



**bucks**  
new university



**FINANCIAL STATEMENTS  
FOR YEAR ENDING  
31 JULY 2014**



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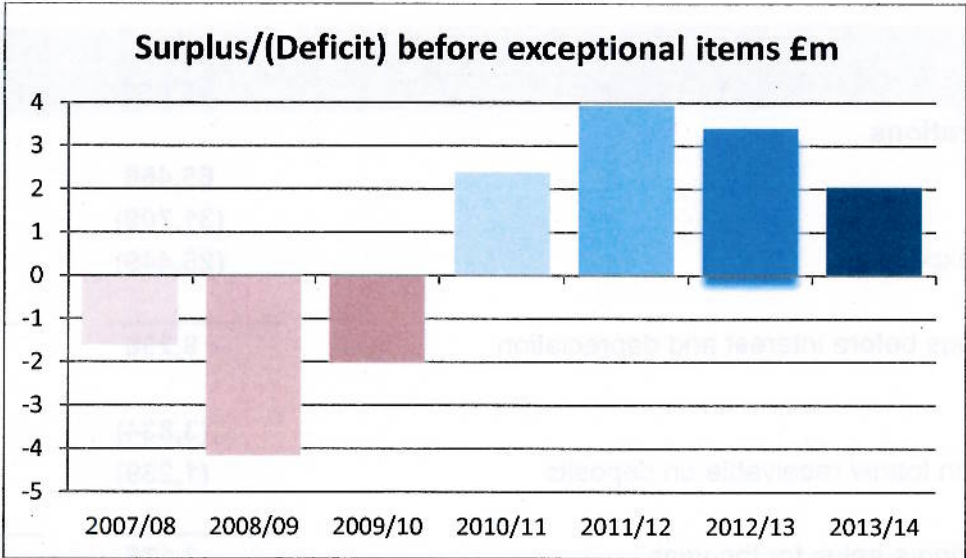
## Report of the Council

### Scope of the Financial Statements

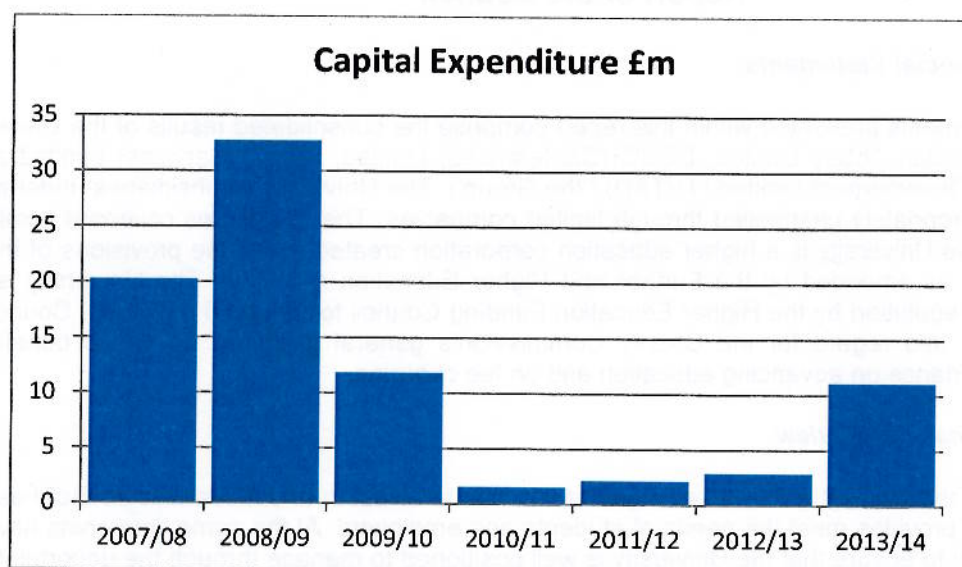
The financial statements presented within this report comprise the consolidated results of the University and its subsidiaries Missenden Abbey Limited, BCUC (Conferences) Limited, BCUC (Services) Limited and Thames Valley Training & Development Limited (TVT&D) ('the Group'). The University's subsidiaries undertake activities that are more appropriately channelled through limited companies. The companies covenant taxable profits to the University. The University is a higher education corporation created under the provisions of the Education Reform Act 1988, as amended by the Further and Higher Education Act 1992. The University is an exempt charity subject to regulation by the Higher Education Funding Council for England (HEFCE). Council members, as trustees, have had regard for the Charity Commission's general guidance on public benefit and to its supplementary guidance on advancing education and on fee charging.

### Operating and Financial Review

Over recent years the University has taken significant action to invest in and modernise its facilities and ensure that the courses it provides meet the needs of students and employers. At the same time costs have been kept under close control to ensure that the University is well positioned to manage through the uncertainties affecting the sector. Long term financing was put in place to facilitate this phase of substantial investment and cash balances have now been generated to allow management of the current risks and facilitate further investment to develop the University's position.



*Report of the Council* (continued)

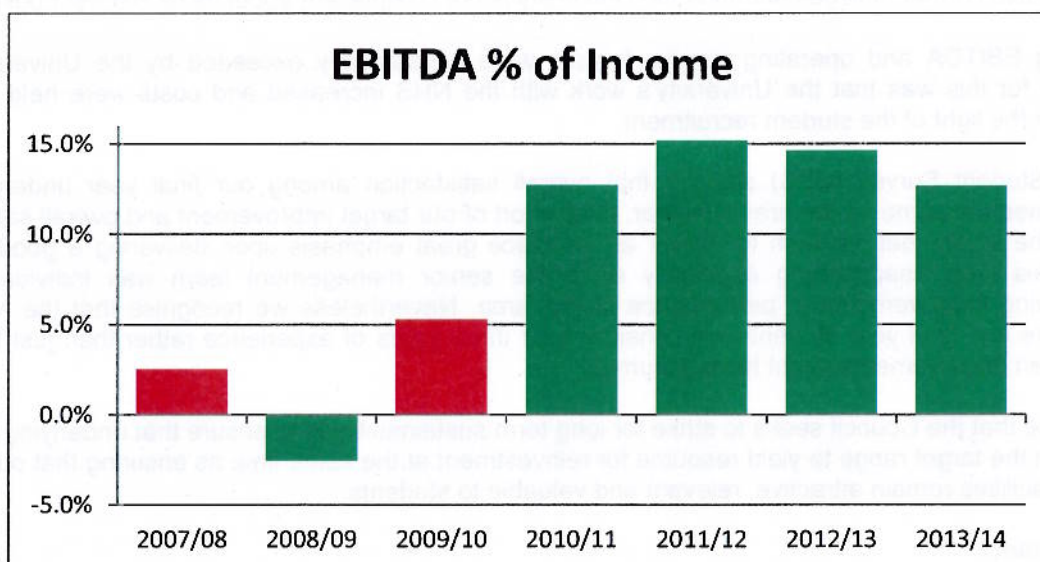


**Results for the Year**

	2013/14 £'000	2012/13 £'000
<b>Continuing operations</b>		
Income	65,456	62,211
Employee costs	(31,709)	(29,948)
Other operating expenses	(25,449)	(23,004)
Underlying earnings before interest and depreciation	8,298	9,034
Depreciation	(3,834)	(3,215)
Interest payable on loans/ receivable on deposits	(1,289)	(1,196)
Underlying operating surplus for the year	3,175	4,623
FRS17 pension adjustments	(1,055)	(1,211)
<b>Reported Historical cost surplus</b>	2,119	3,412

**Report of the Council** (continued)

The Consolidated Income and Expenditure Account is impacted by various factors that can mask underlying operating results and in targeting long term sustainability the University places particular emphasis on earnings before interest, depreciation and other special factors such as the extra pensions costs imposed by accounting standards over and above the employer contributions that are paid. A long term target range of between 10% and 15% of income has been set for EBITDA.



Income excluding interest grew by 3.7% in the year despite a 31.7% fall in grant income. The fall in grant income was due to the roll-out of Government policy moving the financing of Higher Education mainly towards tuition fees from grant funding for new entrants.

Employee costs rose by 5.2% reflecting additional resources required to pursue the income growth opportunities.

Other operating expenses grew by 6.3% as a result of the University investments in Buckinghamshire Education Skills and Training and Thames Valley Training and Development Ltd. Depreciation charges were held at the level of the previous year. Interest payable fell slightly reflecting debt repayments and interest receivable decreased as a result of the lower deposit balances held through the year.

The FRS17 adjustments, attributable to the membership by support employees of the local government pension scheme administered by Buckinghamshire County Council, increased materially over the previous year reflecting the substantial increase in deficit which was recorded at the end of the previous year. In addition, this year there was a significant actuarial loss of £5.5m that is dealt with in the statement of total recognised gains and losses and which also impacts the balance sheet at the year end. The actuarial loss is principally due to changes in assumptions underlying the present value of the fund liabilities.

**Key Performance Indicators and Targets**

A selection of the key individual indicators and outturn against targets are shown below, together with the targets for 2014/15.

	2013/14		2014/15
	Target	Actual	Target
Student Number Control (SNC)	>1,535	1,511	>1,578
NHS Contract Income	≥£11.1m	£12.2m	≥£12.9m
EBITDA	≥10.9%	12.8%	≥10.9%
Operating surplus	>2.8%	3.2%	>1.5%
Employee costs/Income	≤50%	48%	≤50%
Student satisfaction	≥82%	78%	≥80%
Student retention	≥90%	91%	≥90%

## **Report of the Council** *(continued)*

The University marginally fell short of recruiting to its student number control limit in 2013/14 which was in keeping with other similar universities. However the University recruited an additional 225 students not subject to the control as a consequence of qualifications equivalent to A levels graded AAB+. The recruitment of 1,511 students to courses covered by the control compares with 1,434 students the previous year, a rise of 5%. The target for 2014/15 is consequently higher than for 2013/14. However, some of the increase reflects increased activity in franchise partner colleges and thus the University is not complacent about its recruitment position.

