



University of Buckingham

Financial Statements

2014



THE UNIVERSITY OF BUCKINGHAM

Registered Charity Number 1141691

Financial Statements

for the year ended

31 December 2014

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CHAIRMAN'S STATEMENT

2014 was a year of major change at the top of the University. In March we celebrated the installation of Lady Tessa Keswick as our new Chancellor, in succession to Lord Tanlaw. Lady Keswick brings to the University a wealth of experience in public life and political circles and a passion for many issues close to the University's heart, having written on a wide range of subjects - education, health, law and order, women's issues, the European Union, the Constitution, tax and regulatory affairs - for public policy pamphlets and national newspapers.

In July, Professor Terence Kealey announced his decision to step down as Vice Chancellor. He had served in that position with great distinction for 13 years and at the time of his retirement he was the longest-serving Vice Chancellor in the UK. Indeed it is worth noting that the average tenure of Vice Chancellors at UK universities is now less than 5 years. Under Professor Kealey's leadership the academic and financial fortunes of the University were transformed. He oversaw substantial changes in the administrative structure of the University and in its estate and restored financial stability; he raised the national profile of the University by his writing, by his appointments, and by embracing league tables; he championed new initiatives that greatly expanded the scope of the University's activities, first the School of Education and more recently the Medical School. We wish him well as he moves on now to develop his academic interests in new pastures.

In December, Dr Robert Vanderplank decided to step down as Chairman of the University Council after two years in the position, although he had served on Council since 2011 as an AAC representative. The University benefitted greatly from Dr Vanderplank's academic experience, and among other things he was responsible for the introduction of a new Dignity at Work and Study policy. Before he stepped down, Dr Vanderplank had set in motion the search for a new Vice Chancellor, which came to a conclusion early in March 2015. Although not strictly within the remit of a 2014 report, I cannot resist recording the University's delight and good fortune that Sir Anthony Seldon, the noted educator, writer, scholar and broadcaster, has agreed to be its next Vice Chancellor. Sir Anthony will take up his appointment in September 2015. During the inter-regnum we have been very fortunate that Alistair Alcock has stepped up from his previous role as Deputy Vice-Chancellor to guide the University skilfully

Council saw two further resignations in 2014, Jeremy Nichols and Chris Doe (UBAA representative) while David Duce stood down from AAC. In the University, Julian Lovelock retired as PVC and Dean of Arts and Languages, but continues to work part-time in marketing. We thank them all for their contributions. Meanwhile, we were pleased to welcome as new external members of Council Mr Brandon Lewis MP, Mr Luke Johnson, Mr Brian Kingham and Mr John McIntosh (AAC); as new Senate representatives Dr Claire Stocker, Dr Kenny Langlands, Prof John Drew, Prof Susan Edwards and Professor Bob Watt; and as non-teaching staff representatives Ms Pearl Lewis and Ms Carmen Austin.

The new Medical School featured prominently among the business of Council in 2014. Refurbishment of the Chandos Road building was completed on schedule and on budget, while discussion continues on the new building planned as a joint venture with Milton Keynes hospital. The Medical School, with Professor John Clapham as its Chief Operating Officer, duly opened its doors in January 2015 to 65 excellent students, falling just short of the planned intake of 70 because of last minute withdrawals. Meanwhile Professor Stuart Morganstein continues to lead the initiative to establish a Dental School. These expansions of the scope of University activity are very exciting, not least because of the potential for synergy with existing schools in the development of new courses, but there are of course very significant financial implications, most especially in terms of cash flow in early years when expenditure will inevitably exceed income. It is greatly to be welcomed therefore that Brian Kingham has put together a Medical School Development Board under his chairmanship with a target of raising £30m.

I am pleased to conclude that the University enters 2015 in confident and optimistic mood!

Prof Kenneth Siddle
Acting Chairman of Council

VICE-CHANCELLOR'S PREFACE

Introduction

In each of the last three financial years, the University has produced a surplus of around £1.5m before the costs of setting up the Medical School, which at over £1.2 million in this last year, reduced our published surplus to £285,000. However, that investment is now beginning to pay off with the first intake of 66 Medical undergraduates in January 2015. At the year end we had over 2000 students. These numbers include off-campus students, amongst whom are those in Education, those on the Ealing Clinical MD programme, and those on the London MA programmes, so the numbers full-time on campus are lower at around 1400. This is slightly down on the numbers in 2013, a mark of the incredibly competitive HE market in the UK.

Table 1 Student Numbers Since 2005

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Type of Student</i>										
Home	234	247	311	339	385	463	596	782	870	818
Overseas	451	482	458	554	600	539	578	678	661	502
Foundation/ non-degree	n/a	n/a	n/a	n/a	n/a	59	66	80	118	106
Total on campus	685	729	769	893	985	1061	1240	1540	1649	1588
Education PGCE/ Med	46	61	81	117	172	210	266	393	550	612
London MA and MD	n/a	n/a	n/a	n/a	n/a	37	47	86	160	249
Total Registered	731	790	850	1010	1157	1308	1553	2019	2359	2287

Table 2 shows that the growth in the size of the student body is reflected in the health of our Income and Expenditure Account.

Table 2 Income and Expenditure Since 2005

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	10,264	10,538	10,836	11,697	12,580	14,588	17,106	21,599	24,967	25,153
Expenditure	10,243	10,517	10,893	11,823	12,793	14,405	16,585	20,037	23,505	24,868
Exceptional										
Items	(66)	-	(110)	220	-	-	-	-	-	-
Surplus	(45)	21	(167)	94	(213)	183	521	1,562	1,462	285

Table 3 shows that we apparently have the second-best ratio in Britain, but the other universities in that table are research-intensive, and they include researchers in their staff counts, whereas we are teaching-intensive, so our student:staff ratios reflect the best real teaching ratio in Britain today. Equally, we alone alongside with Oxford and Cambridge have retained the tradition of small group

VICE-CHANCELLOR'S PREFACE (Continued)

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.

Table 3 Student:Staff Ratios and Student Satisfaction

University	Student:staff ratio	University	Satisfaction Position
University College London	10.3	Coventry	1 st
Buckingham	10.5	Buckingham	2 nd
Oxford	10.6	St Andrews	3 rd
SOAS, London	10.9	Bath	4 th
Cambridge	11.3	Surrey	5 th

The data come from the *Complete University Guide 2016*

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

News from the Schools

The Law School

This last year has seen the retirement of Irving Stevens. Irving has been at the School since its foundation, and it is extraordinary to think that as a teacher of at least two core subjects, Irving must have taught every single Law student ever to have graduated from Buckingham. This must be a unique record and to mark this, the University has granted Mr Irving Stevens an Honorary Fellowship.

The Law School has always prided itself on producing "employment-ready" graduates and in the 2015 Guardian League Table, the School came first out of 119 Law Schools for Employability. To develop students' legal skills, the School has entered into a partnership with the Citizens Advice Bureaux to train students to give advice. It has also supported students on mini-pupillages and other skills exercises through its Street Legal Programme.

The School's staff remain engaged in a wide range of research. Professors Bray and Watt and Dr Joscelyne Scutt have all given expert advice to legislators this year in their respective specialist fields. Professor Hatchard and Mrs Hephzibah Egede have meanwhile continued to develop the Centre for Extractive Energy Studies.

Supporting the Research efforts of the School is the Denning Law Journal which in 2015 is devoting its edition to the 800th anniversary of Magna Carta. I must express my personal thanks to its editor, Professor Susan Edwards, not just for her work on the Denning, but also for taking on the Acting Deanship of the School when I was required to take up my current position.

The School of Humanities

Professor Martin Ricketts decided to retire early this year after spending almost his whole career here at Buckingham and what must be the record number of years for anyone in the Senior Management Team. However, Professor Ricketts has agreed to return to do some teaching and to lead the Beloff Centre for the Study of Liberty. Under his leadership, Humanities and Social

VICE-CHANCELLOR'S PREFACE (Continued)

Sciences have thrived and grown at the University. I am sure that his successor as Dean, Professor John Drew, will continue this good work.

