



Financial statements
for year ending
31 July 2011



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new university

Buckinghamshire New University
Financial Statements for the year ended 31 July 2011

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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 which 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.

Results for the Year

The Consolidated Income and Expenditure Account is impacted by various factors. The underlying operating results and the special factors can be summarised as follows:

	2010/11	2009/10
	£,000	£,000
Continuing operations		
Income	59,469	57,934
Employee costs	(28,166)	(29,595)
Other operating expenses	(22,900)	(24,003)
Depreciation	(3,067)	(2,696)
Interest payable on loans	(1,497)	(1,245)
Underlying operating surplus for the year	3,839	395
FRS17 adjustments	(800)	(1,343)
Restructuring costs	(646)	(1,075)
Surplus on disposal of property	4,321	0
Historical cost surplus/(deficit)	6,714	(2,023)

The substantial improvement in the operating surplus reflects the cumulative results of the University's drive over the last few years to improve its attractiveness to students and to improve the efficiency and effectiveness of its operations. There is now clear evidence that the University's strategy commenced in 2007 is having the desired positive impact.

Income grew by 2.6% in the year despite a 5.2% fall in grant income. This was principally due to increased numbers of students driving higher receipts from tuition fees and health authority contract income.

Underlying employee costs fell by a further 4.8% reflecting the efficiency gains that have been implemented over the year.

REPORT OF THE COUNCIL (continued)

Other operating expenses decreased by 4.6%, reflecting a drive to reduce controllable costs in the face of the expected reductions in grant funding. The increase in depreciation and interest charges reflected the full year effect of the charges associated with the new buildings that came into operation during the previous year.

The University concluded its substantial organisation restructuring with a further phase of staff reductions and the disposal of its former Chalfont campus.

Key Performance Indicators and Targets

A selection of the key individual indicators and outturn against targets are shown below, together with the targets for 2011/12.

	2010/11			2011/12
	Target	Actual		Target
Student Number Control (SNC)	≤1,589	1,589	Achieved	≤1,769
Applicants for SNC places	>10,000	10,414	Achieved	>9,000
Student contract position	≤5.0%	2.7%	Achieved	≤5.6%
Underlying operating surplus	>2.4%	6.5%	Achieved	>4.7%
Employee costs/operating costs	<58%	50.6%	Achieved	<51%
Student satisfaction	>70%	74%	Achieved	>79%

The number of applicants again grew substantially, reflecting the increasing attractiveness of the University to students. The target is to consolidate this position, which reflects our confidence while recognising that demand for higher education places may reduce across the sector.

The indicator relating to the student contract position measures the University's outturn student numbers in relation to its contract with the Higher Education Funding Council for England (HEFCE). This year the University was within the contract range.

The underlying operating surplus achieved by the University exceeded the target.

The National Student Survey showed that overall satisfaction among our final year undergraduate students improved by 5 percentage points. Some of our courses are now rated at satisfaction levels above those of the sector. While this is a positive outcome, we are concerned that for the University as a whole overall satisfaction is below that of the sector. Since we place great emphasis upon delivering a good student experience, we are therefore targeting a similar improvement in the coming year.

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 continue to recruit students to its full time undergraduate courses including its nursing contract with NHS London. 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 accounts have been prepared on a going concern basis.

REPORT OF THE COUNCIL (continued)

In September 2012 the majority of the University's full-time undergraduate courses will attract tuition fees of £7,500 per year, a figure which reflects the University's desire to offer good value for money, whilst being realistic about the costs of delivering its courses. Art, design and production-based courses which involve workshop or studio facilities will attract a fee of £8,000. In addition, the University will offer an innovative new business degree at a fee of £6,000 a year.

Cash Flow and Borrowing Facilities

Consequent upon the completion of the sale of the former Chalfont campus in the year, net debt decreased to £20.7m from £29.6m. The University has a long term loan of £31m and cash balances of £10.4m. 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 best 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.