The underlying EBITDA and operating surplus targets were substantially exceeded by the University. The principal driver for this was that the University's work with the NHS increased and costs were held carefully under control in the light of the student recruitment.

The National Student Survey (NSS) showed that overall satisfaction among our final year undergraduate students remained the same as the previous year. It fell short of our target improvement and overall satisfaction is well below the levels that we wish to deliver as we place great emphasis upon delivering a good student experience. This was disappointing especially since the senior management team was individually and collectively driving improvements in performance in this area. Nevertheless we recognise that the NSS is a lagging measure and final year students will consider their three years of experience rather than just the most recent year when improvements might have occurred.

The key balance that the Council seeks to strike for long term sustainability is to ensure that underlying EBITDA is maintained in the target range to yield resource for reinvestment at the same time as ensuring that our course provision and facilities remain attractive, relevant and valuable to students.

### **Risk Management**

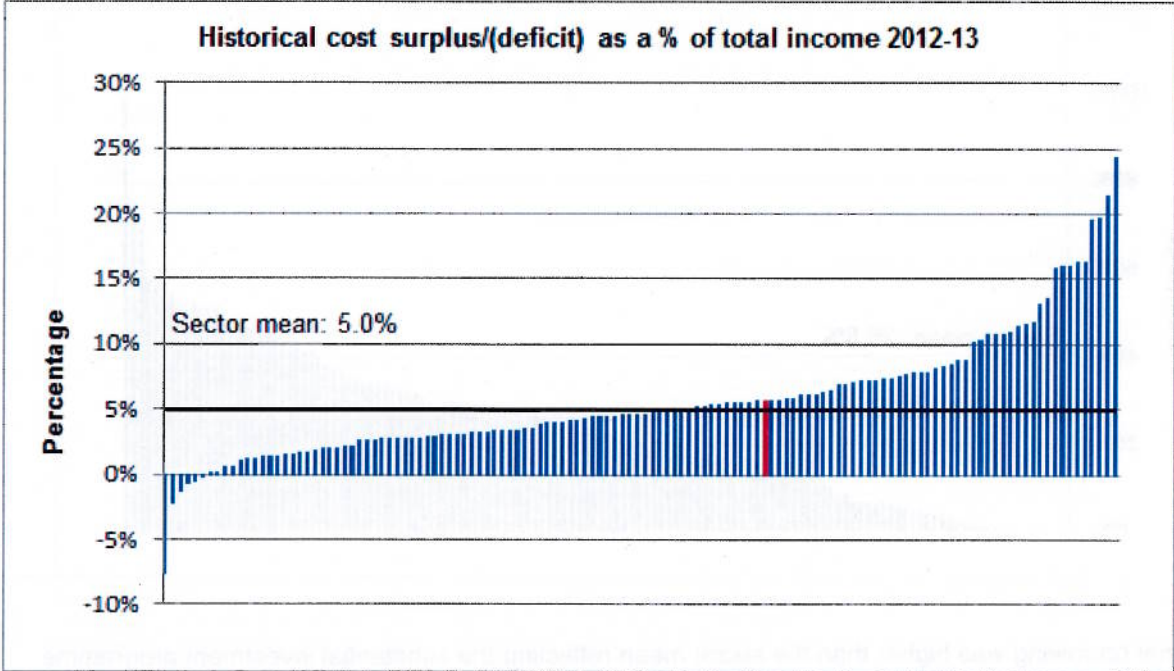
The Council has been receiving regular performance indicator reports which include strategic targets. Assessments are made of the overall performance against plans in the key areas of student experience, people, environment and finance to ensure the sustainability and liquidity of the University for the foreseeable future in the light of a range of scenarios. The principal risks faced by the University relate to its ability to continue to recruit students to its full time undergraduate courses including its contracts with the NHS. These risks are actively managed and there are a number of positive leading indicators that underpin the University's confidence in its future. Accordingly the financial statements have been prepared on a going concern basis.

The majority of the University's full-time undergraduate courses outside the NHS contracts attract tuition fees of £9,000 per year. In common with other higher education institutions, the University faces uncertainty in respect of the potential continuing decline in the recruitment of full time undergraduate 'HEFCE funded' students to certain fee paying courses especially with the removal of the student number control in 2015. Clearly there would be longer term impacts of such a decline. However, there is evidence to suggest that the removal of the student number control in 2015 has already been anticipated in the sector so that the September 2015 entry will not see the step-change originally foreseen. The University is confident that it has in place a robust action plan to ensure that mitigating actions are in place to compensate the loss of student numbers on courses with declining popularity, though there is an ongoing residual very modest risk of some reduction in the face of the increase in the fee level,

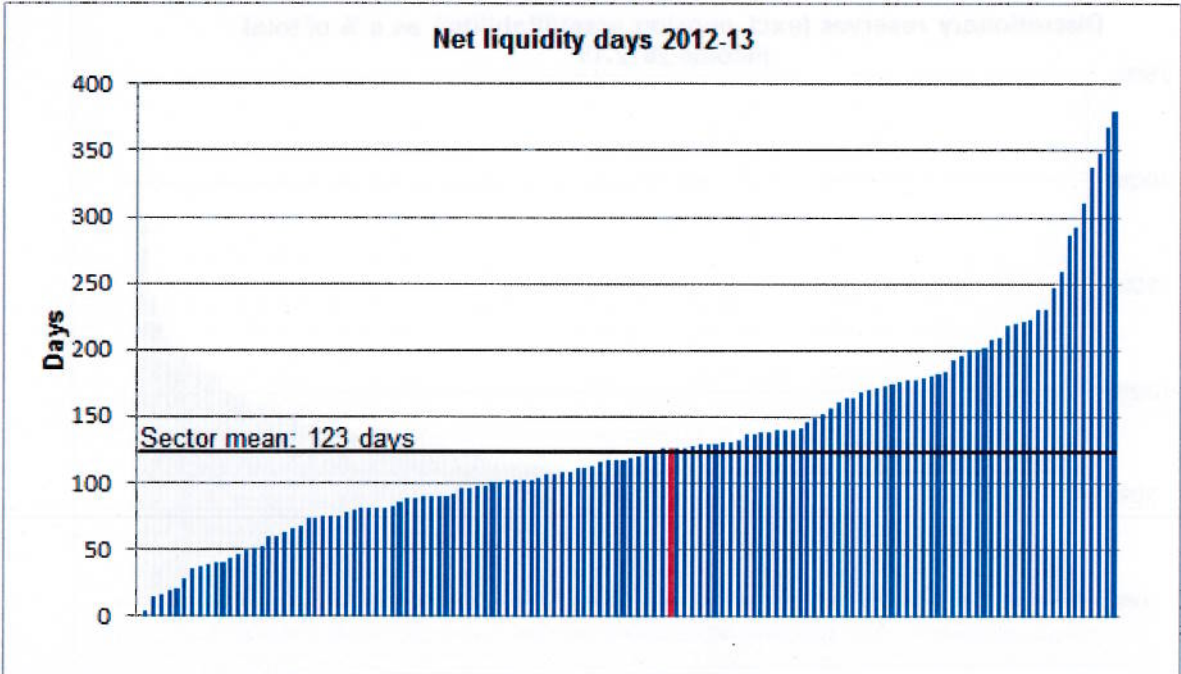
By contrast, fulfilment of the NHS contracts has been achieved with demand for places far exceeding those available. The risks associated with the NHS contracts are therefore much more about whether we continue to be commissioned by the NHS to deliver provision rather than our ability to fulfil the contracts once awarded and also the contract value. There is every indication that our position in this respect is secure based on the reputation the University's work has in this area, following the expansion both in size and number of our contracts after successful tendering exercises in 2011/12 with both NHS London and NHS South of England. We are actively managing the relationship with the NHS to position the University well as new and re-tendering opportunities present themselves.

HEFCE cites a number of comparative indicators that are taken into account when it reaches the judgement that the University (in common with most of the sector) is not at higher risk. The benchmark indicators for 2012/13 (the most recent available) included the following with the position of Buckinghamshire New University highlighted in red.