Drs Madeira and Dornschneider have recently joined the staff to develop further the postgraduate social science programmes. The Centre for Security and Intelligence Studies has established itself not just as a teaching centre, but also as a centre providing advice on this whole area. Professor Glees and Mr Julian Richards have submitted both written and oral evidence to the Parliamentary Enquiry into the balance between security and privacy. Dr Paul Graham has taken over responsibility for this part of the School.

On the Arts & Languages side, the English Department ranked first equal for student satisfaction out of 105 such departments in the 2015 Guardian League Table while still producing an extraordinary amount of research. Following the Dickens Bicentenary in 2012, the *Dickens Journals Online* project has received international publicity and is used in over 170 countries worldwide; our digital expertise has now been extended into the 'Drood Inquiry', Dr Pete Orford's project to explore and celebrate Dickens' final unfinished novel. However, new research has also been published on Geoffrey Hill, W.M. Thackeray, Anthony Trollope, Leigh Hunt and the diarist James Strachey.

By contrast, the Journalism programmes have concentrated on providing practical experience for students from the moment they start. Bucks 101 is a new web-based radio broadcast growing into a full scheduled service; anyone on campus has the right to offer an hour a week of content. Our students also prepare a half-hourly news bulletin each week, which is broadcast live—one of only a handful of live university shows in the country.

Under the leadership of Professor John Adamson, the Humanities Research Institute has launched a series of Public Lectures in London to raise awareness of its Research Programmes. New appointments in the Humanities Research Institute include the distinguished philosopher, Professor Roger Scruton, a Fellow of the British Academy, who is developing a new Masters Programme in his subject and Dr Susanna Avery-Quash, Head of Research at the National Gallery who is teaching on the London-based Masters Programme in the History of Art.

Space has been a problem for the School of Education, solved by moving their activities out to the Conference Centre at Whittlebury Hall. This has allowed accommodation for the nearly 500 students that now come in for blocks of teaching and for the growing administrative staff needed to support these students. Geraint Jones is the Dean of this remarkably successful department, but his predecessor, Peter Ireland is another retiree who has not really left as he continues to lead the MED in Educational Leadership.

The Business School

Dr Frances Robinson, a former Dean of the Business School, has retired, but as with other Buckingham retirees, she has returned to continue her activities with our Academic Collaborations, including the Business School's collaboration with the International Business School in Budapest. Otherwise, the staffing of the Business School has been remarkably stable, even if responsibilities have been moved around to deal with a School that is twice the size it was five years ago. The expansion has meant some new members of staff including Mary Powys and Dr Owen Jones.

Employability is at the centre of the School's mission. Deba Bardhan-Correia is leading a review of our Management Programmes with this in mind. Our Accounting and Financial Management programmes grant students exemptions from a number of professional exams and the Department is seeking Centre of Excellence status from the Chartered Institute of Securities and Investment. The Business Enterprise Programme, where undergraduates have to set up their own business,

VICE-CHANCELLOR'S PREFACE (Continued)

remains one of just three in the world and goes from strength to strength under Nigel Adams' leadership.

At the Postgraduate level, the School's MBA has been completely revised and a new MBA in Medical Leadership and Management, developed with St Andrew's Healthcare in Northampton. The School has also been developing Executive Courses through the Centre for Professional and Executive Development. Other new postgraduate programmes are an MSc in Continuous Improvement in the Public Services and MSc in Innovation and Design.

These last two and a series of short courses have been developed by John Bicheno and his team responsible for the MSc in Lean Management. The team has also been leading the School's research output with publications and conference papers in the area. However, research has certainly not been confined to this. For example, Deba Bardhan-Correia has presented on People Performance, Dr Singh on Housing Price Bubbles in China, Dr Halari on Islamic Calendar Anomalies and Dr Burrow on Michelin Starred Chefs.

The School of Science and Postgraduate Medicine

Leadership of the Applied Computing Department has passed from Professor Sabah Jassim to Dr Harin Sellahewa, himself a Buckingham alumnus. Under Professor Jassim, the Department particularly expanded its postgraduate provision with strong links to the Middle East. Also during this last year, the Applied Computing programmes have obtained accreditation from the British Computer Society, the Chartered Institute for IT and on the research side, Dr Al-Assam and Mr Hongbo Du have been awarded a three year Knowledge Transfer Partnership funded by Innovate UK and Deepnet Security Ltd.

Research has been a strong element in the development of the Psychology Department. It has developed links to the Medical School with a British Psychological Society accredited Health Psychology Programme, and Emily Doe has joined the staff from Northampton to develop this area. Also collaborations with hospitals have already resulted in a number of peer-reviewed papers and a post-graduate student, Jasmine Hearn, won the Academy of Spinal Cord Injury Trainee Research Award in St Louis, Missouri.

The external accreditation of both Applied Computing and Psychology have been particular achievements of Professor Jon Arch who retired this last year after four years as Dean of Science. However, as is usual with Buckingham retirees, Jon is still to be seen around contributing to the work of the Clore Laboratory, now renamed the Buckingham Institute of Translational Medicine. Again this highlights the link to the new Medical School, but also close links to Applied Computing and staff have joined forces to publish a number of peer-reviewed papers on areas like Bio-Informatics.

Although Buckingham has only just embarked upon training doctors "from scratch" so to speak, it has for many years run a Clinical MD Programme for trained doctors. This two-year programme has grown from 8 students in 2008 to nearly 100 students now. It is certainly the intention of the University to expand this post-qualification training of doctors alongside the undergraduate programme, but we first want to get the undergraduate programme firmly established.

The Medical School

Although its first students did not arrive until January 2015, 2014 was an extremely busy year, developing the Chandos Road site to welcome them and preparing curricula and teaching materials. Indeed, the influence of the School on developments in other Schools has already been noted and preceded the students. That the launch of the School has been on time and within budget is a mark

VICE-CHANCELLOR'S PREFACE (Continued)

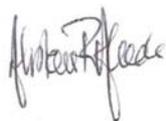
of the professionalism of the team, Professor Karol Sikora, the Dean, Professors Cawthorne, Petersen and Clapham and many others.

Changes in Leadership

2014 saw the retirement of the then longest serving Vice-Chancellor in the United Kingdom, Professor Terence Kealey. His 13 year tenure has seen the University grow from being a very small institution heavily dependent upon its Law School to a far more soundly based one with not just Law, but with significant Schools of Business, Humanities, Education, Sciences and now Medicine. When he arrived, as an independent fee-charging University, Buckingham seemed to be something of an oddity, indeed perhaps an ugly duckling. Now it is a fully established part of the mainstream of Higher Education in the United Kingdom.

In September 2015, the new Vice-Chancellor, Sir Anthony Seldon, will be joining us. 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.

In the meantime, I must thank all the staff, academic and support, for the help and support they have given me over the inter-regnum. The last few years have seen enormous changes in British Higher Education and no doubt this will not stop in the next few years. It has required constant adaptation and changes at the University and again I have no doubt that this will continue. However, this opens up enormous opportunities for a small but nimble organisation like Buckingham to seize and grow.



Professor Alistair Alcock
Acting Vice Chancellor

OPERATING AND FINANCIAL REVIEW

Status and Administration

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

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

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

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

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

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

Joint Committees of Council and Senate:

- Honorary Awards Committee
- Disability Committee
- Grievance Committee

At the year end, the Council comprised 30 trustees.