REPORT OF THE COUNCIL (continued)

- 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 provision 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.
- 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

REPORT OF THE COUNCIL (continued)

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 no linked charities regulated by HEFCE.

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. 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.

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

Council

The Council approves the Statement of Corporate Governance & Internal Control on pages 6 and 7 and the Statement of the Council's Responsibilities on pages 8 and 9. The members of Council, Senior Management Team and key advisers are shown on page 39.

Roy Darby

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

21 November 2011

Professor Ruth Farwell

Vice Chancellor

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL

The University is committed to exhibiting best practice in all aspects of corporate governance and full compliance with the provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998, insofar as they relate to Universities. 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.

STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL (continued)

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 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 accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education. 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.

The University has an internal audit service, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in 2007. 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 institution 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 in addition has considered this year 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;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution 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;
- secure the economical, efficient and effective management of the Group's resources and expenditure.

STATEMENT OF THE COUNCIL'S RESPONSIBILITIES (continued)

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;
- 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.

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 University'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 University's auditors are aware of that information.

Report of the independent auditors to the Council of Buckinghamshire New University

We have audited the Group and University financial statements (the 'financial statements') of Buckinghamshire New University for the year ended 31 July 2011 which comprise consolidated income and expenditure account, the consolidated historical cost surpluses and deficits, the statement of total recognised gains and losses, the consolidated and University balance sheets, the consolidated cash flow statement, the accounting policies and the related notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council, in accordance with paragraph 13(2) of the University's articles of government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it 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 Council for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University's Council and auditors

The governing body's responsibilities for preparing the report of the Council and the Group financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities on pages 8 and 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Accounts Direction and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England ("the Funding Council") and the Learning and Skills Council.

We also report to you whether the information given in the report of the Council is not consistent with the financial statements.

In addition we also report to you if in our opinion the University has not kept proper accounting records, if the University's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

**Report of the independent auditors to the Council of Buckinghamshire New University
(continued)**

We read the report of the Council and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures.

Basis of opinion

We have conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in preparing the financial statements and whether the accounting policies are appropriate to the Group and the University's circumstances, consistently applied and adequately disclosed.

We planned and have performed our audit so as to obtain all the information and explanations we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the Group as at 31 July 2011 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Accounts Direction and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.
- in all material respects, income from the Funding Council, and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2011 have been applied for the purposes for which they were received
- in all material respects, income during the year ended 31 July 2011 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Funding Council, and the funding agreement with the Learning and Skills Council

Grant Thornton UK LLP
Chartered Accountants – Registered Auditor
Central Milton Keynes
21 November 2011

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 and BCUC (Services) 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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

No depreciation is provided on freehold land. Following completion of the major development and refurbishment works at the High Wycombe campus, the useful economic lives of the buildings and equipment were reviewed and shorter lives assigned to relevant components as listed above. This does not constitute a change in accounting policy.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)
Tangible fixed assets (continued)

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 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.

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 2 of the Charities Act 1993 and as such is a charity within the meaning of section 467 of the Corporation Tax Act (CTA) 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 3 of the CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. 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.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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 institution 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.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31st July 2011

		2010/11	2009/10
	Note	£,000	£,000
INCOME			
Funding council grants	1	23,163	24,428
Tuition fees and education contracts	2	26,225	23,823
Research grants and contracts	3	863	610
Other operating income	4	9,211	9,068
Endowment and investment income	5	7	5
Total income		<u>59,469</u>	<u>57,934</u>
EXPENDITURE			
Staff costs	6	28,338	29,858
Depreciation	9	3,067	2,696
Other operating expenses	8	23,546	25,078
Other finance costs	10	2,125	2,325
Total expenditure	9	<u>57,076</u>	<u>59,957</u>
Surplus/(deficit) before exceptional items		2,393	(2,023)
Exceptional items: disposal of property	12	4,321	0
Surplus/(deficit) for the year after depreciation of assets at valuation, before and after tax		<u>6,714</u>	<u>(2,023)</u>

The consolidated income and expenditure of the University and its subsidiaries in 2010/11 related wholly to continuing operations.