**Report of the Council** (continued)

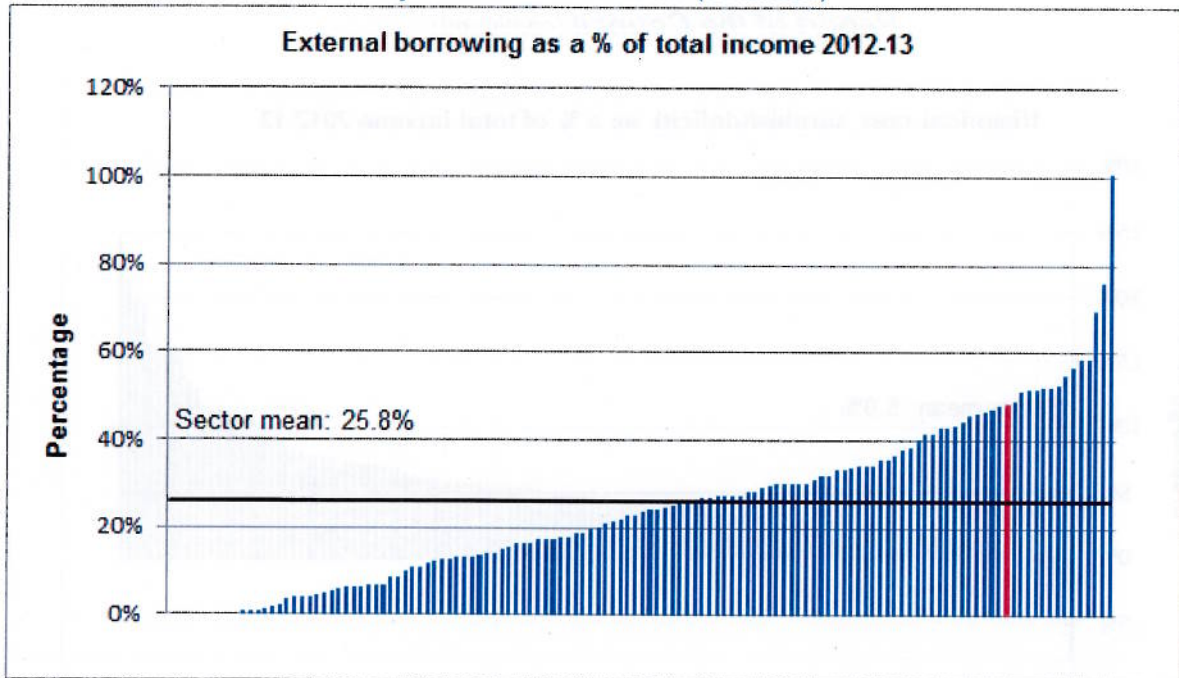


The result in 2013/14 of 5.6% is in line with last year's figure of 5.5% and remains above sector mean.

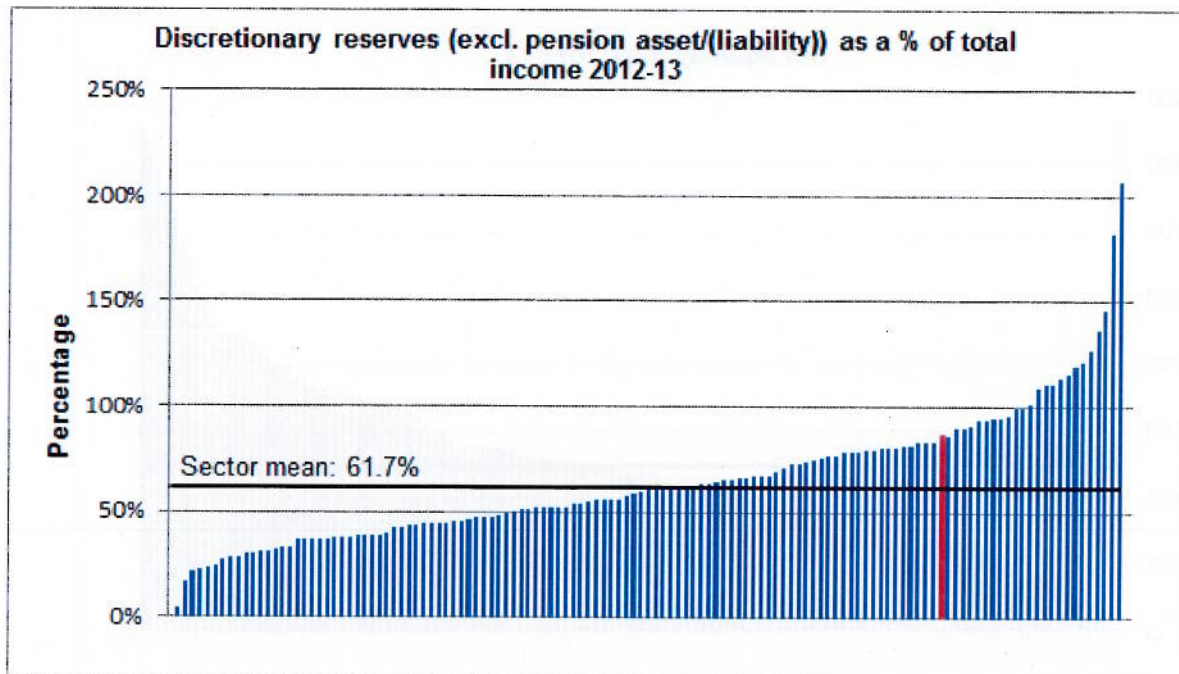


Liquidity is largely unchanged, although the sector mean has increased from 118 days to 123 days we remain above that figure.

**Report of the Council** (continued)



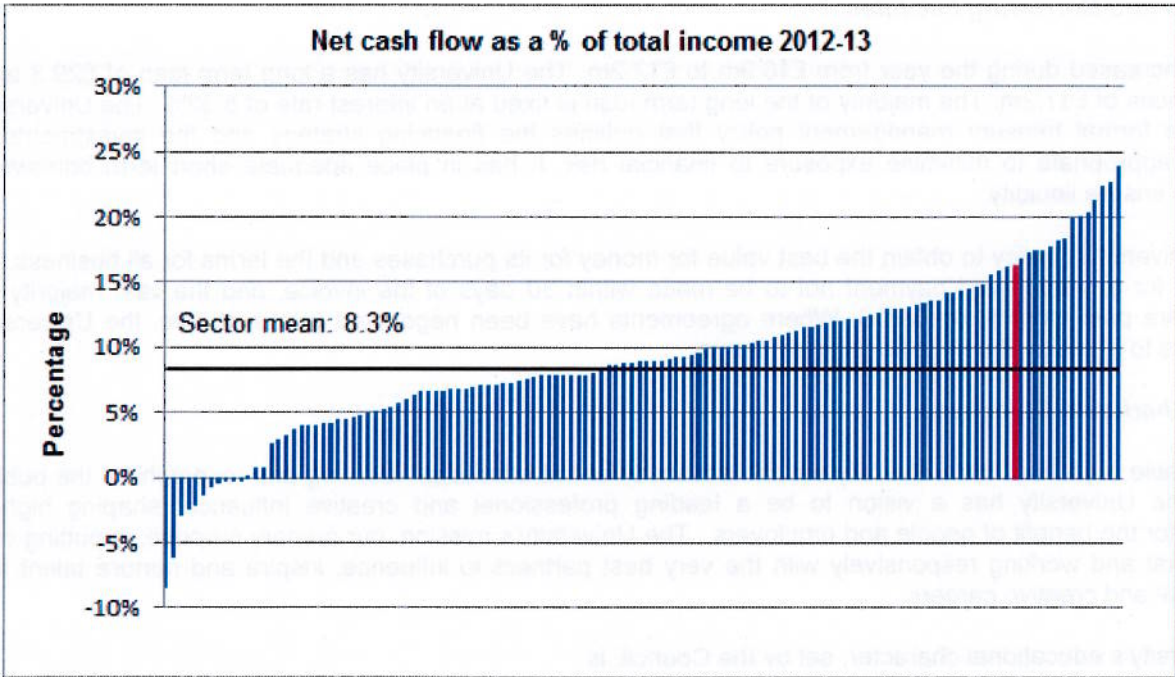
External borrowing was higher than the sector mean reflecting the substantial investment programme pursued in recent years though it is now reducing and was down from 48.1% in 2011-12 to 46% this year.



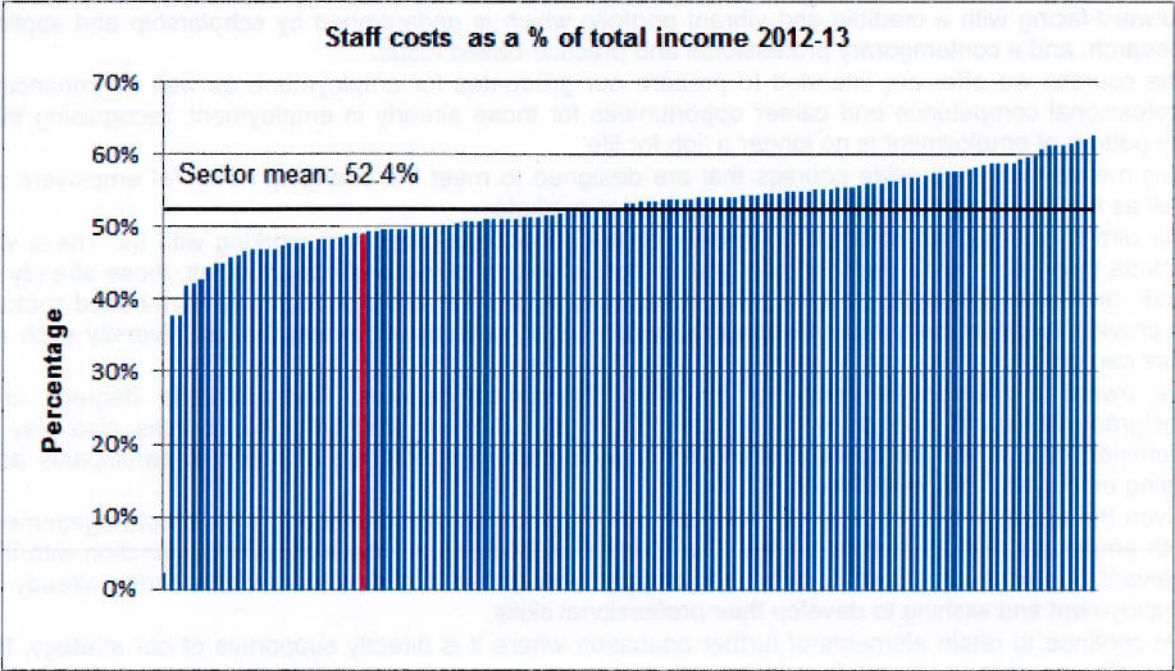
Discretionary reserves have grown from 81.4% of Income in 2011-12 to 86.1% in 2012/13. This is substantially above the sector mean of 61.7%.