Charitable Objectives

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

OPERATING AND FINANCIAL REVIEW (continued)

Teaching

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

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

Structure of Reduced Two Year Degrees

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

Term 1	September - December
Term 2	January – March
Term 3	April – June
Term 4	July – September
Term 5	September/October – December

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

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

Research and Scholarship

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

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

Public Benefit

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

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

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

OPERATING AND FINANCIAL REVIEW (continued)

The University of Buckingham Foundation has total funds of £2.6m all of which is for the benefit of the University. Within the £2.6m, £755k is available for scholarships and bursaries, along with most of the income earned on the permanent endowments of £1.7m. £74k is available for grants and other projects and £22k is held as unrestricted donations.

In the year the University awarded total scholarships, bursaries and prizes of £567k. Excluding prizes of £8k, scholarships and bursaries were broken down as:
£72k Foundation funded, £20k from restricted donations received by the University and £467k 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.

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 make studying much more financially viable.

Financial Activities and Results

The Financial Statements

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

Results for the Period

For the year ended 31 December 2014 the University recorded a surplus of £285k. This compares to a surplus of £1.47m for the previous year. However, during 2014 the University incurred start-up costs for the new Medical School of £1.27m. Without this large revenue expenditure, the results would have been comparable to 2013.

OPERATING AND FINANCIAL REVIEW (continued)

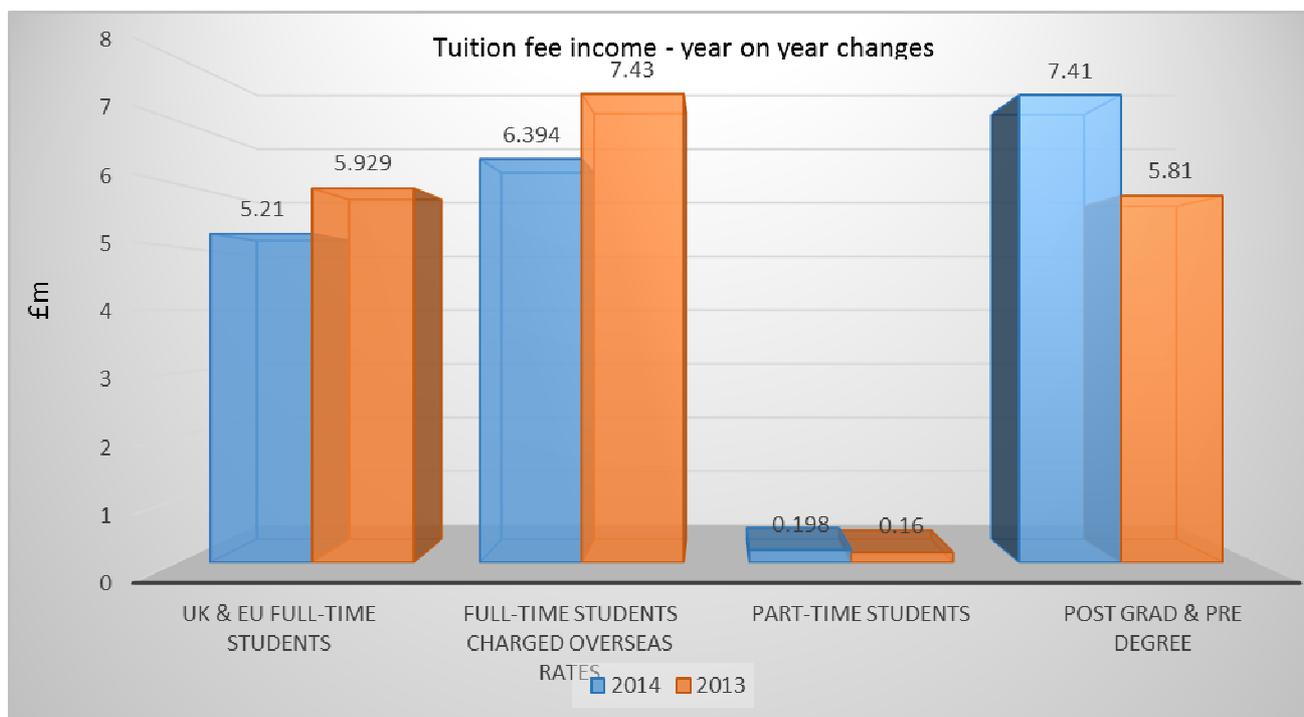
The income from tuition fees for the period, as set out in note 1, was £19.2m compared to £19.3m for the year ended 31 December 2013. Although the total, year on year is very similar; the breakdown shows a shift between types of study courses.

UK and EU full-time students have fallen 12% year on year.

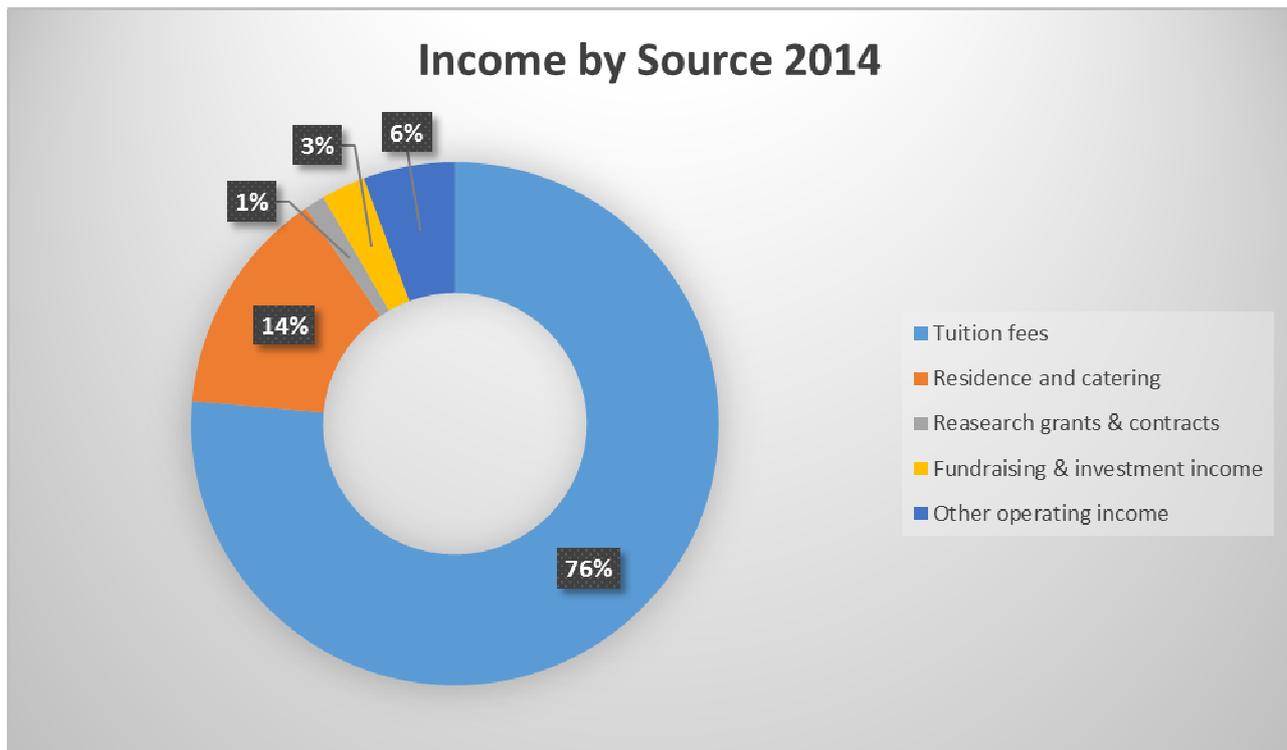
Overseas students have decreased 14% from 2013

However, part-time students have increased 24% and post graduate and pre degree courses have increased 28%.

Therefore, the reduction in undergraduate fees of £1.7m has been offset by an increase in post-graduate and pre-degree income of £1.6m.