Note of Consolidated Historical Cost Surpluses and Deficits for the Year Ended 31st July 2011

	Note	2010/11 £,000	2009/10 £,000
Surplus/(deficit) after depreciation of assets at valuation, before and after tax		6,714	(2,023)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	21	125	125
Historical cost surplus/(deficit) after tax		<u>6,839</u>	<u>(1,898)</u>

Statement of the Consolidated Total Recognised Gains and Losses for the year ended 31 July 2011

	Note	2010/11 £,000	2009/10 £,000
Surplus/(deficit) for the year after depreciation of assets at valuation, and disposal of assets and tax		6,714	(2,023)
Actuarial gains in respect of pension scheme	33	2,320	1,569
Total recognised gains/(losses) relating to the period		<u>9,034</u>	<u>(454)</u>
Reconciliation			
Opening reserves		21,092	21,546
Total recognised gains/(losses) for the year		9,034	(454)
Closing reserves		<u>30,126</u>	<u>21,092</u>

BALANCE SHEET as at 31st July 2011

		Consolidated		University	
	Note	2011 £,000	2010 £,000	2011 £,000	2010 £,000
FIXED ASSETS					
Tangible Assets	13	81,300	82,820	80,109	79,614
Investments	14	0	0	1,036	1,223
		<u>81,300</u>	<u>82,820</u>	<u>81,145</u>	<u>80,837</u>
CURRENT ASSETS					
Stocks	15	22	20	0	0
Land held for disposal	16	0	3,651	0	3,651
Debtors and prepayments	17	3,757	5,195	6,963	6,425
Cash at bank and in hand		10,407	2,003	10,117	1,787
		<u>14,186</u>	<u>10,869</u>	<u>17,080</u>	<u>11,863</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(7,757)	(12,174)	(11,082)	(11,682)
NET CURRENT ASSETS/(LIABILITIES)		<u>6,429</u>	<u>(1,305)</u>	<u>5,998</u>	<u>181</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>87,729</u>	<u>81,515</u>	<u>87,143</u>	<u>81,018</u>
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	19	(30,547)	(31,641)	(30,547)	(31,641)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>57,182</u>	<u>49,874</u>	<u>56,596</u>	<u>49,377</u>
PENSION LIABILITY	33	(19,545)	(21,065)	(19,545)	(21,065)
NET ASSETS INCLUDING PENSION LIABILITY		<u>37,637</u>	<u>28,809</u>	<u>37,051</u>	<u>28,312</u>
Represented by:					
DEFERRED CAPITAL GRANTS	20	7,511	7,717	7,511	7,717
RESERVES					
Income and expenditure account excluding pension reserve	21	44,758	33,298	44,172	32,801
Pension scheme reserve	21	(19,545)	(21,065)	(19,545)	(21,065)
Income and expenditure account		25,213	12,233	24,627	11,736
Revaluation reserve	21	4,913	8,859	4,913	8,859
		<u>30,126</u>	<u>21,092</u>	<u>29,540</u>	<u>20,595</u>
TOTAL FUNDS		<u>37,637</u>	<u>28,809</u>	<u>37,051</u>	<u>28,312</u>

The financial statements were approved by the Council on 21 November 2011, and signed on its behalf by:

Roy Darby
Chair of Council

Professor Ruth Farwell
Vice Chancellor

CONSOLIDATED CASHFLOW STATEMENT

For the Year Ended 31st July 2011

	Note	2010/11 £,000	2009/10 £,000
Net cash inflow from operating activities	27	4,020	3,813
Returns on investments and servicing of finance	28	(1,492)	(1,112)
Capital expenditure and financial investment	29	6,413	(11,810)
Financing	30	(537)	6,939
Increase/(decrease) in cash in the year		<u>8,404</u>	<u>(2,170)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Note	2010/11 £,000	2009/10 £,000
Increase/(decrease) in cash in the year		8,404	(2,170)
Changes in debt	30	537	(6,939)
Other changes: deferred interest on loans		0	(37)
discharge of loan obligation		0	80
Change in net funds		<u>8,941</u>	<u>(9,066)</u>
Net debt at 1 August		(29,638)	(20,572)
Net debt at 31 July	31	<u>(20,697)</u>	<u>(29,638)</u>