**Report of the Council** (continued)



Net cash flow grew from 13.9% of Income in 2011-12 to 16.2% in 2012-13, well above the sector mean.



Staff costs remain below the sector mean in 2012-13, being contained to 49.0% of Income.

## **Report of the Council** (continued)

### **Cash Flow and Borrowing Facilities**

Net debt increased during the year from £10.9m to £12.2m. The University has a long term loan of £29.3 and cash balances of £17.2m. The majority of the long term loan is fixed at an interest rate of 5.32%. The University operates a formal treasury management policy that outlines the financing strategy and the investments it considers appropriate to minimise exposure to financial risk. It has in place adequate short term borrowing facilities to ensure liquidity.

It is the University's policy to obtain the best value for money for its purchases and the terms for all business. It is unusual for any approved payment not to be made within 30 days of the invoice, and the vast majority of suppliers are paid monthly by BACS. Where agreements have been negotiated with suppliers, the University endeavours to abide by the specific payment terms.

### **Primary Charitable Objectives**

The charitable objects of the University are the advancement of education, learning and research for the public benefit. The University has a vision to be a leading professional and creative influence, shaping higher education for the benefit of people and employers. The University's mission, our primary purpose, is putting our students first and working responsively with the very best partners to influence, inspire and nurture talent for professional and creative careers.

The University's educational character, set by the Council, is:

- We are a leading modern university, driving professional and creative excellence characterised by a commitment to delivering outstanding student experience.
- Our priorities are driven by the learning experience of the participants in our activities. We are outward-facing with a credible and vibrant portfolio which is underpinned by scholarship and applied research, and a contemporary professional and practice-based focus.
- The courses we offer are intended to prepare our graduates for employment, as well as enhancing professional competence and career opportunities for those already in employment, recognising that the pattern of employment is no longer a 'job for life'.
- This means that we provide courses that are designed to meet the changing needs of employers as well as the changing nature of related employment markets.
- Our aim is to select as participants those who will benefit the most from working with us. These will include those from under-represented groups, those looking for second opportunities, those already in work, and those looking to develop themselves later in life. We also open up new work-based sectors to provide those in them with the opportunity for higher skills development that a university such as ours can offer.
- We award a progressive range of diplomas, foundation degrees, undergraduate degrees and postgraduate taught and research degrees. Our short courses and bespoke courses also play a prominent role in our portfolio providing for a wide and diverse range of potential participants and giving employers choice and flexibility.
- Given the employment focus of our courses, our programmes are developed with direct engagement with employers and accredited bodies. Our foundation degrees are developed in conjunction with the relevant Sector Skills Councils; they are strongly work-based and directed towards those already in employment and wishing to develop their professional skills.
- We continue to retain elements of further education where it is directly supportive of our strategy, for example, courses such as foundation art designed to prepare students for entering the higher education sector.
- We continue to build upon a solid base of successful and long-lasting subject areas. However, using this as a foundation, we develop courses in innovative and niche areas of strength, working across traditional subject boundaries to develop interdisciplinary provision, for example exploiting synergies between creative and technological expertise and, where possible, also incorporating a perspective on management, leadership and entrepreneurship.
- It is the innovative and creative mix across our spectrum of expertise to create unique provision which is our hallmark.

### **Report of the Council** (continued)

- Our ability to sustain this position depends on our contribution to the development of our areas of expertise through scholarship and research. Our research is in focused areas of strength, and will be applied. In the majority of cases it is about knowledge exchange and the development of evidence-based professional practice or through the creation of entrepreneurship in the business sector. Our applied research and knowledge transfer activities will inform our curriculum, enable notable outputs and develop the opportunity for employer engagement. Our research degree programmes are expanding, often in partnership with employers and with other research institutions.
- Our organisational structure mirrors the external markets which we face and facilitates opportunities to work across internal organisational boundaries. We are developing an institutional culture that enables these boundaries to be treated as permeable for the purposes of course development, knowledge transfer, practice development, and curriculum enhancement.
- Externally, partnerships with employers, public sector commissioners and other educational providers, notably our strategic partner further education colleges, are fundamental to the delivery of our strategy.
- Our developing international ambitions as a new university will provide international students with focused professional and creative higher education as well as broadening the horizons of our UK students.
- The heart of the educational character of the University is our close working with industry, public services and recognized accredited bodies to give students actual working experience linked to academic study. This partnership approach keeps us relevant and up-to-date and ensures our students are prepared for the real-life challenges of the 21st century workplace.

The public benefit arising from the University's work can be seen in the advancement of learning and knowledge in both teaching and research. Students are helped to reach their full potential to the benefit of society as a whole as well as themselves as direct beneficiaries.

Our commitment to widening participation and raising the aspirations of non-traditional students has been at the core of the University's mission. We have continued our work to encourage and support students including offering a range of bursaries and hardship funds to help students in financial difficulty. The University is proud of its core commitment to vocational subjects which benefits directly the wider community as well as students. The research and enterprise agenda of the University also reflects this emphasis on applied work that is relevant to the needs of commerce and industry.

The University has, together with Aylesbury College, recently established a linked charity regulated by HEFCE. Buckinghamshire Education Skills and Training ("BEST") has the charitable objects to advance the education of the public by providing higher and further education, and by carrying out ancillary activities. It has been established to deliver a wide range of linked educational opportunities especially for students and employees in Buckinghamshire and surrounding areas. We visualise our partnership as offering a 'climbing frame' of educational opportunities from entry level to PhD with learners/students and employers able to access affordable education and training, and to start and finish at levels convenient and appropriate to their circumstances and needs. During the first accounting period, from 9 May 2013 to 31 July 2014, BEST reported an income of £793k and a surplus of £200k. The closing balance of reserves was also £200k.

#### **Employee and Student Involvement**

The University encourages the involvement of all employees and students and seeks to foster good communication with them. Employees and students are encouraged to participate in formal and informal consultation at various levels and they are represented on the University Council and on internal committees. The University provides technical and general training to all levels of employees. The University is committed to a set of Equality and Diversity policies and schemes.

### **Report of the Council** (continued)

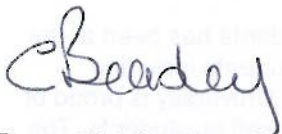
Employees and students are represented on the University Council and on internal committees. Members of senior management meet regularly with representatives of the Employee Council, a consultative forum for employees as a whole, and with representatives of the recognised trade unions who represent the interests of academics, research and support employees through consultative committees. When matters affect their employment directly, employees are advised in accordance with the University's agreed employment policies.

Employee engagement is a high priority for the senior management and explicitly appears as objectives in the annual operating plan for the University. This is in recognition of the changed expectations that higher education institutions have of staff, particularly academic staff, across the higher education sector as a whole as well as at the University in particular.

Students are encouraged to see themselves as partners in the learning community of the University and the senior management is committed to fostering this partnership, building on the excellent working relationship that has been established with the Students' Union.

#### **Council**

The Council approves the Statement of Corporate Governance & Internal Control on pages 13 and 14 and the Statement of the Council's Responsibilities on pages 15 and 16. The members of Council, Senior Management Team and key advisers are shown on page 40



Dame Christine Beasley  
Chair

Buckinghamshire New University  
Queen Alexandra Road  
High Wycombe  
Buckinghamshire  
HP11 2JZ



Professor Ruth Farwell  
Vice Chancellor

24 November 2014

## **Statement of Corporate Governance and Internal Control**

We are not required to comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice. The University also complies with the Guide for Members of Governing Bodies of Universities and University Colleges in England and Wales issued by the Committee of University Chairmen.

The University's Council comprises independent and University members appointed under the Instrument and Articles of Government of the University, the majority of whom are non-executive. The roles of Chair and Deputy Chair of the Council are separated from the role of the University's Vice Chancellor. The matters specially reserved to the Council for decision are set out in the Articles of the University, by custom and under the Financial Memorandum with the Higher Education Funding Council for England.

The Council identifies that it has primary responsibilities that it reserves to itself for the ongoing strategic direction of the University, the determination of the educational character and mission of the University, the approval of the annual estimates of income and expenditure, the approval of major developments and the receipt of regular reports from Executive Officers on the day to day operations of its business and its subsidiary companies.

The Council met six times during the year and had several Committees reporting to it, including a Resources Committee, an Honorary Awards Committee, a Remuneration Committee, a Governance Committee and an Audit Committee. All of these Committees are formally constituted with terms of reference and predominantly comprise of lay members of Council, one of whom is the Chair.

The Resources Committee recommends to Council the University's annual revenue and capital budgets, and monitors performance in relation to the approved budgets and key performance indicators.

The Governance Committee considers nominations for vacancies in the Council membership under the relevant Statute and oversees the induction, training and information needs of members of Council.

The Remuneration Committee determines the remuneration of the most senior employees, including the Vice Chancellor.

The Audit Committee met four times during the year, with either the University's external or internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence to the regulatory requirements.

Whilst senior Executive Officers attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee meet the external and internal auditors on their own for independent discussions.

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

There is an ongoing process for identifying, evaluating and managing the University's significant risks. This process is regularly reviewed by the Council and takes into consideration the internal control guidance for directors on the Combined Code as deemed appropriate for higher education. The Audit Committee received three reports during the year on risk assessment and management actions taken to mitigate the impact of the risks.

The Council receives periodic reports from the Chair of the Audit Committee concerning internal control, and receives regular reports from Executive Officers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.

**Statement of Corporate Governance and Internal Control (continued)**

The University has an internal audit service, which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The Council's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Council formally reviews its own effectiveness every five years, and last year considered members' views of Council's effectiveness and the effectiveness of Council Committees.