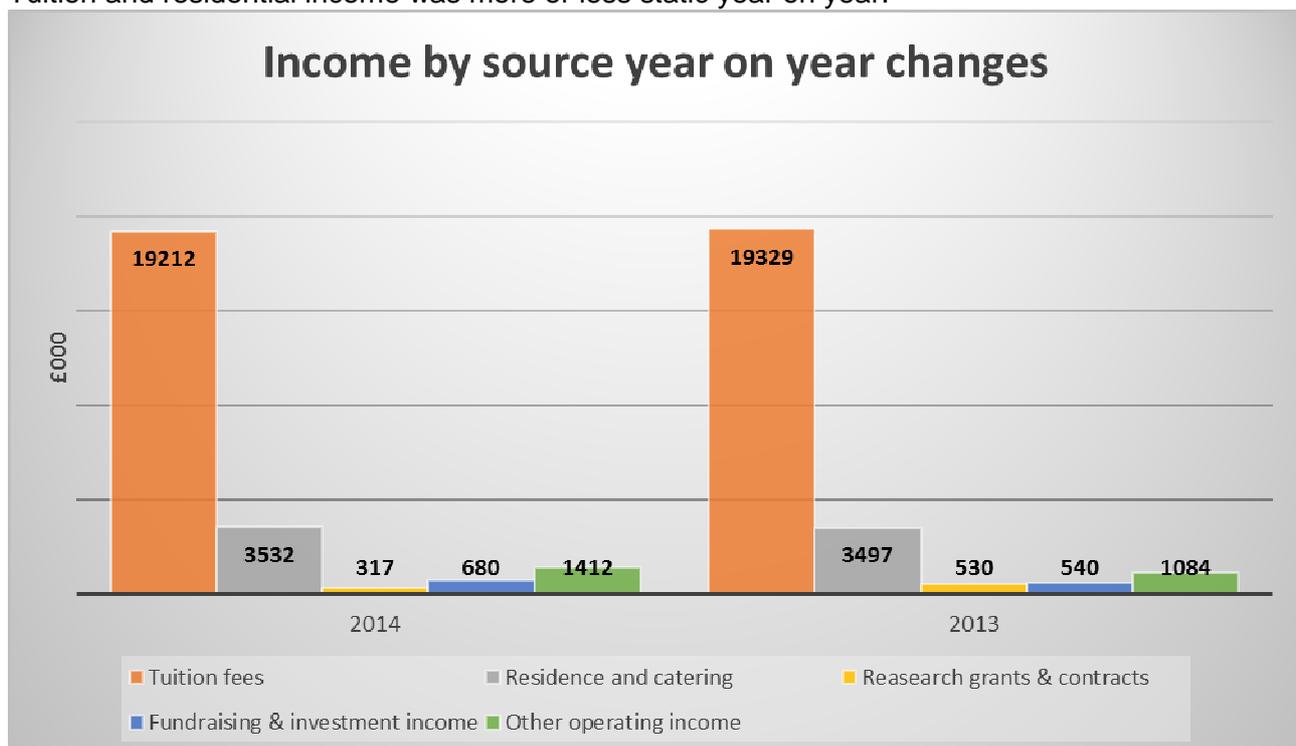


OPERATING AND FINANCIAL REVIEW (continued)



Total income increased by 0.7% year on year. Income from research grants and contracts fell by 40% compared to the previous year, as attention was focused on the Medical School. Fundraising and investment income grew by 26% (£140k) with the growth shared roughly equally between donations via the Foundation and donations direct to the University. Other operating income grew by 30% mainly due to higher validation fees of £756k versus £453k in 2013.

Tuition and residential income was more or less static year on year.



OPERATING AND FINANCIAL REVIEW (continued)

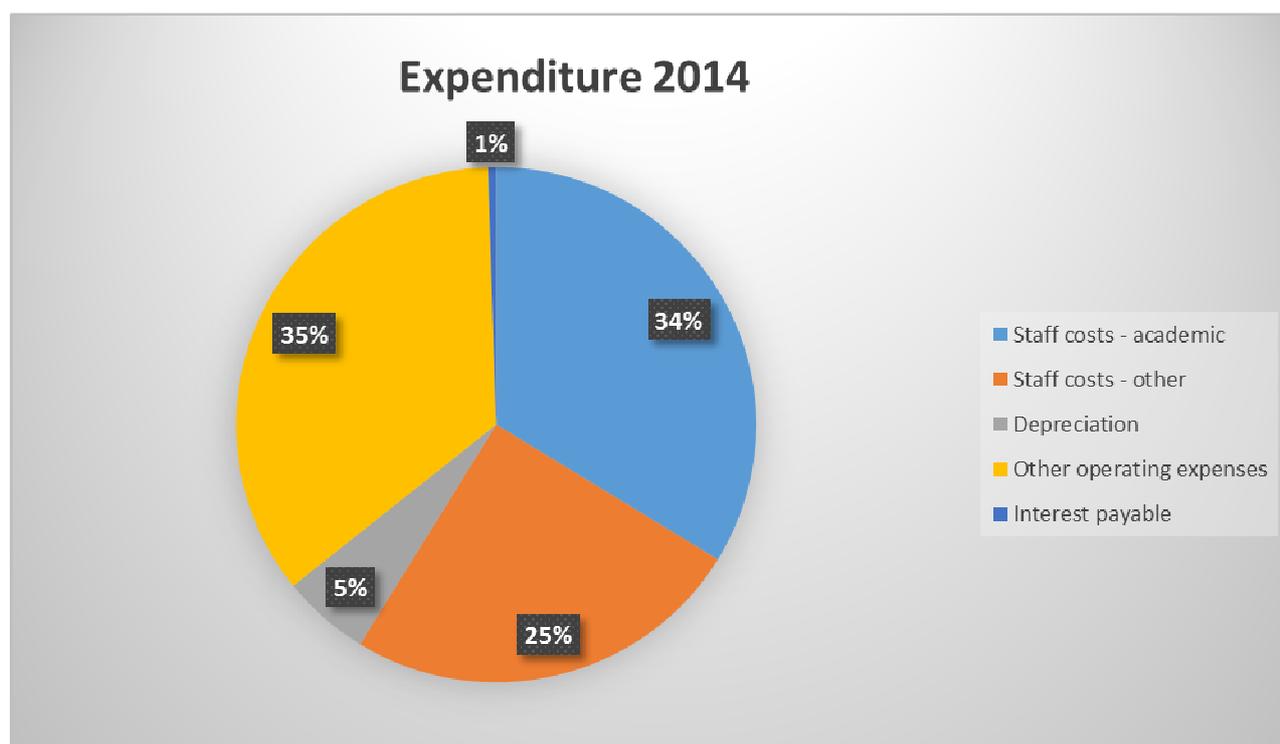
The consolidated total income for the year was £25.2m compared to £25m for the year ended 31 December 2013.

The University's Consolidated Income, Expenditure and Results for the year to 31 December 2014 are summarised as follows:

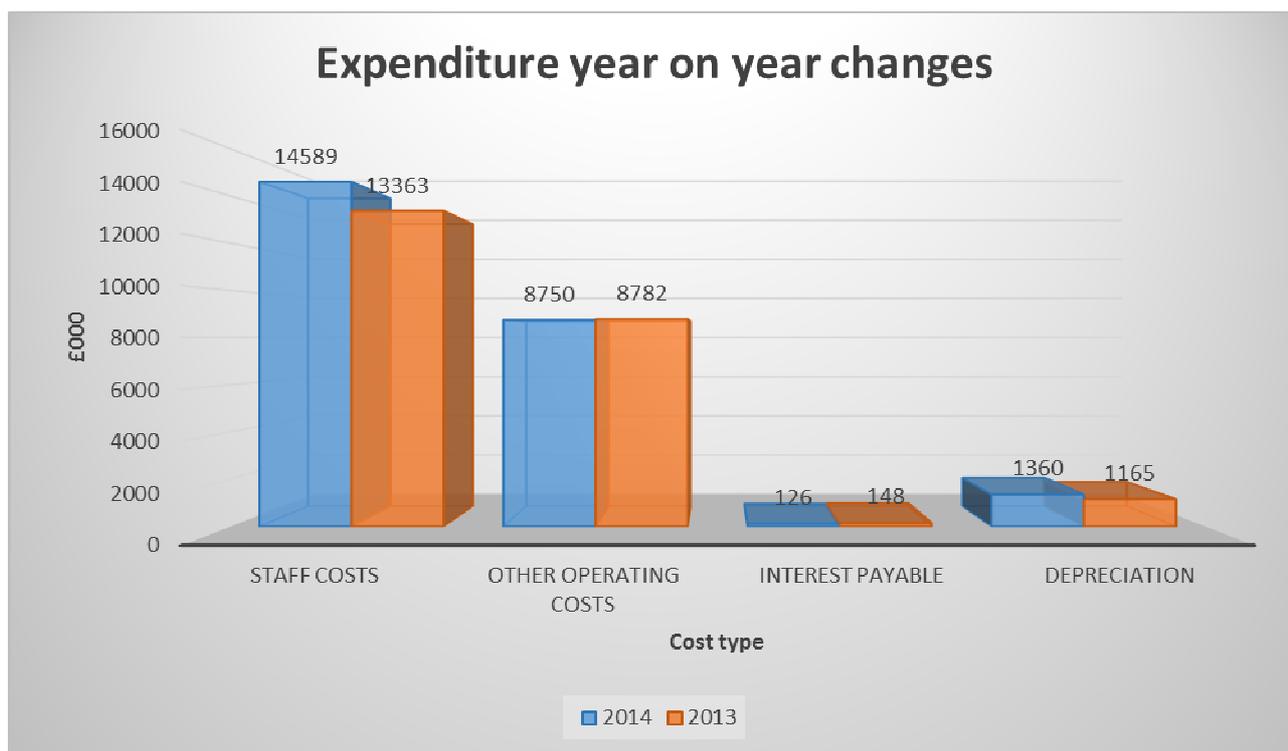
	2014 £'000	2013 £000
Income	25,153	24,980
Expenditure	24.825	23,458
Surplus on Continuing Operations	328	1,522
Surplus transferred to endowment income	(43)	(54)
Surplus for the Year	285	1,468

Expenditure:

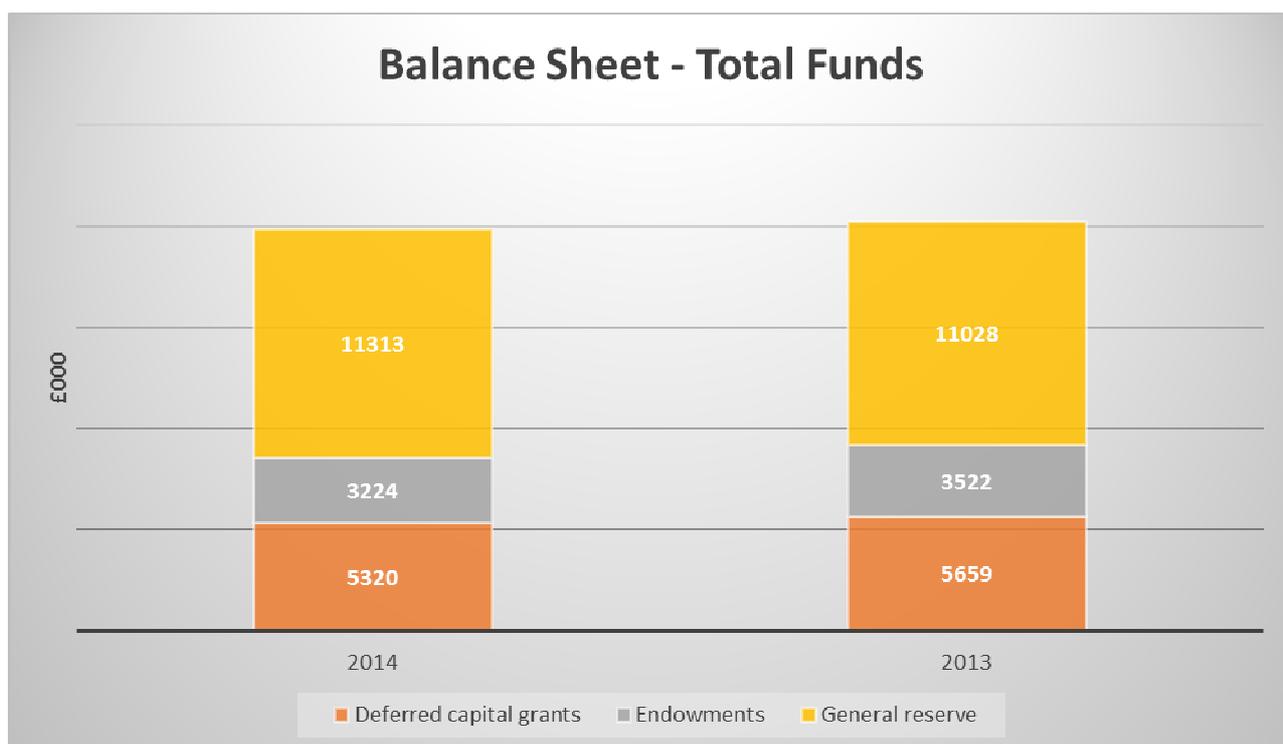
There has been a growth in total expenditure year on year of 6%. Expenditure on staff costs has risen by 9%. This rise is mainly explained by the rise in academic staff costs which has risen by 12% over the period as against other staff costs rising by 5%. The increase in staff expenditure is a result of the University's decision to start a Medical School in January 2015. Other operating costs have remained static, and depreciation rose due to the completion of several large capital projects.



OPERATING AND FINANCIAL REVIEW (continued)



The consolidated balance sheet total funds for the year showed a decrease of £352k (2013: increase £2,231k) consisting of the retained surplus in the year of £285k (2013: surplus £1,468k), a decrease in deferred capital grants of £339k and a decrease in endowment funds of £298k. As at 31 December 2014 the reserves amounted to £11,313k (31 December 2013: £11,028k).



OPERATING AND FINANCIAL REVIEW (continued)

The scholarships, bursaries and prizes of £567k (2013: £413k) were awarded to students based on academic merit and financial need.

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

Cash Flow

The Consolidated Cash Flow Statement shows there was a decrease in cash for the year of £659k (2013: increase of £1,338k).

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 in January 2015 and subsequent investment required in 2017 for the clinical stages of the course, and for increasing and further developing research activities.

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

Buckingham's distinctive position

Based on HESA returns, our student-staff ratio in 2013/14 was 11.4. This helps us to offer a much greater level of personal attention than nearly all other British universities – e.g. through more contact hours and small group tutorials. The small size of the campus and the town also promotes personal attention.

The compressed two year honours degree gives a uniquely rapid route to graduation. So not only do our graduates enter employment sooner, but they also spend less on living costs while they study.

Product and Service Strategies

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

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

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

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

OPERATING AND FINANCIAL REVIEW (continued)

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 had the equivalent of 323 full time equivalent members of staff, 127 academic, 140 support and 56 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.

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

Market risk

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

- Currency risk

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

- Interest rate risk

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

OPERATING AND FINANCIAL REVIEW (continued)

- Price risk

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

Collaborations

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

Quality Reputation

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

Liquidity Risk

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

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

2014 saw continuing progress in achieving our mission of exemplifying the viability and merits of an independently funded university.

Student numbers were stable, we reinforced our character as a British university, new courses were launched and we raised our profile further, through scholarship and participation in public policy debate.

OPERATING AND FINANCIAL REVIEW (continued)

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

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

A handwritten signature in blue ink, appearing to read 'P M Jennings', with a stylized flourish at the end.

