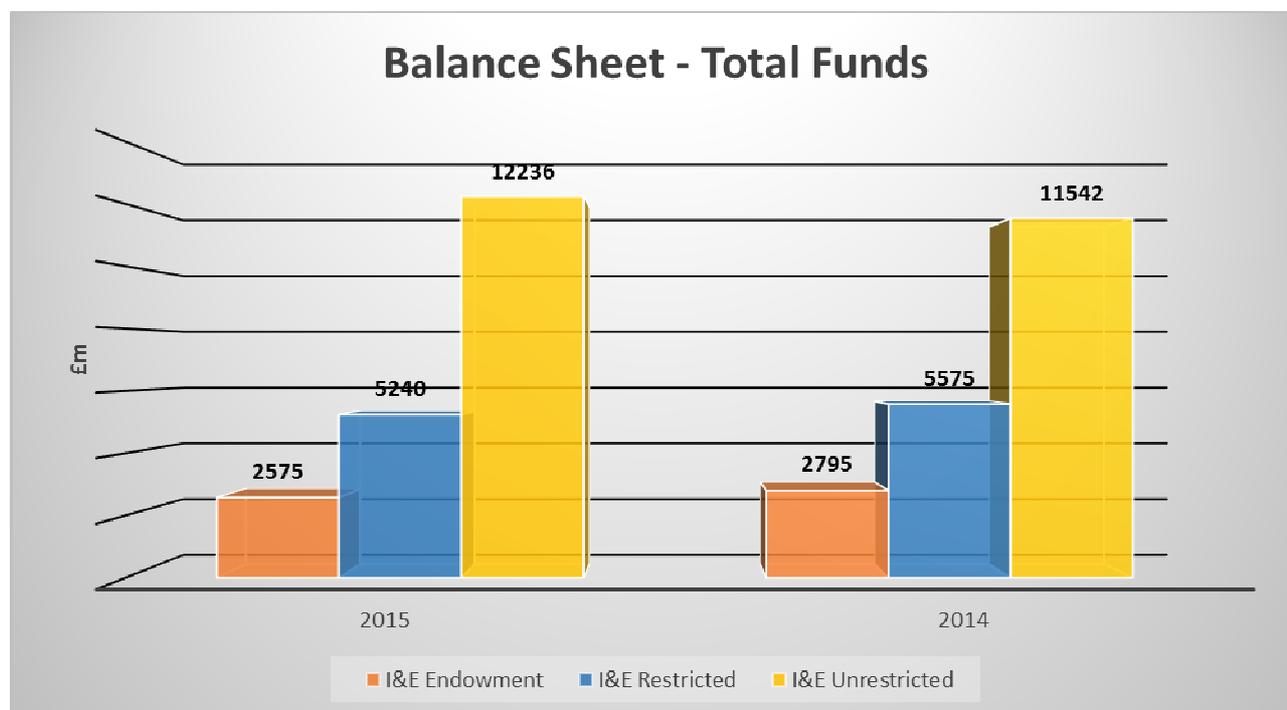
There has been a growth in total expenditure year on year of 9%. Expenditure on staff costs has risen by 2%. This rise is mainly explained by the rise in academic staff costs which has risen by 4% over the period as against other staff costs falling by 1%. The increase in staff expenditure is a continuation of the University's decision to start a Medical School in January 2015.

Other operating costs have increased 20% and included within this are invoiced labour costs of £2m (2014 £1.7m), which are predominantly academic. Interest payable rose by 68% due to the drawdown of a £3m loan for new Medical School buildings.



OPERATING AND FINANCIAL REVIEW (continued)

The consolidated balance sheet total funds for the year, showed an increase of £139k (2014: decrease £85k) being the retained surplus in the period (2014 restated: loss £85k).



The scholarships, bursaries and prizes of £521k (2014: £567k) were awarded to students based on academic merit and financial need.

The consolidated surplus for the year in accordance with FRS102 is better than budget and the University is operating in line with the financial strategy with the opening of the new Medical School in January 2015.

Cash Flow

The Consolidated Cash Flow Statement shows there was an increase in cash for the year of £2,787k (2014: decrease of £665k).

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 the creation a Medical School which opened in January 2015 and subsequent investment required in 2017 for the clinical stages of the course, 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

As published in the complete university guide, our student-staff ratio in 2014/15 was 9.6 (2013/14: 10.5). 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 332 full time equivalent members of staff, 131 academic, 147 support and 54 manual/other 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.

OPERATING AND FINANCIAL REVIEW (continued)

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

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 three bank loans two of which have fixed interest rates and one of which has a variable interest rate. Those with the fixed rate bear no interest rate risk. The interest on the variable loan is at risk of increasing should base rates rise. For further details please see note 14 of the Financial Statements.
- **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 Trustees. 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

Net current liabilities have improved greatly from the previous year, helped by the increase in cash during the year of £2.8m. Our credit control policies provide a comfortable cash buffer derived from fees in advance, which have increased recently due to the higher tuition fee income. With the University continuing to be in surplus since 2010, 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

2015 saw continuing progress in achieving our mission of exemplifying the viability and merits of an independently funded university.

Core student numbers decreased against 2014, but these were more than made up by increases in new students at the Medical School, Education PGCE and London MA/MD. Hence we reinforced our character as a British University, with new courses being 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, to build on the success of the new Medical School in 2015.

Progress towards the objective of financial sustainability has continued with a surplus reported, and this has supported the University's commitment to invest in improved resources to enhance the learning experience.



P JENNINGS
Finance Director

STATEMENT OF CORPORATE GOVERNANCE

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.

- 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.
- 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.
- 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 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 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 four times a year, inter alia recommends budgets and fee levels, and monitors financial performance in relation to approved budgets. The Committee has one sub-committee, covering Buildings and Development.

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 Council. The Remuneration Committee is responsible for determining the remuneration of the senior management team, including the Vice Chancellor.