## ***Statement of the Council's Responsibilities***

In accordance with the Education Reform Act, the Council is responsible for the administration and management of the Group's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University, the Council, through its Vice Chancellor, is required to prepare financial statements for each financial year and must not approve them unless they are satisfied that they give a true and fair view of the Group's state of affairs and of the surplus or deficit and cash flows 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; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the Group and prevent and detect fraud; and
- secure the economical, efficient and effective management of the Group's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, University officers and 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 and business risks and termly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Council; and
- a professional internal audit service whose annual programme is approved by the Audit Committee and endorsed by the Council and whose head provides the Council with a report on internal audit activity within the Group and an opinion on the adequacy and effectiveness of the Group's system of internal control, including internal financial control.

**Statement of the Council's Responsibilities (continued)**

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

The members of the Council who held office at the date of approval of the financial statements confirm that, so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware, and each member has taken all of the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The Council are responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Independent auditor's report to the Council of Buckinghamshire New University**

We have audited the Group and university financial statements of Buckinghamshire New University ('the University') for the year ended 31 July 2014 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the statement of the consolidated total recognised gains and losses, the note of consolidated historical cost surpluses and deficits, the consolidated and university balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Council, in accordance with paragraph 13(2) of the University's articles of government, section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the University's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Council and auditor**

As explained more fully in the Statement of the Council's Responsibilities set out on pages 15-16, 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2014 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

**Opinion on other matters prescribed by HEFCE's Financial Memorandum dated July 2010**

In accordance with HEFCE's Financial Memorandum dated July 2010, we are required to report to you whether, in our opinion, in all material respects:

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

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

We have nothing to report in respect of where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion, the Statement of Internal Control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

*27 November 2014*

## **Statement of Principal Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the University's financial statements.

### **Basis of preparation**

These financial statements have been prepared in accordance with the statement of recommended practice 'SORP: Accounting for Further and Higher Education Institutions 2007' and in accordance with applicable Accounting Standards. They conform to guidance published by the funding council.

### **Basis of accounting**

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets.

### **Basis of consolidation**

The consolidated financial statements include the University and its subsidiary undertakings, Missenden Abbey Limited, BCUC (Conferences) Limited, BCUC (Services) Limited and Thames Valley Training & Development Limited. Intra-group sales and profits are eliminated fully on consolidation. As all subsidiary undertakings are wholly owned, the University has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. In accordance with Financial Reporting Standard 2 (FRS), the activities of the student union have not been consolidated because the University does not control those activities.

### **Recognition of income**

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are treated as expenditure and not deducted from income.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable. Any payments received in advance are recognised in the balance sheet as a liability.

Non-recurrent grants from Funding Councils or other bodies receivable in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

### **Research and Development expenditure**

Expenditure on Research and Development is written off to the income and expenditure account in the year in which it is incurred.

### **Maintenance of premises**

The University has a five-year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred as work is not capital in nature.

### **Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## Statement of Principal Accounting Policies (continued)

### Pension schemes

Retirement benefits for most employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are contracted out of the State Earnings Related Pension Scheme. The University has fully adopted accounting standard FRS17 'Retirement Benefits'.

The difference between the fair value of the University's share of the assets held in the LGPS and its share of the liabilities, together with the liabilities associated with unfunded pensions, measured on an actuarial basis using the projected unit method are recognised in the University's balance sheet as a pension scheme liability.

Current and past service costs, together with interest on scheme liabilities and the expected return on scheme assets, are charged against operating surplus. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

### Tangible fixed assets

Depreciation is provided to write off the cost or valuation less the estimated residual value of the tangible fixed assets by equal instalments over their useful economic life as follows:

#### Buildings:

- Core - 50 to 80 years;
  - Roofs – 40 years;
  - Finishes – 30 years;
  - Fixtures and fittings – 20 years;
  - Mechanical and electrical – 30 years;
  - Refurbishments of freehold buildings – 30 years;
  - Refurbishments of leasehold buildings – over the remaining period of the lease;
  - Minor capital works – 5 years
- Equipment - 5 to 15 years  
Operating lease buyouts – over the remaining useful life of the underlying assets

No depreciation is provided on freehold land.

*a. Land and buildings* - The University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Other land and buildings are included in the balance sheet at cost. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out annually for assets with an anticipated useful economic life in excess of 50 years. The useful life of all assets is reviewed if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

*b. Buildings* - Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, including associated finance costs, incurred to 31st July. They are not depreciated until they are brought into use.

*c. Equipment* - Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life (normally 5 years).

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

## **Statement of Principal Accounting Policies (continued)**

### **Investments**

Investments in subsidiary undertakings are recognised at cost less provision for impairment losses.

### **Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Educational stocks are not material in relation to the University finances and are therefore charged to the income and expenditure account when purchased.

### **Taxation**

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and as such within the meaning of paragraph 1 of schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478 to 488 of the Corporation Taxes Act 2010 (formerly enacted in section 505 of the Income and Corporation Taxes Act 1988), or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax. The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### **Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

### **Provisions**

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

### **Leases**

Costs under operating leases are charged to the income and expenditure account over the term of the lease.

### **Cash Flows**

Cash flows consist of increases and decreases in cash. Cash includes cash at bank and in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

### **Accounting for Charitable Donations**

Charitable Donations are accounted for as follows:

- a) Unrestricted donations. Where the University receives a donation, bequest or gift with no specific terms attached to its use, it is recognised as a charitable donation in the consolidated income and expenditure account once the donation has been received or if before receipt, there is sufficient evidence to provide certainty of receipt and the value can be measured with reasonable certainty.
- b) Permanent endowments. Donations which the donor intends to be invested permanently to produce an income for the benefit of the University or any specific purpose within the University are treated as permanent endowments.
- c) Expendable endowments. Donations which are intended to be retained for the benefit of the University but where the terms enable the use of capital balances are treated as expendable endowments.
- d) Deferred capital grants. Donations received towards the cost of tangible fixed assets other than land are treated as deferred capital grants and are released to income and expenditure account over the life of the related asset.
- e) Tangible fixed assets. Land donated for use by the University is valued and the associated credit is taken to the income and expenditure account as a donation in other income in the year of receipt.

### Consolidated Income and Expenditure Account

		2013/14	2012/13
	Note	£'000	£'000
<b>INCOME</b>			
Funding council grants	1	10,030	14,904
Tuition fees and education contracts	2	42,519	35,911
Research grants and contracts	3	929	1,001
Other operating income	4	11,875	10,170
Endowment and investment income	5	103	225
Total income		<u>65,456</u>	<u>62,211</u>
<b>EXPENDITURE</b>			
Employee costs	6	32,084	30,492
Other operating expenses	8	25,418	23,004
Depreciation	9	3,834	3,215
Other finance costs	10	2,073	2,088
Total expenditure	9	<u>63,409</u>	<u>58,799</u>
Surplus for the year after depreciation of assets at valuation, before and after tax		2,047	3,412

The consolidated income and expenditure of the University and its subsidiaries in 2013/14 related wholly to continuing operations.

### Note of Consolidated Historical Cost Surpluses and Deficits

	Note	£'000	£'000
Surplus after depreciation of assets at valuation, before and after tax		2,047	3,412
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	19	72	72
Historical cost surplus after tax		2,119	3,484

**Statement of the Consolidated Total Recognised Gains and Losses**

	Note	2013/14 £'000	2012/13 £'000
Surplus for the year after depreciation of assets at valuation, and disposal of assets and tax		2,047	3,412
Actuarial (losses)/gain in respect of pension scheme	30	(5,237)	3,941
Other adjustments in respect of pension scheme		(266)	-
<b>Total recognised (losses) /gain relating to the period</b>		<b>(3,456)</b>	<b>7,353</b>
<b>Reconciliation</b>			
Opening reserves		33,701	26,348
Total recognised (losses)/gain for the year		(3,456)	7,353
<b>Closing reserves</b>		<b>30,245</b>	<b>33,701</b>

## Balance Sheet

	Note	Consolidated		University	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	12	87,151	79,948	85,985	78,747
Investments	13	0	0	1,036	1,036
		<b>87,151</b>	<b>79,948</b>	<b>87,021</b>	<b>79,783</b>
<b>CURRENT ASSETS</b>					
Stocks	14	23	19	0	0
Debtors and prepayments	15	5,332	6,213	5,484	6,256
Cash held on short term deposit		5,000	5,000	5,000	5,000
Cash at bank and in hand		12,169	14,021	11,403	13,767
		<b>22,524</b>	<b>25,253</b>	<b>21,887</b>	<b>25,023</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	<b>(12,445)</b>	<b>(10,148)</b>	<b>(12,251)</b>	<b>(10,341)</b>
<b>NET CURRENT ASSETS</b>		<b>10,079</b>	<b>15,105</b>	<b>9,636</b>	<b>14,682</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>97,230</b>	<b>95,053</b>	<b>96,657</b>	<b>94,465</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	17	<b>(28,689)</b>	<b>(29,334)</b>	<b>(28,689)</b>	<b>(29,334)</b>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<b>68,541</b>	<b>65,719</b>	<b>67,968</b>	<b>65,131</b>
<b>PENSION LIABILITY</b>	30	<b>(30,738)</b>	<b>(24,608)</b>	<b>(30,738)</b>	<b>(24,608)</b>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>37,803</b>	<b>41,111</b>	<b>37,230</b>	<b>40,523</b>
<b>Represented by:</b>					
<b>DEFERRED CAPITAL GRANTS</b>	18	<b>7,558</b>	<b>7,410</b>	<b>7,558</b>	<b>7,410</b>
<b>RESERVES</b>					
Income and expenditure account excluding pension reserve	19	56,286	53,540	55,713	52,952
Pension scheme reserve	19	(30,738)	(24,608)	(30,738)	(24,608)
Income and expenditure account		25,548	28,932	24,975	28,344
Revaluation reserve	19	4,697	4,769	4,697	4,769
		<b>30,245</b>	<b>33,701</b>	<b>29,672</b>	<b>33,113</b>
<b>TOTAL FUNDS</b>		<b>37,803</b>	<b>41,111</b>	<b>37,230</b>	<b>40,523</b>