P JENNINGS
Finance Director

STATEMENT OF CORPORATE GOVERNANCE

General

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

Summary of corporate governance structure

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

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

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

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

Operations of Council

Although the Council meets at least four times each academic year, much of its detailed business is handled by committees. The Finance and General Purposes Committee, which usually meets 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 the Council. The Remuneration Committee is responsible for determining the remuneration of the senior management team, including the Vice Chancellor.

MEMBERS OF COUNCIL (“TRUSTEES”)

Ex officio members:	The Chancellor - Lady T Keswick The Chairman of Council - Dr R Vanderplank (Resigned 22 January 2015) The Acting Chairman of Council - Professor K Siddle The Vice-Chancellor – Professor T Kealey (Resigned 4 July 2014) The Acting Vice-Chancellor – Professor A Alcock
Appointed members:	
Up to three nominated by the Academic Advisory Council:	Dr K Elliott Mr John McIntosh (Appointed 6 June 2014)
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) Mr C Jackson Mr Luke Johnson (Appointed 14 March 2014) Mr Brandon Lewis MP (Appointed 10 February 2014) Mr Brian Kingham (Appointed 28 November 2014) Ms F Lusk Mr J Nichols (Resigned 2 July 2014) 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:	Dr C Brennan (Term Ended 28 May 2014) Professor M Cawthorne (Term Ended 28 May 2014) Professor John Drew (Appointed 28 May 2014) Professor S Edwards Dr Kenny Langlands (Appointed 28 May 2014) Professor J Ridley (Term Ended 28 May 2014) Professor A Smithers (Term Ended 28 May 2014) Dr Claire Stocker (Appointed 28 May 2014) Professor bob Watt (Appointed 28 May 2014)
Up to two elected from the non-teaching staff:	Miss Carmen Austin (Elected 28 May 2014) Ms Pearl Lewis (Elected 28 May 2014) Mrs D Millns (Term Ended 28 May 2014) Mrs A Matsuoka (Term Ended 28 May 2014)
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 Matthew Khoury

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

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

In causing the financial statements to be prepared, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and University will continue in operation.

The Council has taken reasonable steps to:

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

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

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

- give a true and fair view of the state of the consolidated and University's affairs as at 31 December 2014 and of the consolidated and University's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The University of Buckingham, comprise:

- the balance sheets as at 31 December 2014;
- the income and expenditure accounts for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of total recognised gains and losses for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the statement of Responsibilities of The University's Council in Relation to the Financial Statements set out on page 20 the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with Statute 11 of the Charters and Statutes of the institution and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any

RESPONSIBILITIES OF THE UNIVERSITY'S COUNCIL IN RELATION TO THE FINANCIAL STATEMENTS (Continued)

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

We primarily focus our work in these areas by assessing the directors' 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 Annual report 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.



Jonathan Gilpin (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

28 September 2015

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1 Basis of accounting

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

2 Basis of Consolidation

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

3 Recognition of income other than donations

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

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

4 Donations

Donations received without restriction are credited direct to income.

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

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

5 Pension schemes

The 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

5 Pension schemes (continued)

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

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

6 Depreciation

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

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

Buildings	2%
Equipment:	
Furniture, furnishings and equipment	10%-20%
Office equipment	10%-20%
Science laboratory equipment	20%-25%
Motor vehicles	20%
Computing equipment and software	25%
Specialist science laboratory equipment	33%

7 Library books

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

8 Maintenance of premises

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

9 Taxation and charitable status

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

9 Taxation and charitable status (continued)

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

10 Provisions

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

11 Endowment Assets

Endowment assets include listed investments, cash and property.

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

Investment property is carried at market value at the balance sheet date. Any gains or losses on revaluation are included in the statement of total recognised gains and losses and the endowment reserve.

12 Finance Leases

Assets obtained under finance leases are capitalised in the balance sheet. These are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to the income and expenditure account over the relevant period. The capital element of the future payment is treated as a liability.

CONSOLIDATED & UNIVERSITY INCOME AND EXPENDITURE ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2014**

		Consolidated	University	Consolidated	University
		2014	2014	2013	2013
	Note	£000	£000	£000	£000
Income					
Tuition fees and education contracts	1	19,212	19,212	19,329	19,329
Residences and catering income		3,532	3,532	3,497	3,497
Research grants and contracts		317	317	530	530
Other operating income	2	1,412	1,412	1,084	1,084
Income from fundraising activities	3	560	624	411	472
Endowment and investment income	4	120	58	129	55
Total income		25,153	25,155	24,980	24,967
Expenditure					
Staff costs	5	14,589	14,589	13,363	13,363
Other operating expenses	6	8,750	8,796	8,782	8,829
Depreciation	9	1,360	1,360	1,165	1,165
Interest and other finance costs	7	126	126	148	148
Total expenditure		24,825	24,871	23,458	23,505
Operating surplus, on continuing operations for the year		328	284	1,522	1,462
Surplus for the year transferred to accumulated income in endowment funds		(43)	-	(54)	(3)
Surplus for the year retained within general reserves		285	284	1,468	1,459

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2014

	Consolidated 2014 £'000	Consolidated 2013 £'000
Surplus for the year retained within general reserves	285	1,468
Total return on endowments not applied in year	43	124
Appreciation on fixed asset investment	16	180
New unrealised endowments received in the year	14	10
Application of endowments in year	<u>(371)</u>	<u>(470)</u>
	<u>(13)</u>	<u>1,312</u>
Reconciliation:		
Opening reserves and endowments	14,550	13,238
Total recognised (losses)/ gains for the year	<u>(13)</u>	<u>1,312</u>
Closing reserves and endowments	<u>14,537</u>	<u>14,550</u>

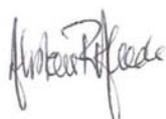
BALANCE SHEETS

AT 31 DECEMBER 2014

Royal Charter Company number RC000730

	Consolidated	University	Consolidated	University
Note	2014	2014	2013	2013
	£000	£000	£000	£000
Fixed assets				
Tangible assets	9 25,060	25,060	22,752	22,752
Investments	10 <u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>
	<u>25,083</u>	<u>25,083</u>	<u>22,775</u>	<u>22,775</u>
Endowment assets	11 <u>3,224</u>	<u>639</u>	<u>3,522</u>	<u>643</u>
Current assets				
Debtors	12 2,053	2,047	2,841	2,838
Cash at bank and in hand	<u>6,805</u>	<u>6,783</u>	<u>7,384</u>	<u>7,360</u>
	8,858	8,830	10,225	10,198
Less Creditors: amounts falling due within one year	13 <u>(13,998)</u>	<u>(13,998)</u>	<u>(12,875)</u>	<u>(12,875)</u>
Net current liabilities	<u>(5,140)</u>	<u>(5,168)</u>	<u>(2,650)</u>	<u>(2,677)</u>
Total assets less current liabilities	23,167	20,554	23,647	20,741
Less Creditors: amounts falling due after more than one year	14 (3,025)	(3,025)	(3,280)	(3,280)
Less Provisions for liabilities	15 <u>(285)</u>	<u>(285)</u>	<u>(158)</u>	<u>(158)</u>
Total net assets	<u>19,857</u>	<u>17,244</u>	<u>20,209</u>	<u>17,303</u>
Deferred capital grants	16 5,320	5,320	5,659	5,659
Endowment funds	17 3,224	639	3,522	643
Reserves	18 <u>11,313</u>	<u>11,285</u>	<u>11,028</u>	<u>11,001</u>
Total funds	<u>19,857</u>	<u>17,244</u>	<u>20,209</u>	<u>17,303</u>

The Council approved the financial statements on pages 23 to 40 on 5 June 2015 and they were signed on its behalf by:



Professor A Alcock
Acting Vice-Chancellor



Mr P Jennings
Finance Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated 2014 £000	Consolidated 2013 £000
Net cash inflow from operating activities	19	3,409	4,064
Return on investments and servicing of Finance			
Interest received		120	129
Interest paid		(126)	(148)
Endowments		<u>(156)</u>	<u>(481)</u>
Net cash outflow from returns on investments and servicing finance		<u>(162)</u>	<u>(500)</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(3,668)	(3,278)
Deferred capital grant received		-	1,260
Net cash receipt on new endowments		-	10
Endowment asset investments acquired		<u>14</u>	<u>-</u>
Net cash outflow from capital expenditure and financial investments		<u>(3,654)</u>	<u>(2,008)</u>
Cash (outflow)/ inflow before financing		(407)	1,556
Financing			
Decrease in bank overdraft		-	-
New secured loan		(2)	32
Bank loan repayment in year		<u>(250)</u>	<u>(250)</u>
(Decrease) / increase in cash in the year	20	<u>(659)</u>	<u>1,338</u>

Reconciliation of net cash flow to movement in consolidated net cash

	Consolidated 2014 £000	Consolidated 2013 £000
(Decrease) / increase in cash for the year	(659)	1,338
Change in debt in the year	<u>252</u>	<u>218</u>
Change in net cash	<u>(407)</u>	<u>1,556</u>
Net cash opening	<u>4,865</u>	<u>3,309</u>
Net cash closing	<u>4,458</u>	<u>4,865</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Tuition fees and education contracts

	Consolidated 2014 £000	University 2014 £000	Consolidated 2013 £000	University 2013 £000
Full-time undergraduates-home fee rates	5,210	5,210	5,929	5,929
Full-time undergraduates-standard fee rates	6,394	6,394	7,430	7,430
Part-time undergraduates	198	198	160	160
Post graduates	6,782	6,782	5,239	5,239
Pre degree and non degree courses	628	628	571	571
	<u>19,212</u>	<u>19,212</u>	<u>19,329</u>	<u>19,329</u>

2 Other operating income

	Consolidated 2014 £000	University 2014 £000	Consolidated 2013 £000	University 2013 £000
Release from deferred capital grants (Note 16)	339	339	340	340
Validation fees	756	756	453	453
Other income	317	317	291	291
	<u>1,412</u>	<u>1,412</u>	<u>1,084</u>	<u>1,084</u>

3 Income from fundraising activities

	Consolidated 2014 £000	University 2014 £000	Consolidated 2013 £000	University 2013 £000
Amounts received from University of Buckingham Foundation	-	448	-	362
Fundraising activity University of Buckingham Foundation	384	-	292	-
Expendable endowments released to the Income and expenditure account	-	-	25	25
Other revenue donations	176	176	94	85
	<u>560</u>	<u>624</u>	<u>411</u>	<u>472</u>

4 Endowment and investment income

	Consolidated 2014 £000	University 2014 £000	Consolidated 2013 £000	University 2013 £000
Income from expendable endowments (Note 17)	32	-	48	3
Income from permanent endowments (Note 17)	30	-	29	-
Interest receivable	58	58	52	52
	<u>120</u>	<u>58</u>	<u>129</u>	<u>55</u>

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

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

	2014	2013
	Number	Number
Academic/research	141	121
Support	159	130
Manual	<u>78</u>	<u>55</u>
	<u>378</u>	<u>306</u>
	£000	£000
Wages and salaries	12,367	11,302
Social security costs	1,040	957
Pension costs	<u>1,182</u>	<u>1,104</u>
Total staff costs	<u>14,589</u>	<u>13,363</u>
Academic/Research	8,383	7,463
Support	5,514	5,149
Manual	<u>692</u>	<u>751</u>
Total staff costs	<u>14,589</u>	<u>13,363</u>

Payments made to the Vice-Chancellor in the year amounted to £248,955 (2013: £161,000). Pension contributions amounted to £66,551 (2013: £25,889). 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. Three other members of staff earned more than £100,000 (2013: three).

6 Other operating expenses

	University/ Consolidated	University Consolidated
	2014	2013
	£000	£000
Other operating expenses include:		
Residences and catering	1,483	1,762
Research grants and contracts	266	302
Scholarships, bursaries and prizes	567	413
Books, periodicals and electronic resources	174	206
Heat and light (excluding residences)	216	244
Repairs and maintenance (excluding residences)	477	551
Grants to Students Union	110	100
Grant to Alumni Association	1	3
Auditors' remuneration	26	29
Other services provided by the auditors:		
Student loan audit	3	3
Tax services	5	5

NOTES TO THE FINANCIAL STATEMENTS (continued)**7 Interest and other finance costs**

	University/ Consolidated 2014 £000	University/ Consolidated 2013 £000
On bank loans repayable wholly or partly in more than five years	114	140
Finance lease interest	12	8
	<u>126</u>	<u>148</u>

8 Analysis of expenditure by activity

	<i>Staff costs</i>	<i>Depreciation</i>	<i>Other operating expenses</i>	<i>Interest and other finance costs</i>	Consolidated 2014 Total £000	Consolidated 2013 Total £000
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	£000	£000
Academic departments	8,733	-	3,698	-	12,431	10,129
Research contracts	411	182	216	-	809	1,059
Residences and catering	447	518	1,655	-	2,620	2,844
Premises	1,227	450	682	126	2,485	2,741
Services	1,453	210	1,064	-	2,727	3,002
Administration	<u>2,318</u>	<u>-</u>	<u>1,435</u>	<u>-</u>	<u>3,753</u>	<u>3,683</u>
	<u>14,589</u>	<u>1,360</u>	<u>8,750</u>	<u>126</u>	<u>24,825</u>	<u>23,458</u>

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

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

	University / Consolidated				
	Freehold land	Freehold buildings	Equipment	Payments on account	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2014	5,142	20,494	6,344	13	31,993
Additions	-	16	1,911	1,743	3,670
Transfers	-	-	-	-	-
Disposals	-	-	(2)	-	(2)
At 31 December 2014	<u>5,142</u>	<u>20,510</u>	<u>8,253</u>	<u>1,756</u>	<u>35,661</u>
Accumulated depreciation:					
At 1 January 2014	-	6,756	2,485	-	9,241
Charge for the year	-	406	954	-	1,360
Disposals	-	-	-	-	-
At 31 December 2014	<u>-</u>	<u>7,162</u>	<u>3,439</u>	<u>-</u>	<u>10,601</u>
Net book value:					
At 31 December 2014	<u>5,142</u>	<u>13,348</u>	<u>4,814</u>	<u>1,756</u>	<u>25,060</u>
At 31 December 2013	<u>5,142</u>	<u>13,738</u>	<u>3,859</u>	<u>13</u>	<u>22,752</u>

In Council's opinion the market value of land and buildings is anticipated to be in excess of carrying value. Assets held under finance leases had a net book value of £27,280. Depreciation of these assets in the year was £7,442.

	University / Consolidated	University / Consolidated
	2014	2013
	£000	£000
10 Investments		
Shares in CVCP Properties Plc at cost	<u>23</u>	<u>23</u>

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

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

	Consolidated 2014 £000	University 2014 £000	Consolidated 2013 £000	University 2013 £000
1 January	3,522	643	3,749	665
New endowments invested	14	4	10	-
Increase in market value of investments	16	-	180	-
Decrease in balances held for endowment funds	<u>(328)</u>	<u>(8)</u>	<u>(417)</u>	<u>(22)</u>
At 31 December	<u>3,224</u>	<u>639</u>	<u>3,522</u>	<u>643</u>
Represented by:				
Cash	933	639	1,013	643
Investment properties	684	-	684	-
Listed investments	<u>1,607</u>	<u>-</u>	<u>1,825</u>	<u>-</u>
Total endowment assets	<u>3,224</u>	<u>639</u>	<u>3,522</u>	<u>643</u>

12 Debtors

	Consolidated 2014 £000	University 2014 £000	Consolidated 2013 £000	University 2013 £000
Student debtors	1,227	1,227	899	899
Other debtors	266	260	1,299	1,296
Prepayments	531	531	610	610
Loans to subsidiary companies	<u>29</u>	<u>29</u>	<u>33</u>	<u>33</u>
	<u>2,053</u>	<u>2,047</u>	<u>2,841</u>	<u>2,838</u>