MEMBERS OF COUNCIL

Ex officio members:

The Chancellor - Lady T Keswick
The Chairman of Council - Dr R Vanderplank
(Resigned 22 January 2015)
The Chairman of Council - Professor K Siddle
The Vice-Chancellor – Sir A Seldon
(Appointed 1 September 2015)
The Deputy Vice-Chancellor – Professor A Alcock

Appointed members:

Up to three nominated by the
Academic Advisory Council:

Dr K Elliott
Mr J McIntosh

Up to two appointed by
Buckinghamshire County Council:

Mr M Appleyard
Mr W Whyte

Up to 16 appointed by
co-option:

Mr R Benzynie (Resigned 5 March 2015)
Mr N Bamforth (Resigned 23 February 2015)
Professor Joe Harrison (Appointed 13 March 2015)
Mr C Jackson
Mr Luke Johnson
Mr Brandon Lewis MP
Mr Brian Kingham
Ms F Lusk
Mr M Rushton
Mr J Stafford

Up to two members of
Convocation:

Dr S Tomassi

UBAA

Mr James Baker (Appointed 13 March 2015)
Ms L Long
Mr C Doe (Resigned 11 January 2015)

Up to five nominated by
Senate:

Professor John Drew
Professor Susan Edwards
Dr Kenny Langlands
Dr Claire Stocker
Professor Bob Watt

Up to two elected from the non-
teaching staff:

Miss Carmen Austin (Resigned 30 June 2015)
Ms Pearl Lewis
Miss Bethany Carter (Elected 17 August 2015)

Three registered
students of the
University

One graduate student elected by the graduate students
of the University: Mr Benjamin Field
One student elected by the undergraduate students of
University: Mr Terngu Joseph Gbum
The President of the Students' Union - Mr Syed Ahmed Shah

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. 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, 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.

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 forecasts;
- 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

Report on the financial statements

Our opinion

In our opinion, The University of Buckingham's group financial statements and university's financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the university's affairs as at 31st December and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.
- have been prepared in accordance with the requirements of section 144 of the Charities Act 2011 and Regulation of The Charities (Accounts and Reports) Regulations 2008).

What we have audited

The financial statements comprise:

- the group and university Balance Sheets as at 31 December 2015;
- the group and university Statement of Comprehensive Income for the year then ended;
- the group and university Statement of Changes in Reserves for the year then ended;
- the group Cash Flow Statement for the year then ended; and
- the Statement of Principle of Accounting Policies
- the notes to the financial statements

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law (United Kingdom Generally Accepted Accounting Practice).

Other matters on which we are required to report by exception

Sufficiency of accounting records and information and explanations received

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING COUNCIL OF THE UNIVERSITY OF BUCKINGHAM (continued)

Responsibilities for the financial statements and the audit

Respective responsibilities of the Governing Council and auditors

As explained more fully in the Responsibilities of the University's Council in relation to the Financial Statements set out on page 19 the Governing 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 ISAs (UK & 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 Governing Council as a body in accordance with Statue 11 of the Charters and Statutes of the institution as well as the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 24 of The Charities (Accounts and Reports) Regulations 2008) 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Governing Council; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Governing Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING COUNCIL OF THE UNIVERSITY OF BUCKINGHAM (continued)



Jonathan Gilpin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

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August 2016

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1 Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention. 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.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

3 Income Recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income, unless a restricted donation has been received for the scholarship.

Validation fee income is recognised when delivered and known with certainty.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant Funding

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Donations and Endowments

Non exchangeable transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised as income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised as income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are five main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted donations – the donor has not specified the use of the donation and so it is to be used for the general benefit of the University.
3. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of University.
4. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
5. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

4 Pension schemes

The Aviva 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 NEST Auto Enrolment scheme (AES) 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. The employer's contributions payable for each accounting period are accounted for as expenditure. In addition, under the new SORP the University is required to provide for the future liability of the deficit recovery plan implemented by the USS. This provision will be released over time as the liability is discharged.

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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

5 Library books

The cost of purchasing library books is written off to the income and expenditure account as it is incurred. (Note 6, other operating expenses).

6 Maintenance of premises

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

7 Taxation and charitable status

The University is a Registered Charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478 – 488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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.

8 Depreciation (Fixed Assets)

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%

9 Investments & Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the surplus or deficit. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 December each year.

Investments in subsidiaries are carried as cost less impairment.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

10 Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

11 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) The University has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefit will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

12 Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

13 Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 23.

GROUP AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 £000	University 2015 £000	Group Restated 2014 £000	University Restated 2014 £000
Income					
Tuition fees and education contracts	1	21,081	21,081	19,212	19,212
Research grants and contracts	2	338	338	317	317
Other income	3	4,752	4,752	4,605	4,605
Investment income	4	132	76	120	58
Total income before endowments and donations		26,303	26,247	24,254	24,192
Donations and endowments	5	829	854	510	932
Total income		27,132	27,101	24,764	25,124
Expenditure					
Staff costs	6	14,873	14,873	14,589	14,589
Other operating expenses	7	10,517	10,565	8,790	8,836
Depreciation	10	1,420	1,420	1,360	1,360
Interest and other finance costs	8	211	211	126	126
Total expenditure	9	27,021	27,069	24,865	24,911
Surplus/ (deficit) before other gains and losses		111	32	(101)	213
Gain on investments		28	-	16	-
Surplus/ (deficit) for the year		139	32	(85)	213
Total comprehensive income/ (loss) for the year		139	32	(85)	213
represented by:					
Endowment comprehensive income for the year		85	-	81	4
Restricted comprehensive income for the year		151	173	504	926
Unrestricted comprehensive loss for the year		(97)	(141)	(670)	(717)
Surplus/ (loss) for the year		139	32	(85)	213
Attributable to:					
Non-controlling interest		-	-	-	-
University		139	32	(85)	213
Total comprehensive income/ (loss) for the year attributable to:					
Non-controlling interest		-	-	-	-
University		139	32	(85)	213

All items of income and expenditure relate to continuing activities.