The financial statements were approved by the Council on 24 November 2014, and signed on its behalf by:

  
Dame Christine Beasley  
Chair of Council

  
Professor Ruth Farwell  
Vice Chancellor

### Consolidated Cash Flow Statement

	Note	2013/14 £'000	2012/13 £'000
Net cash inflow from operating activities	24	11,213	10,086
Returns on investments and servicing of finance	25	(1,289)	(1,099)
Capital expenditure and financial investment	26	(11,167)	(5,871)
Financing	27	(612)	(594)
<b>(Decrease) / increase in cash in the year</b>		<b>(1,854)</b>	<b>2,522</b>

### Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2013/14 £'000	2012/13 £'000
(Decrease)/increase in cash in the year		(1,854)	2,522
Changes in debt	27	612	594
Change in net debt		<u>(1,242)</u>	<u>3,116</u>
Net debt at 1st August		(10,923)	(14,039)
<b>Net debt at 31st July</b>	28	<b>(12,162)</b>	<b>(10,923)</b>



## Notes to the Financial Statements

### 1 Funding Council Grants

	2013/14 £'000	2012/13 £'000
Recurrent Grants		
HEFCE	7,903	13,096
YPLA/SFA	604	558
Specific Grants		
Higher Education Innovation Fund	757	757
National Scholarship Programme	579	306
Deferred Capital Grants Released in Year (see note 18)		
Buildings	171	171
Equipment	16	16
	<b>10,030</b>	<b>14,904</b>

### 2 Tuition Fees and Education Contracts

	2013/14 £'000	2012/13 £'000
Full-time students	24,801	19,888
Full-time students charged overseas fees	1,430	1,450
Part-time students	3,346	2,737
Health Authority contracts	12,159	11,300
Short course fees	783	536
	<b>42,519</b>	<b>35,911</b>

### 3 Research Grants and Contracts

	2013/14 £'000	2012/13 £'000
European Commission	211	230
Other research grants and contracts	718	771
	<b>929</b>	<b>1,001</b>

### 4 Other Operating Income

	2013/14 £'000	2012/13 £'000
Residences and catering	4,250	4,115
Health Authorities	195	291
Missenden Abbey conference centre	1,915	1,754
Education contracts	277	360
Rents	1,436	1,253
Student Union and Nurses Reimbursements	593	351
Other income	3,209	2,046
	<b>11,875</b>	<b>10,170</b>

## 5 Interest Receivable

	2013/14 £'000	2012/13 £'000
Income from short term investment	<u>103</u>	<u>225</u>

## 6 Employees

	2013/14 £'000	2012/13 £'000
<b>Staff costs</b>		
Salaries and wages	26,025	24,705
Employers national insurance	2,135	2,083
Employers pension costs (see note 31)	3,924	3,704
	<u>32,084</u>	<u>30,492</u>

In addition to the amounts shown above, severance payments of £544,000 (2013: £350,000) are included in other operating expenses in respect of employees leaving under a reorganisation programme.

<b>Average FTE Employee Numbers by Major Category:</b>	2013/14 Number	2012/13 Number
Academic	314	314
Other	366	362
	<u>680</u>	<u>676</u>

Costs for other employees include FRS17 adjustments of £374,000 (2013: £544,000).

## 7 Emoluments of Senior Post Holders and Members

	2013/14 £'000	2012/13 £'000
Emoluments of the Vice Chancellor	192	179
Employers pension contribution for the Vice Chancellor	24	24
	<u>216</u>	<u>203</u>

The employer's pension contribution is paid at the same rate as for other academic employees.

Remuneration of other higher paid employees, excluding employer's pension contributions:

	2013/14	2012/13
£100,000 - £109,999	1	3
£110,000 - £119,999	<u>1</u>	<u>2</u>

Compensation for loss of office to higher paid employees during the year was £nil (2013: £91k). No payments were made to or on behalf of Council members during the year (2013: £nil).

## 8 Other Operating Expenses

	2013/14 £'000	2012/13 £'000
Residences and catering operating expenses	3,393	2,957
Repairs and general maintenance	643	440
Heat, light, water and power	809	821
Rents & rates	3,166	3,634
Travel expenses	652	664
Equipment purchase & maintenance	2,680	2,352
Communications, advertising and printing	2,120	1,921
Examination fees	126	204
Student expenses	2,973	2,667
Student Union grant	432	423
Other contracted services	2,857	2,700
Payments to F.E. Colleges	111	240
External auditor's remuneration - audit services	55	51
Restructuring costs	544	618
Other expenses	4,857	3,312
	<b>25,418</b>	<b>23,004</b>

Auditor's remuneration for audit services comprises £38,000 excluding VAT (2013: £35,000) for the University and £8,000 excluding VAT (2013: £7,000) in respect of subsidiaries.

Included in the above are operating lease rentals of £3,389,000 (2013: £4,736,000) in respect of land and buildings.

## 9 Analysis of 2013/14 Expenditure by Activity

	Employee Costs £'000	Other Operating Expenses £'000	2013/14 Total £'000	2012/13 Total £'000
Academic departments	18,719	4,654	23,373	22,392
Academic services	6,992	6,198	13,190	14,277
Research contracts	246	366	612	1,000
Residencies, catering and conferences	1,076	5,571	6,647	5,590
Premises	991	2,495	3,486	3,166
Administration	3,339	3,772	7,111	7,071
Other trading activities	719	2,362	3,083	-
	<u>32,084</u>	<u>25,418</u>	<u>57,502</u>	<u>53,496</u>
Depreciation			3,834	3,215
Interest payable (see note 10)			2,073	2,088
Total per income and expenditure account			<b>63,409</b>	<b>58,799</b>

### 10 Financing Costs

	2013/14 £'000	2012/13 £'000
Interest on term loans	1,380	1,409
Other financing costs	13	12
	<u>1,392</u>	<u>1,421</u>
Net expected return on pension scheme assets less liabilities	681	667
	<u>2,073</u>	<u>2,088</u>

### 11 Surplus on Continuing Operations

	2013/14 £'000	2012/13 £'000
University surplus prior to consolidation	2,065	3,430

### 12 Tangible Assets

	Freehold Land & Buildings £'000	Fittings & Equipment £'000	Total £'000
<b>CONSOLIDATED</b>			
<b>Cost / Revaluation</b>			
At 1st August 2013	84,317	13,010	97,327
Additions at cost	9,506	1,569	11,075
Disposals at cost	(8)	(505)	(513)
	<u>93,815</u>	<u>14,074</u>	<u>107,889</u>
<b>Depreciation</b>			
At 1st August 2013	11,636	5,742	17,378
Charge for the year	2,030	1,804	3,834
Released on disposals in the year	-	(473)	(473)
	<u>13,666</u>	<u>7,073</u>	<u>20,739</u>
<b>Net Book Value</b>			
At 1st August 2013	<u>72,680</u>	<u>7,268</u>	<u>79,948</u>
At 31st July 2014	<u>80,149</u>	<u>7,001</u>	<u>87,151</u>
<b>UNIVERSITY</b>			
<b>Cost / Revaluation</b>			
At 1st August 2013	82,883	12,525	95,408
Additions at cost	9,507	1,556	11,063
Disposals at cost	(8)	(505)	(513)
	<u>92,382</u>	<u>13,576</u>	<u>105,958</u>
<b>Depreciation</b>			
At 1st August 2013	11,307	5,354	16,661
Charge for the year	2,009	1,776	3,785
Released on disposals in the year	-	(473)	(473)
	<u>13,316</u>	<u>6,657</u>	<u>19,973</u>
<b>Net Book Value</b>			
At 1st August 2013	<u>71,576</u>	<u>7,171</u>	<u>78,747</u>
At 31st July 2014	<u>79,066</u>	<u>6,919</u>	<u>85,985</u>

The net book value of the freehold land and buildings shown above on an historical cost basis as at 31st July 2014 amounted to £8,108,000 and £65,487,000 respectively. Depreciation is not provided on land valued at £8,108,000 in the 2014 balance sheet. Land and buildings cost includes capitalised interest of £780,000 (2013: £702,000). Of this amount, £nil (2013: £nil) was capitalised during the year.

Included within the Freehold Land and Buildings is £5,370,000 (2013: £1,344,000) which relates to properties in the course of construction.

HM Treasury funds have been used to finance the acquisition of fixed assets. In the event of the University moving away from delivering publicly funded education there is the potential for a repayment to HM Treasury to be triggered. At 31st July 2014 the maximum potential repayment was £6,185,374 (2013: £6,486,727).