NOTES TO THE FINANCIAL STATEMENTS

1 FUNDING COUNCIL GRANTS

	2010/11	2009/10
	£,000	£,000
Recurrent Grants		
HEFCE	21,760	22,865
YPLA/SFA	537	579
Specific Grants		
Higher Education Innovation Fund	660	566
Economic Challenge Investment Fund	0	219
Deferred Capital Grants Released in Year (see note 20)		
Buildings	187	184
Equipment	19	15
	<u>23,163</u>	<u>24,428</u>

2 ACADEMIC FEES AND SUPPORT GRANTS

Full-time students	12,537	11,380
Full-time students charged overseas fees	1,571	1,624
Part-time students	2,214	1,570
Health Authority contracts	9,488	8,764
Short course fees	415	485
	<u>26,225</u>	<u>23,823</u>

3 RESEARCH CONTRACTS

European Commission	243	103
Other research grants and contracts	620	507
	<u>863</u>	<u>610</u>

4 OTHER OPERATING INCOME

	2010/11 £,000	2009/10 £,000
Residences and catering	2,902	2,946
Health Authorities	201	239
Missenden Abbey	1,791	1,720
Education contracts	287	175
Rents	1,520	1,399
Reimbursements	447	419
Other trading activities	12	43
Other income	<u>2,051</u>	<u>2,127</u>
	<u><u>9,211</u></u>	<u><u>9,068</u></u>

5 INTEREST RECEIVABLE

Income from short term investment	<u>7</u>	<u>5</u>
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6 EMPLOYEES

Salaries and wages	23,260	24,514
Employers national insurance	1,933	2,019
Employers pension costs (see note 33)	<u>3,145</u>	<u>3,325</u>
	<u><u>28,338</u></u>	<u><u>29,858</u></u>

In addition to the amounts shown above, severance payments of £567,000 (2010: £1,391,000) are included in other operating expenses in respect of employees leaving under a reorganisation programme.

Average FTE Staff Numbers and costs by Major Category:

	2010/11		2009/10	
	Number	£'000	Number	£'000
Academic	295	16,505	311	16,915
Other	352	11,833	376	12,943
	<u>647</u>	<u>28,338</u>	<u>687</u>	<u>29,858</u>

Costs for other employees include FRS17 adjustments of £172,000 (2010: £263,000).

7. EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS

	2010/11	2009/10
	£,000	£,000
Emoluments of the Vice Chancellor	168	168
Employers pension contribution for Vice Chancellor	22	22
	<u>190</u>	<u>190</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:

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

Compensation for loss of office to higher paid employees during the year was £nil (2010: £nil).
No payments were made to or on behalf of Council members during the year (2010: £nil).

8 OTHER OPERATING EXPENSES

	2010/11	2009/10
	£,000	£,000
Residences and catering operating expenses	2,462	2,211
Repairs and general maintenance	358	562
Heat, light, water and power	875	1,083
Rents & rates	2,652	2,310
Travel expenses	601	565
Equipment purchase & maintenance	4,234	4,630
Communications, advertising and printing	1,705	1,723
Examination fees	188	127
Student expenses	3,189	3,505
Student Union grant	456	469
Other contracted services	1,922	2,187
Payments to F.E. Colleges	1,119	1,469
External auditors' remuneration - audit services	49	44
Restructuring costs	646	1,075
Other expenses	<u>3,090</u>	<u>3,118</u>
	<u>23,546</u>	<u>25,078</u>

Auditors' remuneration for audit services includes £32,000 excluding VAT (2010: £31,000) for the University and £6,000 excluding VAT (2010: £6,000) in respect of subsidiaries.