GROUP AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2015

Group	Income and expenditure reserve			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 January 2014	3,641	6,321	10,035	19,997
Surplus/ (deficit) from the income and expenditure statement	81	504	(670)	(85)
Other comprehensive income	-	-	-	-
Transfers between reserves	61	-	(61)	-
Release of restricted funds spent in year	(988)	(1,250)	2,238	-
Balance at 1 January 2015	2,795	5,575	11,542	19,912
Surplus/ (deficit) from the income and expenditure statement	85	151	(97)	139
Other comprehensive income	-	-	-	-
Transfers between reserves	61	-	(61)	-
Release of restricted funds spent in year	(366)	(486)	852	-
Total comprehensive income for the year	(220)	(335)	694	139
Balance at 31 December 2015	2,575	5,240	12,236	20,051

University	Income and expenditure reserve			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 January 2014	643	6,519	10,009	17,171
Surplus/ (deficit) from the income and expenditure statement	4	926	(717)	213
Other comprehensive income	-	-	-	-
Transfers between reserves	-	-	-	-
Release of restricted funds spent in year	(604)	(1,619)	2,223	-
Balance at 1 January 2015	43	5,826	11,515	17,384
Surplus/ (deficit) from the income and expenditure statement	-	173	(141)	32
Other comprehensive income	-	-	-	-
Transfers between reserves	-	-	-	-
Release of restricted funds spent in year	(3)	(830)	833	-
Total comprehensive income for the year	(3)	(657)	692	32
Balance at 31 December 2015	40	5,169	12,207	17,416

GROUP AND UNIVERSITY BALANCE SHEET AT 31 DECEMBER 2015

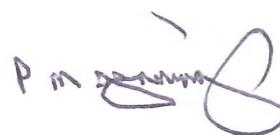
Royal Charter Company number RC000730

	Note	Group 2015 £000	University 2015 £000	Group Restated 2014 £000	University Restated 2014 £000
Non-current assets					
Fixed Assets	10	25,626	25,626	25,060	25,060
Investments	11	2,607	23	2,531	23
		<u>28,233</u>	<u>25,649</u>	<u>27,591</u>	<u>25,083</u>
Current assets					
Trade and other receivables	12	2,742	2,741	2,052	2,047
Cash and cash equivalents		10,224	10,178	7,437	7,422
		<u>12,966</u>	<u>12,919</u>	<u>9,489</u>	<u>9,469</u>
Less: Creditors amounts falling due within one year	13	(14,599)	(14,603)	(13,001)	(13,001)
Net current liabilities		<u>(1,633)</u>	<u>(1,684)</u>	<u>(3,512)</u>	<u>(3,532)</u>
Total assets less current liabilities		26,600	23,965	24,079	21,551
Creditors: amounts falling due after more than one year	14	(5,199)	(5,199)	(3,025)	(3,025)
Provisions					
Pension provisions	15	(1,350)	(1,350)	(1,015)	(1,015)
Other provisions	15	-	-	(127)	(127)
Total net assets		<u>20,051</u>	<u>17,416</u>	19,912	17,384
Restricted reserves					
Income and expenditure reserve – endowment	16	(2,575)	(40)	(2,795)	(43)
Income and expenditure reserve – restricted	17	(5,240)	(5,169)	(5,575)	(5,826)
Unrestricted reserves					
Income and expenditure reserve – unrestricted		<u>(12,236)</u>	<u>(12,207)</u>	(11,542)	(11,515)
	18	<u>(20,051)</u>	<u>(17,416)</u>	<u>(19,912)</u>	<u>(17,384)</u>

The financial statements were approved by the Governing Body, Council on 19th August 2016 and were signed on its behalf by:



Sir A Seldon
Vice-Chancellor



Mr P Jennings
Finance Director

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Group 2015 £000	Group Restated 2014 £000
Cash flow from operating activities		
Surplus/(deficit) for the year	139	(85)
Adjustment for non-cash items		
Depreciation	1,420	1,360
Increase in tuition fees received in advance	1,138	2,385
Decrease/ (increase) in debtors	(690)	789
Increase/ (decrease) in creditors	(221)	(1,616)
Increase/(decrease) in provisions	208	127
Pension costs less contributions payable	364	-
Adjustment for investing or financial activities		
Investment income	(132)	(120)
Interest payable	211	126
Profit on sale of fixed assets	-	-
Net cash inflow from operating activities	2,437	2,966
Cash flows from investing activities		
Investment income	132	120
Endowment funds invested	(76)	296
Withdrawal of deposits	-	-
Payments made to acquire fixed assets	(1,986)	(3,668)
	(1,930)	(3,252)
Cash flows from financing activities		
Interest paid	(211)	(126)
Interest element of finance lease rental payment	-	-
New secured loans	2,812	-
Repayments of amounts borrowed	(316)	(250)
Capital element of finance lease rental payments	(5)	(3)
	2,280	(379)
(Decrease)/ increase in cash and cash equivalents in the year	2,787	(665)
Cash and cash equivalents at the beginning of the year	7,437	8,102
Cash and cash equivalents at the end of the year	10,224	7,437

NOTES TO THE FINANCIAL STATEMENTS**1 Tuition fees and education contracts**

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Full-time undergraduates-Home and EU	5,725	5,725	5,210	5,210
Full-time undergraduates-International	7,162	7,162	6,394	6,394
Part-time undergraduate	218	218	198	198
Postgraduate	7,203	7,203	6,782	6,782
Pre-degree and non-degree courses	773	773	628	628
	21,081	21,081	19,212	19,212

2 Research grants and contracts

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Industry and commerce	302	302	173	173
Other	36	36	144	144
	338	338	317	317

3 Other income

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Residences and catering	3,633	3,633	3,532	3,532
Validation fees	753	753	756	756
Other income	366	366	317	317
	4,752	4,752	4,605	4,605