The net book value of tangible assets at 31st July 2014 and their source of funding is as follows:

	Freehold Land & Buildings £'000	Fittings & Equipment £'000	Total £'000
<b>CONSOLIDATED</b>			
Inherited	4,769	-	4,769
Financed by capital grant	6,074	1,484	7,558
Other/own funded	69,306	5,517	74,823
	<b>80,149</b>	<b>7,001</b>	<b>87,151</b>
<b>UNIVERSITY</b>			
Inherited	4,769	-	4,769
Financed by capital grant	6,073	1,484	7,557
Other/own funded	68,224	5,435	73,659
	<b>79,066</b>	<b>6,919</b>	<b>85,985</b>

### 13 Investments

	University	
	2013/14 £'000	2012/13 £'000
<b>Shares in subsidiary undertakings at cost</b>		
At 1st August and 31st July	<u>1,922</u>	<u>1,922</u>
<b>Other investments</b>		
At 1st August and 31st July	<u>0</u>	<u>1,884</u>
<b>Provision for impairment losses</b>		
At 1st August and 31st July	<u>(886)</u>	<u>(2,770)</u>
<b>Net book value at 31st July</b>	<b>1,036</b>	<b>1,036</b>

Buckinghamshire New University has 100% shareholdings in the following subsidiary undertakings:

Subsidiary Undertaking	Country of Incorporation	Principal activity
Missenden Abbey Limited	Great Britain	A management training complex
BCUC (Conferences) Limited	Great Britain	Dormant
BCUC (Services) Limited*	Great Britain	Operating a lecture theatre complex
Thames Valley Training & Development Limited	Great Britain	Providing training & consultancy services

\*owned indirectly

CRDM Limited was a wholly owned subsidiary of the University. During the year ended 31st July 2010, the loan liability due to the University from CRDM Limited was converted to 1,883,143 ordinary shares which, together with the University's original two ordinary shares, were subsequently transferred to Scorch Systems Limited, a company established by the management team of the business, in exchange for preference shares in that company. These shares were disposed during the year for £970,728, a figure which has been reported within continuing operations.

As at 31st July 2014, the University owned the whole of the issued share capital (in £1 ordinary shares) in the following companies:

	£'000
BCUC (Conferences) Limited	1,822
Missenden Abbey Limited	100
Thames Valley Training & Development Limited (one £1 share)	-
	1,922

The subsidiaries above are incorporated in England and Wales. At the year end, the University owned 100% of the voting rights in these subsidiaries and they are included in the consolidation.

The principal activity of Missenden Abbey Limited is running a management training centre. The principal activity of BCUC (Conferences) Limited was providing health training; on 1st August 2011, the business, assets and obligations of the company were transferred to the University. BCUC (Services) Limited is a wholly owned subsidiary of BCUC (Conferences) Limited, and its principal activity is operating a lecture theatre complex. Thames Valley Training & Development Limited commenced trading on 1st August 2012; its principal activity is providing training and consultancy services.

#### 14 Stock

	Consolidated		University	
	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000
Finished goods and goods for resale	23	19	-	-

### 15 Debtors and Prepayments

	Consolidated		University	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Trade debtors	2,440	2,075	2,264	1,805
Amounts due from subsidiary undertakings	-	-	329	316
Prepayments and accrued income	2,248	2,557	2,247	2,554
Other debtors	644	1,581	644	1,581
	5,332	6,213	5,484	6,256

Included within trade debtors is an amount due in more than one year of £1,550,000 from Chiltern Student Villages Limited (2013: £1,550,000).

### 16 Creditors – Amounts Falling Due Within One Year

	Consolidated		University	
	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Secured bank loans due within one year	643	610	643	610
Trade creditors	2,403	2,235	1,945	2,075
Tax and social security	127	130	40	44
Amounts due to subsidiary undertakings	-	-	323	585
Amounts due to related undertakings	1,300	-	1,300	-
Other creditors	1,373	1,885	1,373	1,885
Accruals and deferred income	6,600	5,288	6,627	5,142
	12,445	10,148	12,251	9,731

Other creditors includes £473,000 (2013: £890,000) relating to the University acting as an agent on behalf of other bodies.

### 17 Creditors – Amounts Falling Due After One Year

	Consolidated and University	
	2013/14	2012/13
	£'000	£'000
Analysis of secured bank loans:		
Due within one year	643	610
Due within one to two years	669	643
Due between two and five years	2,191	2,100
Due in five years or more	25,829	26,591
	29,331	29,944
Due within one year (see note 16)	(643)	(610)
Due in more than one year	28,689	29,334

The majority of the long term loan is fixed at an interest rate of 5.32%. The High Wycombe campus comprises the security for the loan.

**18 Deferred Capital Grants**

	<b>£'000</b>
<b>At 1st August 2013</b>	
Buildings	6,245
Equipment	<u>1,165</u>
<b>Total</b>	<b><u>7,410</u></b>
<b>Cash Received &amp; Receivable</b>	
Buildings	-
Equipment	<u>336</u>
<b>Total</b>	<b><u>336</u></b>
<b>Released to Income and Expenditure</b>	
Buildings	(172)
Equipment	<u>(16)</u>
<b>Total</b>	<b><u>(188)</u></b>
<b>At 31st July 2014</b>	<b><u>7,558</u></b>



**19 Reserves**

	2013/14 £'000	2012/13 £'000
<b>Consolidated &amp; University</b>		
<b>Revaluation Reserve</b>		
As at 1st August	4,769	4,841
Transfer due to depreciation charged on historical cost and valuation basis	(72)	(72)
As at 31st July	<u>4,697</u>	<u>4,769</u>
<b>Consolidated Income and Expenditure Account</b>		
As at 1st August	53,540	49,550
Transfer due to depreciation charged on historical cost and valuation basis	72	72
FRS17 adjustments in pension reserve	1,055	1,211
Other pension adjustments in pension reserve	(428)	(705)
Surplus for the year	2,047	3,412
As at 31st July	<u>56,286</u>	<u>53,540</u>
<b>University Income and Expenditure Account</b>		
As at 1st August	52,952	48,944
Transfer due to depreciation charged on historical cost and valuation basis	72	72
FRS17 adjustments in pension reserve	1,055	1,211
Other pension adjustments in pension reserve	(428)	(705)
Surplus for the year	2,062	3,430
As at 31st July	<u>55,713</u>	<u>52,952</u>
<b>Consolidated and University Pension Reserve</b>		
As at 1st August	24,608	28,043
Operating cost adjustments due to FRS17	374	544
Finance cost adjustments due to FRS 17	681	667
Other pension adjustments	(428)	(705)
Actuarial losses/(gains) on pension scheme in year	5,503	(3,941)
As at 31st July	<u>30,738</u>	<u>24,608</u>

## 20 Access Funds & Mature Student Bursaries

	2013/14 £'000	2012/13 £'000
Balance unspent at 1st August	18	53
Funding council grants	185	154
Disbursed to students	(173)	(189)
<b>Balance unspent at 31st July</b>	<b>30</b>	<b>18</b>

Funding council access grants and mature student bursaries are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account. An amount of £nil is repayable to the Funding Council at the end of the year (2013: £Nil).

## 21 Capital Commitments

Construction, refurbishment and development works contract commitments to the value of £1.2m (2013: £6m) were outstanding at the year end. Commitments to the value of £2.0m (2013: £4.5m) were authorised but not contracted for at the year end.

## 22 Contingent Liabilities

There is a contingent liability for up to £2.7m (2013: £nil) in respect of a contribution to the costs of Wycombe District Council developing a road adjacent to our student accommodation in Hughenden Valley. The amount of the liability is currently uncertain. The District Council have indicated that this work, and therefore the university's liability, is likely to arise over the next twelve months.

## 23 Lease Obligations

Annual rentals under operating lease commitments are as follows:

	2013/14 £'000	2012/13 £'000
Land and buildings:		
Expiring within one year	-	1,608
Expiring within two to five years	175	175
Expiring over five years	3,214	3,091
	<b>3,389</b>	<b>4,874</b>

#### 24 Reconciliation of Consolidated Surplus to Net Cash from Operating Activities

	2013/14	2012/13
	£'000	£'000
Surplus before tax	2,047	3,412
Depreciation	3,834	3,215
(Surplus)/deficit on sale of assets	-	(4)
Deferred capital grants released to income (see note 18)	(187)	(187)
Interest payable	2,073	2,088
Interest receivable	(103)	(225)
Decrease / (Increase) in debtors	1,168	(330)
(Increase) in stocks	(4)	(1)
Increase in creditors	2,010	1,574
FRS17 adjustments	374	544
<b>Net cash inflow from operating activities</b>	<b>11,213</b>	<b>10,086</b>

#### 25 Returns on Investments and Servicing of Finance

	Consolidated	
	2013/14	2012/13
	£'000	£'000
Income from short term investments	103	193
Interest paid on loans	(1,392)	(1,421)
Cash inflow from agency arrangements	-	129
	(1,289)	(1,099)

#### 26 Capital Expenditure and Financial Investment

	Consolidated	
	2013/14	2012/13
	£'000	£'000
Payments to acquire tangible assets	(11,075)	(2,894)
Proceeds from sale of assets	-	11
Deferred capital grants received	336	163
Loan in Chiltern Student Villages Limited	-	(1,550)
Cash outflow from agency arrangements	-	(896)
Pension contributions in respect of past service	(428)	(705)
	(11,167)	(5,871)

#### 27 Financing

	Consolidated	
	2013/14	2012/13
	£'000	£'000
New secured loans	-	-
Amounts repaid	(612)	(594)
	(612)	(594)

### 28 Analysis of Changes to Net Debt

	As at 01/08/2013 £'000	Cash Flows £'000	Other non- cash flows £'000	As at 31/07/2014 £'000
Cash at bank and in hand	14,021	(1,852)	-	12,169
Cash held on short term deposit	5,000	-	-	5,000
Debt due within one year	(610)	612	(645)	(643)
Debt due after one year	(29,334)	-	645	(28,689)
	(10,923)	(1,240)	-	(12,163)

### 29 Related Party Transactions

Certain members of the Council are associated with other organisations that may from time to time undertake transactions with the University or its subsidiaries. All such transactions are undertaken on an arm's length basis and in accordance with the University's normal terms. No member of the Council has any financial interest in such transactions, nor are such other organisations related parties of the University or its subsidiaries.