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

13 Creditors: amounts falling due within one year

	Consolidated 2014 £000	University 2014 £000	Consolidated 2013 £000	University 2013 £000
Bank loans	250	250	250	250
Fees received in advance	9,834	9,834	7,449	7,449
Trade creditors	880	880	1,239	1,239
Taxation and social security	316	316	371	371
Other creditors	1,936	1,936	1,869	1,869
Amounts due under finance leases	5	5	2	2
Accruals and deferred income	<u>777</u>	<u>777</u>	<u>1,695</u>	<u>1,695</u>
	<u>13,998</u>	<u>13,998</u>	<u>12,875</u>	<u>12,875</u>

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

	University/ Consolidated 2014 £000	University/ Consolidated 2013 £000
Bank and other loans		
Repayable to Santander by October 2023	2,250	2,500
Repayable to Royal Bank of Scotland Plc by December 2030	<u>1,000</u>	<u>1,000</u>
	3,250	3,500
Less amounts falling due within one year	<u>(250)</u>	<u>(250)</u>
	<u>3,000</u>	<u>3,250</u>
Analysis of loan repayments		
Between one and two years	250	317
Between two and five years	933	950
After five years	<u>1,817</u>	<u>1,983</u>
	<u>3,000</u>	<u>3,250</u>

The Royal Bank of Scotland bank loan bears interest at 1.15% above LIBOR and is secured by fixed charge mortgages over three of the University's freehold properties. The Santander bank loan is a fixed funds loan at 1.5% above Libor on £2,150,000 and 2% on £850,000 and is secured by legal charges over 22 residential properties. The two bank loans are repayable by instalments.

Amounts due under finance leases

	University/ Consolidated 2014 £000	University/ Consolidated 2013 £000
Between one and two years	5	2
Between two and five years	25	30
After five years	<u>-</u>	<u>-</u>
	<u>30</u>	<u>32</u>

15 Provision for liabilities and charges

	University/ Consolidated 2014 £000	University/ Consolidated 2013 £000
At 1 January	158	167
Increase in provision	127	-
Released to Income and Expenditure	<u>-</u>	<u>(9)</u>
At 31 December	<u>285</u>	<u>158</u>

The provision relates to the EBP pension fund and it has been maintained to reflect management's estimate of the Guaranteed Minimum Pension shortfall and costs incidental in addressing it, and to a new provision this year of £126,503 for any future obligations to the European School of Economics.

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

			University/ Consolidated	University/ Consolidated
			2014	2013
	Freehold buildings	Equipment	Total	Total
	£000	£000	£000	£000
Cost:				
At 1 January	5,336	323	5,659	4,739
Grants receivable	-	-	-	1,260
Released to income and expenditure account	(164)	(175)	(339)	(340)
At 31 December	<u>5,172</u>	<u>148</u>	<u>5,320</u>	<u>5,659</u>

17 Endowment funds

	Consolidated 2014	Consolidated 2014	Consolidated 2014	University 2014	Consolidated 2013	University 2013
	Restricted Permanent £000	Restricted Expendable £000	Total £000	Total £000	Total £000	Total £000
Capital	1,482	1,892	3,374	630	3,678	655
Accumulated income	<u>45</u>	<u>103</u>	<u>148</u>	<u>13</u>	<u>71</u>	<u>10</u>
Balance at 1 January	1,527	1,995	3,522	643	3,749	665
New endowments	-	14	14	4	10	-
Investment income	30	32	62	-	77	3
Expenditure	(8)	(16)	(24)	(8)	(39)	(25)
Transfer to deferred research income	-	(366)	(366)	-	(455)	-
Transfer to deferred capital grant	-	-	-	-	-	-
Increase in market value of investments	<u>8</u>	<u>8</u>	<u>16</u>	<u>-</u>	<u>180</u>	<u>-</u>
At 31 December	<u>1,557</u>	<u>1,667</u>	<u>3,224</u>	<u>639</u>	<u>3,522</u>	<u>643</u>
Represented by:						
Capital	1,482	1,552	3,034	626	3,374	630
Accumulated Income	<u>75</u>	<u>115</u>	<u>190</u>	<u>13</u>	<u>148</u>	<u>13</u>
	<u>1,557</u>	<u>1,667</u>	<u>3,224</u>	<u>639</u>	<u>3,522</u>	<u>643</u>

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

	Consolidated 2014 £000	University 2014 £000	Consolidated 2013 £000	University 2013 £000
At 1 January	11,028	11,001	9,490	9,542
Opening balance adjustment	-	-	70	-
Surplus for the year	<u>285</u>	<u>284</u>	<u>1,468</u>	<u>1,459</u>
At 31 December	<u>11,313</u>	<u>11,285</u>	<u>11,028</u>	<u>11,001</u>

19 Reconciliation of operating surplus to operating cash flow

	Consolidated 2014 £000	Consolidated 2013 £000
Surplus for the year	328	1,522
Depreciation	1,360	1,083
Release of deferred capital grant	(339)	(340)
Interest received	(120)	(129)
Interest paid	126	148
Endowment income represented by cash	62	77
Surplus to endowment income	(43)	(54)
Increase/ (decrease) in provisions	127	(9)
Decrease/ (increase) in debtors	788	(455)
Increase in fees paid in advance	2,385	983
(Decrease)/ increase in creditors	<u>(1,265)</u>	<u>1,238</u>
Net cash inflow from operating activities	<u>3,409</u>	<u>4,064</u>

20 Analysis of changes in net funds

	Consolidated 2014 £000	Consolidated 2013 £000	Consolidated Cash flows £000
Cash at bank and in hand	6,805	7,384	(579)
Endowment cash	<u>933</u>	<u>1,013</u>	<u>(80)</u>
	7,738	8,397	(659)
Overdraft	-	-	-
Loan due within one year	(255)	(252)	(3)
Loan due after one year	<u>(3,025)</u>	<u>(3,280)</u>	<u>255</u>
Total	<u>4,458</u>	<u>4,865</u>	<u>(407)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Capital commitments

At the year end there were £705,486 of capital commitments outstanding in respect of contracts for future capital expenditure entered into by the University (2013: £163,458). The University's Council has authorised a capital budget for 2015 of £1,762,524.28.

22 Pension commitments

The Aviva Group Personal Pension Plan and the NEST Auto Enrolment Scheme are defined contribution schemes, so no commitment exists beyond the employer's contractual contributions for each accounting period.

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, but not for its share of USS's deficit, for reasons explained in the statement of accounting policies. The latest actuarial information on each scheme is set out below.

University of Buckingham Employee Benefits Plan

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

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

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

The final transfer value for the fund based on Scottish Life's buyout valuation at 6 April 2011 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 2014 of £158,000 (2013: £158,000) in respect of the liability and costs incidental to it.

Universities Superannuation Scheme

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

It was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience,

NOTES TO THE FINANCIAL STATEMENTS (continued)**22 Pension commitments (continued)****Universities Superannuation Scheme (continued)**

with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

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

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

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

The valuation was carried out using the projected unit method.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall in respect of that employer will be spread across the remaining employers and reflected in the next actuarial valuation of the scheme.

Cost to the University

	Consolidated/ University 2014 £000	Consolidated University 2013 £000
Contributions to USS	881	854
Contributions to GPP	299	250
Contributions to AES	2	-
	<hr/> 1,182	<hr/> 1,104

Contributions outstanding at the year end

	Consolidated/ University 2014 £000	Consolidated University 2013 £000
To USS	106	115
To GPP	32	37
To AES	-	-
Total outstanding	<hr/> 138	<hr/> 152

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Related party transactions

There were no related party transactions in the year.

24 Subsidiary undertakings

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

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

As there 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.