4 Investment income

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Investment income on endowments	56	-	61	-
Investment income on restricted reserves	-	-	1	-
Other investment income	76	76	58	58
	132	76	120	58

NOTES TO THE FINANCIAL STATEMENTS (continued)**5 Donations and endowments**

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
New endowments	-	-	4	4
Donations with restrictions	147	137	504	494
Foundation donations with restrictions	-	36	-	432
Unrestricted donations	682	681	2	2
	829	854	510	932

6 Staff costs

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Salaries	12,295	12,295	12,367	12,367
Social security costs	1,037	1,037	1,040	1,040
Movements on USS provision	364	364	-	-
Other pension costs	1,177	1,177	1,182	1,182
Total	14,873	14,873	14,589	14,589

	Group	University	Group	University
	2015	2015	2014	2014
	£	£	£	£
Emoluments of the Vice-Chancellor				
Salary	103,917	103,917	182,404	182,404
Benefits	-	-	-	-
Pension contribution to USS	-	-	66,551	66,551
	103,917	103,917	248,995	248,995

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. The emoluments of the Vice-Chancellor includes the emoluments of the Acting Vice-Chancellor (Deputy Vice-Chancellor) from January 2015 to August 2015.

No members of staff earned over £100,000, excluding employer's pension contributions in 2015 (2014: two).

	Group/ University	Group/ University
	2015	2014
	Numbers	Numbers
Average number of equivalent full time members of staff		
Academic	123	118
Research	8	10
Support	147	139
Manual	54	53
	332	320

NOTES TO THE FINANCIAL STATEMENTS (continued)**6 Staff costs (continued)****Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	Group/ University 2015 £000	Group/ University 2014 £000
Key management personnel compensation	<u>1,227</u>	1,338
	<u>1,227</u>	1,338

Council members

Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of Council, being drawn from local public and private sector organisations, it is inevitable that transactions may take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures. There were no such related party transactions in the year (2014:none)

3 members of council have received honoraria from the University during the year, totalling £10,000 (2014 – £23,993).

The total expenses paid to or on behalf of the council members in the year was £4,639 (2014, £5,377). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

NOTES TO THE FINANCIAL STATEMENTS (continued)**7 Other operating expenses**

	Group	University	Group	University
Other operating expenses include:	2015	2015	2014	2014
	£000	£000	£000	£000
Residences and catering	1,335	1,396	1,422	1,483
Research grants and contracts	197	197	266	266
Scholarships, bursaries and prizes (excluding funded scholarships)	521	521	567	567
Books, periodicals and electronic resources	167	167	174	174
Heat and light (excluding residences)	227	227	216	216
Repairs and maintenance (excluding residences)	647	647	477	477
Invoiced labour costs	2,047	2,047	1,721	1,721
Grants to Students Union	100	100	110	110
Grant to Alumni Association	-	-	1	1
External auditors remuneration in respect of audit services	51	51	26	26
External auditors remuneration in respect of non-audit services	31	31	8	8
Other	5,194	5,180	3,802	3,787
	10,517	10,564	8,790	8,836

8 Interest and other finance costs

	University/ Group	University/ Group
	2015	2014
	£000	£000
On bank loans repayable wholly or partly in more than five years	202	114
Finance lease interest	9	12
	211	126

9 Analysis of expenditure by activity

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Academic and related expenditure	14,384	14,384	12,431	12,431
Administration and central services	6,680	6,665	6,520	6,505
Premises	2,574	2,574	2,485	2,485
Residences and catering	2,602	2,665	2,620	2,681
Research grants and contracts	781	781	809	809
	27,021	27,069	24,865	24,911

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**10 Fixed assets**

	University / Group	University / Group	University / Group	University / Group	University / Group
	Freehold land	Freehold buildings	Equipment	Assets in course of construction	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2014	5,142	20,510	8,253	1,756	35,661
Additions	-	2,564	924	-	3,488
Transfers	-	-	(82)	82	-
Disposals	-	-	-	(1,502)	(1,502)
At 31 December 2015	5,142	23,074	9,095	336	37,647
Accumulated depreciation:					
At 1 January 2014	-	7,162	3,439	-	10,601
Charge for the year	-	412	1,008	-	1,420
Disposals	-	-	-	-	-
At 31 December 2015	-	7,574	4,447	-	12,021
Net book value:					
At 31 December 2015	5,142	15,500	4,648	336	25,626
At 31 December 2014	5,142	13,348	4,814	1,756	25,060

The market value of land and buildings is considered to be in excess of the carrying value. Assets held under finance leases had a net book value of £24,800. Depreciation of these assets in the year was £2,480.

11 Investments

University	University 2015 £000	University 2014 £000
Shares in CVCP Properties Plc at cost	23	23
Group	Group 2015 £000	Group 2014 £000
Shares in CVCP Properties Plc at cost	23	23
Listed investments	1,652	1,607
Investment properties	684	684
Cash investment deposits	248	217
	2,607	2,531

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 cost and net market value.

NOTES TO THE FINANCIAL STATEMENTS (continued)**12 Trade and other receivables**

	Group 2015 £000	University 2015 £000	Group 2014 £000	University 2014 £000
Amounts falling due within one year:				
Student receivables	1,525	1,525	1,227	1,227
Other trade receivables	583	582	265	260
Prepayments and accrued income	610	610	531	531
Amounts due from subsidiary companies	24	24	29	29
	2,742	2,741	2,052	2,047

The amounts due from 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

	Group 2015 £000	University 2015 £000	Group 2014 £000	University 2014 £000
Bank loans	567	567	250	250
Student fees received in advance	10,972	10,972	9,835	9,835
Trade payables	806	806	880	880
Social security and other taxation payable	321	321	316	316
Other payables	1,086	1,090	1,215	1,215
Obligations under finance leases	5	5	5	5
Accruals and deferred income	842	842	500	500
	14,599	14,603	13,001	13,001

14 Creditors: amounts falling due after more than one year

	University/ Group 2015 £000	University/ Group 2014 £000
Bank and other loans		
Repayable to Santander by October 2023	2,000	2,250
Repayable to Santander by January 2027	2,812	-
Repayable to Royal Bank of Scotland Plc by December 2030	934	1,000
	5,746	3,250
Less amounts falling due within one year	(567)	(250)
	5,179	3,000
Analysis of loan repayments		
Between one and two years	567	250
Between two and five years	1,700	933
After five years	2,912	1,817
	5,179	3,000

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

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 ending 2023 is split into:

- A fixed fund loan at 1.5% margin above the swap rate of 2.66% on £2,150,000: and
- A fixed fund loan at 2% margin above the swap rate of 2.66% on £850,000.