As all subsidiary undertakings are wholly owned, the University has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

### 30 Pension Schemes

Retirement benefits for employees of the University are provided by defined benefit schemes that are funded by contributions from the University and employees. Payments are made to the Teachers' Pension Scheme for academic employees and the Local Government Pension Scheme, administered by Buckinghamshire County Council, for non-academic employees. These are both independently administered schemes. The accounts bore the cost of providing pension benefits as detailed below.

If the University ever closes and there is no successor establishment, the Secretary of State becomes the compensating authority.

### Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is valued by the Government Actuary. The last full actuarial assessment of the scheme was at 31st March 2004. The assessment was based on the assumptions that investment returns would be 6.5%p.a. The assumed real rates of return (of 3.5% in excess of prices and 2% in excess of earnings) are the same as were adopted in the 2001 review. The actuarial valuation deemed the market value of the scheme's assets, representing notional investments and estimated future contributions, to be £163,240m, with scheme liabilities of £166,500m. The employer contribution rate applicable from 1st April 2004, was 13.5% and as from 1st January 2007 was 14.1% following the valuation.

The 2007 interim actuarial review, published in May 2008, did not recommend any changes to the contribution rate. A cost-sharing agreement introduced for the first time for the 2008 valuation a 14% cap on employer standard contributions payable. Formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. Tiered contribution rates based on salary were introduced for employees from 1st April 2012 ranging from 6.4% to 8.8% and ranging from 6.4% to 11.2% from 1st April 2013.

The Teachers' Pension Scheme is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The University therefore accounts for these pension costs on a defined contribution basis as permitted by FRS17. The contributions to the Teachers' Pension Scheme were £1,696,000 (2012: £1,680,000).

### Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. The last formal actuarial assessment of the Buckinghamshire County Council Pension Scheme was at 31st March 2010. In accordance with actuarial advice, the contributions by the University to the scheme were increased to 16.8% from 1st April 2011, increased to 17.5% from April 2012 and to 18.3% from April 2013. This assessment has been updated for the period ended 31st July 2014 for the purposes of FRS17 but does not constitute a formal actuarial valuation of the scheme for funding purposes.

Under the definitions of FRS17, the LGPS is a multi-employer defined benefit pension scheme. The actuary of the scheme has identified the University's share of its assets and liabilities as at 31st July 2014.

The pension scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to current and former employees. The trustees are required to act in the best interests of the fund's beneficiaries. The trustees are responsible for setting the investment strategy for the scheme in consultation with professional advisers.

An amount of £163,000 (2013: £165,000) was paid directly by the University in respect of supplementary pension entitlements of employees taking early retirement at the time of incorporation. The pension liability associated with this commitment is valued in line with the assumptions for the local government pension scheme in the section below and included in the analysis below.

The major financial assumptions used by the actuary were:

	2014	2013	2012	2011	2010
Rate of increase in salaries	4.5%	4.8%	4.0%	5.0%	4.7%
Rate of increase in pensions payment and deferred pensions	2.7%	2.6%	1.8%	2.7%	2.7%
Discount rate applied to scheme liabilities	4.3%	4.7%	3.9%	5.3%	5.4%
Inflation assumption - RPI	3.5%	3.4%	2.6%	3.5%	3.2%
Inflation assumption - CPI	2.7%	2.6%	1.8%	2.7%	2.7%

Future pension increases are assumed by the actuary to be based on CPI rather than RPI.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2014	2013	2012	2011	2010
Non-pensioner:					
Males	25.8	22.1	22.0	21.9	23.0
Females	28.3	26.0	25.9	25.8	26.0
Pensioners:					
Males	23.6	20.1	20.0	19.8	22.2
Females	26.0	24.1	24.0	23.9	25.3

The long term rates of return on scheme assets expected by the actuary (RR) at each period end were:

	2014	2013	2012	2011	2010
Equities	6.8%	6.4%	5.8%	7.0%	7.3%
Gilts	3.4%	3.4%	2.8%	4.0%	4.3%
Other bonds	4.0%	4.3%	3.9%	5.3%	5.4%
Property	5.7%	5.9%	5.3%	6.5%	6.8%
Cash	3.2%	0.5%	0.5%	3.0%	3.0%
Other	6.8%	6.4%	5.8%	7.0%	7.3%

Analysis of LGPS pension costs charged to operating surplus:

	2014	2013
	£'000	£'000
Current service costs	(2,111)	(1,958)
Losses on settlements or curtailments	(100)	0
	(2,211)	(1,958)

Analysis of amounts included in other finance costs:

	2014	2013
	£'000	£'000
Expected return on pension scheme assets	2,384	1,733
Interest on pension scheme liabilities	(3,065)	(2,400)
	(681)	(667)

Analysis of amount recognised in statement of total recognised gains and losses:

	2014 £'000	2013 £'000
Actual return less expected return on scheme assets	(989)	4,142
Experience gains and losses arising on scheme liabilities	3,653	(72)
Changes in assumptions underlying the present value of scheme liabilities	(7,901)	(129)
<b>Actuarial (losses)/gain recognised in statement of total recognised gains and losses</b>	<b>(5,237)</b>	<b>3,941</b>

Movement in net pension liability during the year:

	2014 £'000	2013 £'000
Deficit in scheme at beginning of year	(24,608)	(28,043)
Current service costs	(2,111)	(1,958)
Employer contributions paid	1,837	1,954
Unfunded pension payments	163	165
Other finance costs	(681)	(667)
Settlements/curtailments	(100)	-
Actuarial (losses)/gain	(5,238)	3,941
<b>Net pension liability at end of year</b>	<b>(30,738)</b>	<b>(24,608)</b>

Analysis of movement in the present value of scheme liabilities:

	2014 £'000	2013 £'000
At beginning of year	(64,704)	(60,996)
Current service costs	(2,111)	(1,958)
Interest cost	(3,065)	(2,400)
Actuarial losses	(4,248)	(201)
Losses on curtailments	(100)	-
Estimated benefits paid (net of transfers in)	1,523	1,241
Contributions by scheme participants	(609)	(555)
Unfunded pension payments	163	165
<b>At end of year</b>	<b>(73,150)</b>	<b>(64,704)</b>

Analysis of movement in the market value of scheme assets:

	2014	2013
	£'000	£'000
At beginning of year	40,096	32,953
Expected return on scheme assets	2,384	1,733
Actuarial (losses)/gain	(989)	4,142
Contributions by employer	2,000	2,119
Contributions by scheme participants	609	555
Estimated benefits paid (net of transfers in)	(1,686)	(1,406)
At end of year	42,414	40,096

History of experience gains and losses

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Present value of scheme liabilities	73,150	64,704	60,996	51,659	48,121
Market value of scheme assets	41,872	40,096	32,953	32,114	27,056
Deficit in scheme	<b>(31,278)</b>	<b>(24,608)</b>	<b>(28,043)</b>	<b>(19,545)</b>	<b>(21,065)</b>
Experience adjustments on scheme liabilities	3,653	(72)	25	441	82
Experience adjustments on scheme assets	(990)	4,142	(1,836)	2,855	1,267

The University has elected not to restate prior year amounts as permitted by the amendment to FRS17.

The estimated employer contributions to the scheme for the year to 31st July 2014, is £1,837,000.

The following table sets out the impact of a plus or minus 0.1% change in the discount rates on the total obligation and projected service cost along with a plus or minus 1 year age rating adjustment to the mortality assumption:

Adjustment to discount rate:	+0.1%	0.0%	-0.1%
	£,000	£,000	£,000
Present value of scheme liabilities	71,710	73,150	74,621
Projected service cost	2,044	2,093	2,143

Adjustment to mortality age rating assumption:

	+1 year	None	-1 year
Present value of scheme liabilities	73,358	73,150	72,943
Projected service cost	2,093	2,093	2,093



**University Council**

2014

**Independent & Co-opted Council Members**

Dame Christine Beasley	Independent	(Chair)
Dr Michael Hipkins	Independent	(Deputy Chair) Appointed 1 August 2014
Brian Tranter	Independent	(Deputy Chair) Retired 31 July 2014
Antony Bellekom	Independent	
Antonia Byatt	Independent	
Baljit Dhillon	Independent	
Lori Flynn	Independent	
Ian Hillan	Independent	
Maggie James	Independent	
Tim Marshall	Co-opted	
Ken McCrea	Co-opted	
Jenny Newton	Independent	
Simon Opie	Independent	
Keith Ryan	Independent	
Terri Teasdale	Independent	

**University Council Members**

Ruth Farwell	Vice Chancellor	
Stephen Hoole	Elected Professional Service Employee	Appointed 1 August 2014
Julie Irwin	Elected Senate Member	Retired 31 July 2014
Sukhie Mattu	Elected Professional Service Employee	Retired 31 July 2014
Hilary Mullen	Elected Academic Staff	
Linsey Taylor	Elected Senate Member	
Lauren Griffiths	Elected Senate Member	Appointed 1 August 2014
Naomi Franco	President, Students' Union	Retired 30 June 2014
Matt Gilbert	President, Students' Union	Appointed 1 July 2014

**Senior Management Team - Current**

Ruth Farwell	Vice Chancellor
Ian Plover	Deputy Vice Chancellor
Alison Chambers	Pro Vice Chancellor S & H
Vicky Vass	Interim Pro Vice Chancellor DMM
Shân Wareing	Pro Vice Chancellor Learning & Teaching

**Key Advisers**

Bankers	Barclays Bank PLC
External Auditors	Grant Thornton UK LLP
Internal Auditors	PricewaterhouseCoopers
Lawyers	Mills and Reeve