It is secured by legal charges over 22 residential properties.

The Santander £3 million bank loan ending 2027 is a fixed funds loan of £3,000,000 at 1.5% margin above a fixed swap rate of 1.72%. This loan is secured against the Chandos Road Building.

The three bank loans are repayable by instalments.

Amounts due under finance leases	University/ Group 2015 £000	University Group 2014 £000
Between one and two years	5	5
Between two and five years	15	20
After five years	-	-
	20	25

15 Provision for liabilities and charges

Pension provisions EBP	University/ Group 2015 £000	University Group 2014 £000
At 1 January	158	158
Additions	-	-
Utilised in the year	(29)	-
	129	158

NOTES TO THE FINANCIAL STATEMENTS (continued)**15 Provision for liabilities and charges (continued)****Pension provisions – obligation to fund USS pension deficit**

	University/ Group 2015 £000	University Group 2014 £000
At 1 January	857	857
Additions	364	-
Utilised in the year	-	-
	<u>1,221</u>	<u>857</u>
Total pension provision	<u>1,350</u>	<u>1,015</u>

Other provisions

	University/ Group 2015 £000	University Group 2014 £000
At 1 January	127	-
Increase in provision	-	127
Release to income and expenditure	(127)	-
At 31 December	<u>-</u>	<u>127</u>

In 2014, other provisions was a provision for any future obligations to the European School of Economics.

NOTES TO THE FINANCIAL STATEMENTS (continued)**16 Endowment reserves**

Restricted net assets relating to endowments are as follows:

	Group 2015	Group 2015	Group 2015 Total	University 2015 Total	Group 2014 Total	University 2014 Total
	Restricted Permanent	Restricted Expendable		Restricted Expendable	Restricted Permanent/ Expendable	Restricted Expendable
	£000	£000	£000	£000	£000	£000
Capital	1,596	1,009	2,605	43	3,553	630
Accumulated income	75	115	190	-	88	13
Balance at 1 January	1,671	1,124	2,795	43	3,641	643
New endowments	-	-	-	-	4	4
Other reserves transfer	61	-	61	-	61	-
Investment income	33	24	57	-	61	-
Expenditure	(35)	(331)	(366)	(3)	(988)	(604)
Increase in market value of investments	17	11	28	-	16	-
At 31 December	1,747	828	2,575	40	2,795	43
Represented by:						
Capital	1,596	678	2,274	40	2,605	43
Accumulated Income	151	150	301	-	190	-
	1,747	828	2,575	40	2,795	43

NOTES TO THE FINANCIAL STATEMENTS (continued)**16 Endowment reserves (continued)**

Analysis by type of purpose:

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Scholarships and bursaries	2,417	-	2,316	-
Research support	100	40	423	43
Prize funds	58	-	56	-
General	-	-	-	-
	2,575	40	2,795	43

Analysis by asset:

	Group	University	Group	University
	2015	2015	2014	2014
	£000	£000	£000	£000
Fixed assets - investments	1,652	-	1,607	-
Fixed assets - investment properties	684	-	684	-
Current and non-current asset investments	-	-	-	-
Cash and cash equivalents (including investment deposits)	239	40	504	43
	2,575	40	2,795	43

17 Restricted reserves

Reserves with restrictions are as follows:

	Unspent capital grants		Donations		2015 Total		2014 Total	
	Group	University	Group	University	Group	University	Group	University
	£000	£000	£000	£000	£000	£000	£000	£000
Balances at 1 January	5,321	5,321	254	505	5,575	5,826	6,321	6,519
New grants	-	-	-	-	-	-	-	-
New donations	-	-	151	173	151	173	504	926
Investment income	-	-	-	-	-	-	-	-
Capital grants utilised	(254)	(254)	-	-	(254)	(254)	(339)	(339)
Expenditure	-	-	(232)	(576)	(232)	(576)	(911)	(1,280)
At 31 December	5,067	5,067	173	102	5,240	5,169	5,575	5,826

NOTES TO THE FINANCIAL STATEMENTS (continued)**17 Restricted reserves (continued)**

Analysis of donations by type of purpose:

	Group 2015 £000	University 2015 £000	Group 2014 £000	University 2014 £000
Scholarships and bursaries	58	32	63	18
Research support	71	46	92	434
Prize funds	2	-	2	1
General	42	24	97	52
	173	102	254	505

18 Total reserves

	Group 2015 £000	University 2015 £000	Group 2014 £000	University 2014 £000
At 1 January	19,912	17,384	19,997	17,171
Surplus/ (deficit) for the year	139	32	(85)	213
At 31 December	20,051	17,416	19,912	17,384

19 Capital commitments

At the year end there were £129,252 of capital commitments outstanding in respect of contracts for future capital expenditure entered into by the University (2014: £853,558). The University's Council has authorised a capital budget for 2016 of £5,971,556 (2015: 1,762,524.28).

20 Pension commitments

The Aviva Group Personal Pension Plan (GPP) and the NEST Auto Enrolment Scheme (AES) are defined contribution schemes, so no commitment exists beyond the employer's contractual contributions for each accounting period. The NEST scheme is a money purchase scheme contracted into the State Second Pension (S2P), which covers a small number of staff under auto enrolment.

However, the University of Buckingham Employee Benefits Plan (EBP) has defined benefit for those members with Guaranteed Minimum Pension rights, and the Universities Superannuation Scheme (USS) provides 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 and its share of USS's deficit. The latest actuarial information on each scheme is set out below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 Pension commitments (continued)

The Universities' Superannuation Scheme

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which during 2015 provides benefits based on final pensionable salary. The assets of the scheme are held in a separate fund administered by the trustee, Universities' Superannuation Limited.

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

The latest triennial actuarial valuation of the scheme was at 31 March 2014. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The next formal valuation of the scheme is due as at 31 March 2017.

At the 31 March 2014 actuarial valuation, the trustee put in place a recovery plan setting out the contributions required to remove the shortfall in the scheme.

The funding position has fluctuated since the 2014 formal valuation and the deficit has increased from £5.2 billion to £8.3 billion, using the same assumptions decided upon for the 2014 valuation.

With the scheme estimated to have a shortfall of £8.3 billion as at 31 March 2015, this is equivalent to a funding level (the ratio of assets to liabilities) of 86%.

	As at 31 March 2014	As at 31 March 2015
	£bn	£bn
Liabilities	46.9	57.3
Assets	41.6	49.1
Surplus/ (shortfall)	(5.3)	(8.2)
Funding Level	89%	86%

The liabilities of £57.3 billion have been estimated with financial assumptions based on market conditions as at 31 March 2015, and take into account the revised benefit structure effective 1 April 2016 consistent with the 2014 valuation results.

The deterioration in the scheme's funding level since the 2014 valuation is due mainly to the effect of falling gilt yields, offset to some degree by higher than expected investment returns on the scheme's assets over the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)**20 Pension commitments (continued)**

Analysis of the movement in the deficit:

Deficit at 31 March 2014	£5.3 billion
Interest on deficit	+0.3 billion
Higher than expected investment returns	-5.0 billion
Change in underlying financial conditions	+7.7 billion
Contributions paid versus cost of accrual	-0.1 billion
Deficit at 31 March 2015	£8.2 billion

At 31 March 2014 actuarial valuation, the Trustee put in place a recovery plan setting out the contributions required to remove the shortfall in the scheme.

The USS scheme, being a private occupational pension scheme falls under the remit of the pensions Regulator. As such it is required to meet certain levels of funding.

The recovery plan introduces certain changes to the scheme:

- In 2015 employers are paying 16% of payroll and this is scheduled to increase to 18% from 1 April 2016. This includes a provision for the correction of the past service deficit as at 31 March 2014.
- Final salary accruals will cease as at 31 March 2016. Benefits built up before this date will be protected but going forward accrued benefits will be increased annually in line with CPI, rather than increases in final salary.
- All members will build up future defined benefits based on Career Revalued Benefits (CRB).

Under the new reporting standard FRS 102 the University is required to calculate its share of the two deficit recovery plans. The first provision relates to the 2012 recovery plan and is a calculation of the provision required as at 1 August 2014. This has caused a re-statement of the 2014 reserves to take account of a £857k charge. A second deficit recovery plan was introduced in 2015 and this has required an increase to the provision of £364k in the year.

University of Buckingham Employee Benefits Plan

The last actuarial valuation of the scheme was prepared as at 6 April 2014. The valuation results indicated the scheme was 97% funded and the calculated shortfall of £13k was addressed by payments made during the course of the year.

The EBP is a defined contribution (money purchase) scheme which includes guaranteed minimum pension (GMP) benefits. The scheme started to wind up on 31 January 2008 when it operated on a contracted in basis. However, prior to 6 April 1997 the scheme was contracted out on a Guaranteed Minimum Pension (GMP) basis.

Those members with GMP benefits in respect of contracted out service prior to April 1997 have pensions payable from the scheme which must not be less than the GMPs specified in legislation.

The GMP rights mean the scheme provides a defined benefit.

The contributions for retirement benefits are invested with the Royal London – Mutual Insurance Society. On retirement the full proceeds of each members Individual Account are used to secure benefits in terms of the rules of the scheme, via the purchase of an annuity policy.

NOTES TO THE FINANCIAL STATEMENTS (continued)**20 Pension commitments (continued)**

The EBP pension provision relates to potential payments to encourage a reduction in Scheme membership by way of Transfer Values or the purchase of annuities, where possible.

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 showed an overall value of £346,000 (2010: £453,703). This value exceeded 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 2015 of £129,000 (2014: £158,000) in respect of the liability and costs incidental to it.

Cost to the University	Group/University	Group/ University
	2015	2014
	£000	£000
Contributions to USS	866	881
USS pension provision	364	-
Contributions to GPP	309	299
Contributions to AES	2	2
	<hr/>	<hr/>
Total pension cost for the year (note 5)	1,541	1,182

Contributions outstanding at the year end

	Group/ University	Group/ University
	2015	2014
	£000	£000
To USS	119	106
To GPP	33	32
To AES	-	-
Total outstanding	<hr/> 152	<hr/> 138

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Related party transactions

There were no related party transactions in the year.

22 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 were no material transactions between 1 January 2011 and 14 January 2011, the University consolidated the assets, liabilities and results of the Foundation from 1 January 2011. The assets and liabilities of the Foundation on consolidation 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 these in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)**23 Transition to FRS102 and the 2015 SORP**

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the 2015, SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2015, the comparative information presented in these financial statements for the year ended 2014 and in preparation of an opening FRS 102 statement of Financial Position at 1 January 2014. In preparing its FRS 102, 2015, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the 2015, SORP has affected the University's financial position and financial performance is set out in the following tables.

Financial position	Notes Below	1 January 2014		31 December 2014	
		Group £000	University £000	Group £000	University £000
Reserves under 2007 SORP		11,028	11,001	11,313	11,285
USS pension provision	a)	(857)	(857)	(857)	(857)
Deferred capital grant reserves transfer	b)	5,659	5,659	5,320	5,320
Employee leave accrual	c)	(135)	(135)	(157)	(157)
Endowment reserves transfer	d)	3,522	643	3,224	639
Restricted reserves adjustment	e)	780	860	1,069	1,154
Reserves under 2015 SORP		19,997	17,171	19,912	17,384
Financial performance	Notes Below	31 December 2014		31 December 2015	
		Group £000	University £000	Group £000	University £000
Surplus for the year under 2007 SORP		285	285	1,058	1,056
USS pension provision	a)	-	-	(364)	(364)
Deferred capital grant reserves	b)	(339)	(339)	(254)	(254)
Employee leave accrual	c)	(22)	(22)	-	-
Movement in endowment reserves	d)	(298)	(4)	(220)	(3)
Restricted reserves adjustment	e)	289	293	(81)	(403)
Total effect of transition to FRS102		(370)	(72)	(919)	(1,024)
Total comprehensive income for the year		(85)	213	139	32

Cash flow

There is no impact of the transition to FRS102 on the cash flows of the University or the Group.

In accordance with FRS102 and the 2015 SORP, the following adjustments have been made.

- Recognition of obligation to fund past deficit of USS.
- Recognition of capital grants in accordance with the performance model.
- Recognition of untaken annual leave liability at Balance Sheet date.
- Recognition of non-exchange transactions (endowments) under the performance model.
- Recognition of non-exchange transactions (donations with restrictions) under the performance model.

NOTES TO THE FINANCIAL STATEMENTS (continued)**23 Transition to FRS102 and the 2015 SORP (continued)****University**

	1 January 2014			31 December 2014		
	2007 SORP	Effect of transition to 2015 SORP	2015 SORP	2007 SORP	Effect of transition to 2015 SORP	2015 SORP
	£000	£000	£000	£000	£000	£000
Non-current assets						
Fixed Assets	22,752	-	22,752	25,060	-	25,060
Investments	23	-	23	23	-	23
	<u>22,775</u>	<u>-</u>	<u>22,775</u>	<u>25,083</u>	<u>-</u>	<u>25,083</u>
Endowment assets	643	(643)	-	639	(639)	-
Current assets						
Trade and other receivables	2,838	-	2,838	2,047	-	2,047
Cash and cash equivalents	7,360	643	8,003	6,783	639	7,422
	10,198	643	10,841	8,830	639	9,469
Less: Creditors: amounts falling due within one year	<u>(12,875)</u>	<u>725</u>	<u>(12,150)</u>	<u>(13,998)</u>	<u>997</u>	<u>(13,001)</u>
Net current (liabilities)/ assets	<u>(2,677)</u>	<u>1,368</u>	<u>(1,309)</u>	<u>(5,168)</u>	<u>1,636</u>	<u>(3,532)</u>
Total assets less current liabilities	20,741	725	21,466	20,554	997	21,551
Creditors: amounts falling due after more than one year	<u>(3,280)</u>	<u>-</u>	<u>(3,280)</u>	<u>(3,025)</u>	<u>-</u>	<u>(3,025)</u>
Provisions						
Provisions for liabilities	-	-	-	(127)	-	(127)
USS pension liability	-	(857)	(857)	-	(857)	(857)
Other pension provision	<u>(158)</u>	<u>-</u>	<u>(158)</u>	<u>(158)</u>	<u>-</u>	<u>(158)</u>
Total net assets	<u>17,303</u>	<u>(132)</u>	<u>17,171</u>	<u>17,244</u>	<u>140</u>	<u>17,384</u>
Endowment funds	(643)	643	-	(639)	639	-
Deferred capital grants	(5,659)	5,659	-	(5,320)	5,320	-
Reserves	(11,001)	11,001	-	(11,285)	11,285	-
Restricted reserves						
Income and expenditure reserve – endowment reserve	-	(643)	(643)	-	(43)	(43)
Income and expenditure reserve – restricted reserve	-	(6,519)	(6,519)	-	(5,826)	(5,826)
Unrestricted reserves						
Income and expenditure reserve – unrestricted	-	(10,009)	(10,009)	-	(11,515)	(11,515)
Total reserves	<u>(17,303)</u>	<u>132</u>	<u>(17,171)</u>	<u>(17,244)</u>	<u>(140)</u>	<u>(17,384)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**23 Transition to FRS102 and the 2015 SORP (continued)****Group**

	1 January 2014			31 December 2014		
	2007 SORP	Effect of transition to 2015 SORP	2015 SORP	2007 SORP	Effect of transition to 2015 SORP	2015 SORP
	£000	£000	£000	£000	£000	£000
Non-current assets						
Fixed Assets	22,752	-	22,752	25,060	-	25,060
Investments	23	2,804	2,827	23	2,508	2,531
	<u>22,775</u>	<u>2,804</u>	<u>25,579</u>	<u>25,083</u>	<u>2,508</u>	<u>27,591</u>
Endowment assets	3,522	(3,522)	-	3,224	(3,224)	-
Current assets						
Trade and other receivables	2,841	-	2,841	2,053	(1)	2,052
Cash and cash equivalents	7,384	718	8,102	6,805	632	7,437
	<u>10,225</u>	<u>718</u>	<u>10,943</u>	<u>8,858</u>	<u>631</u>	<u>9,489</u>
Less: Creditors: amounts falling due within one year	(12,874)	645	(12,229)	(13,998)	997	(13,001)
Net current (liabilities)	<u>(2,649)</u>	<u>1,363</u>	<u>(1,286)</u>	<u>(5,140)</u>	<u>1,628</u>	<u>(3,512)</u>
Total assets less current liabilities	23,648	645	24,293	23,167	912	24,079
Creditors: amounts falling due after more than one year	(3,281)	-	(3,281)	(3,025)	-	(3,025)
Provisions						
Provisions for liabilities	-	-	-	(127)	-	(127)
USS pension liability	-	(857)	(857)	-	(857)	(857)
Other pension provision	(158)	-	(158)	(158)	-	(158)
Total net assets	<u>20,209</u>	<u>(212)</u>	<u>19,997</u>	<u>19,857</u>	<u>55</u>	<u>19,912</u>
Endowment funds	(3,522)	3,522	-	(3,224)	3,224	-
Deferred capital grants	(5,659)	5,659	-	(5,320)	5,320	-
Reserves	(11,028)	11,028	-	(11,313)	11,313	-
Restricted reserves						
Income and expenditure reserve – endowment reserve	-	(3,641)	(3,641)	-	(2,795)	(2,795)
Income and expenditure reserve – restricted reserve	-	(6,321)	(6,321)	-	(5,575)	(5,575)
Unrestricted reserves						
Income and expenditure reserve – unrestricted	-	(10,035)	(10,035)	-	(11,542)	(11,542)
Total reserves	<u>(20,209)</u>	<u>212</u>	<u>(19,997)</u>	<u>(19,857)</u>	<u>(55)</u>	<u>(19,912)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**23 Transition to FRS102 and the 2015 SORP (continued)**

University	Year ended 31 December 2014		
	2007 SORP £000	Effect of transition to 2015 SORP £000	2015 SORP £000
Income			
Tuition fees and education contracts	19,212	-	19,212
Research grants and contracts	317	-	317
Other income	4,944	(339)	4,605
Investment income	58	-	58
Total income before endowments and donations	24,531	(339)	24,192
Donations and endowments	624	308	932
Total income	25,155	(31)	25,124
Expenditure			
Staff costs	(14,589)	-	(14,589)
Other operating expenses	(8,796)	(40)	(8,836)
Depreciation	(1,360)	-	(1,360)
Interest and other finance costs	(126)	-	(126)
Total expenditure	(24,871)	(40)	(24,911)
Surplus before other gains and losses	284	(71)	213
Gain/ (loss) on investments	-	-	-
Surplus for the year/ Total comprehensive income for the year	284	(71)	213

NOTES TO THE FINANCIAL STATEMENTS (continued)**23 Transition to FRS102 and the 2015 SORP (continued)**

Group	Year ended 31 December 2014			
	2007 SORP	STRGL	Effect of	2015 SORP
	£000	items	transition to	£000
		£000	2015 SORP	
			£000	
Income				
Tuition fees and education contracts	19,212	-	-	19,212
Research grants and contracts	317	-	-	317
Other income	4,944	-	(339)	4,605
Investment income	120	-	-	120
Total income before endowments and donations	24,593	-	(339)	24,254
Donations and endowments	560	-	(50)	510
Total income	25,153	-	(389)	24,764
Expenditure				
Staff costs	(14,589)	-	-	(14,589)
Other operating expenses	(8,750)	-	(40)	(8,790)
Depreciation	(1,360)	-	-	(1,360)
Interest and other finance costs	(126)	-	-	(126)
Total expenditure	(24,825)	-	(40)	(24,865)
Surplus before other gains and losses	328	-	(429)	(101)
Gain on investments	-	16	-	16
Operating surplus on continuing operations for the year/ Surplus for the year	328	16	(429)	(85)
Surplus for the year transferred to accumulated income in endowment	(43)	43	-	-
Surplus for the year retained within general reserves/ Total comprehensive income for the year	285	59	(429)	(85)

NOTES TO THE FINANCIAL STATEMENTS (continued)**23 Transition to FRS102 and the 2015 SORP (continued)**

University	Year ended 31 December 2015		
	2007 SORP	Effect of transition to 2015 SORP	2015 SORP
	£000	£000	£000
Income			
Tuition fees and education contracts	21,081	-	21,081
Research grants and contracts	338	-	338
Other income	5,006	(254)	4,752
Investment income	76	-	76
	<hr/>		
Total income before endowments and donations	26,501	(254)	26,247
Donations and endowments	1,260	(406)	854
	<hr/>		
Total income	27,761	(660)	27,101
	<hr/>		
Expenditure			
Staff costs	(14,509)	(364)	(14,873)
Other operating expenses	(10,565)	-	(10,565)
Depreciation	(1,420)	-	(1,420)
Interest and other finance costs	(211)	-	(211)
	<hr/>		
Total expenditure	(26,705)	(364)	(27,069)
	<hr/>		
Surplus before other gains and losses	1,056	(1,024)	32
Gain/ (loss) on investments	-	-	-
	<hr/>		
Surplus for the year/ Total comprehensive income for the year	1,056	(1,024)	32
	<hr/>		

NOTES TO THE FINANCIAL STATEMENTS (continued)**23 Transition to FRS102 and the 2015 SORP (continued)**

Group	Year ended 31 December 2015			
	2007 SORP	STRGL items	Effect of transition to 2015 SORP	2015 SORP
	£000	£000	£000	£000
Income				
Tuition fees and education contracts	21,081	-	-	21,081
Research grants and contracts	338	-	-	338
Other income	5,006	-	(254)	4,752
Investment income	132	-	-	132
Total income before endowments and donations	26,557	-	(254)	26,303
Donations and endowments	1,250	-	(421)	829
Total income	27,807	-	(675)	27,132
Expenditure				
Staff costs	(14,509)	-	(364)	(14,873)
Other operating expenses	(10,517)	-	-	(10,517)
Depreciation	(1,420)	-	-	(1,420)
Interest and other finance costs	(211)	-	-	(211)
Total expenditure	(26,657)	-	(364)	(27,021)
Surplus before other gains and losses	1,150	-	(1,039)	111
Gain on investments	-	28	-	28
Operating surplus on continuing operations for the year/ Surplus for the year	1,150	28	(1,039)	139
Surplus for the year transferred to accumulated income in endowment	(92)	92	-	-
Surplus for the year retained within general reserves/ Total comprehensive income for the year	1,058	120	(1,039)	139