Included in the above are operating lease rentals of £3,395,000 (2010: £3,107,000) in respect of land and buildings.

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Equipment purchase and maintenance includes operating lease rentals of £2,307,000 (2010: £1,969,000) in respect of computer equipment.

9 ANALYSIS OF 2010/11 EXPENDITURE BY ACTIVITY

	Staff Costs £,000	Other Operating Expenses £,000	2010/11 Total £,000	2009/10 Total £,000
Academic departments	16,912	5,823	22,735	26,278
Academic services	5,739	10,065	15,804	10,201
Research contracts	483	380	863	610
Residencies, catering and conferences	1,266	3,192	4,458	3,843
Premises	723	2,673	3,396	3,549
Administration	3,151	1,278	4,429	9,846
Other trading activities	64	135	199	609
Depreciation			3,067	2,696
Interest payable (see note 10)			2,125	2,325
Total per income and expenditure account	<u>28,338</u>	<u>23,546</u>	<u>57,076</u>	<u>59,957</u>

10 INTEREST PAYABLE

	2010/11 £,000	2009/10 £,000
Interest on overdrafts	8	0
Interest in respect of development loan	0	37
Interest on term loans	1,464	1,245
Less: capitalised within fixed assets	0	(37)
Other financing costs	25	0
	<u>1,497</u>	<u>1,245</u>
Net expected return on pension scheme assets less liabilities	628	1,080
	<u>2,125</u>	<u>2,325</u>

11 SURPLUS/(DEFICIT) ON CONTINUING OPERATIONS

	2010/11 £,000	2009/10 £,000
University surplus/(deficit) prior to consolidation	<u>6,625</u>	<u>(2,520)</u>

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12 EXCEPTIONAL ITEMS – DISPOSAL OF PROPERTY

	2010/11	2009/10
	Total	Total
	£,000	£,000
Proceeds on disposal of surplus campus	8,000	0
Costs eliminated on disposal	(3,651)	0
Costs incurred on disposal	(28)	0
	<u>4,321</u>	<u>0</u>

13 TANGIBLE ASSETS

<u>CONSOLIDATED</u>	Total	Freehold Land & Buildings	Fittings & Equipment
	£,000	£,000	£,000
COST/REVALUATION			
At 1st August 2010	95,519	80,886	14,633
Subsequent additions at cost	1,572	1,095	477
Subsequent disposals at cost	(391)	0	(391)
	96,700	81,981	14,719
DEPRECIATION			
At 1st August 2010	12,699	6,396	6,303
Subsequent provision in the year	3,067	1,935	1,132
Subsequent provision released on disposals	(366)	0	(366)
	15,400	8,331	7,069
NET BOOK VALUE			
At 1st August 2010	82,820	74,490	8,330
At 31st July 2011	81,300	73,650	7,650
<u>UNIVERSITY</u>			
COST/REVALUATION			
At 1st August 2010	90,648	77,525	13,123
Subsequent additions at cost	3,362	2,659	703
Subsequent disposals at cost	(391)	0	(391)
	93,619	80,184	13,435
DEPRECIATION			
At 1st August 2010	11,034	5,908	5,126
Subsequent provision in the period	2,842	1,772	1,070
Released on disposals	(366)	0	(366)
	13,510	7,680	5,830
NET BOOK VALUE			
At 1st August 2010	79,614	71,617	7,997
At 31st July 2011	80,109	72,504	7,605

The net book value of the land and buildings shown above on an historical cost basis as at 31st July 2011 amounted to £8,108,000 and £56,806,000 respectively. Depreciation is not provided on land valued at £8,108,000 in the July 2011 balance sheet. Land and buildings cost includes capitalised interest of £702,000 (2010: £702,000). Of this amount, £nil (2010: £37,000) was capitalised during the year.

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 2011 the maximum potential repayment was £7,333,854 (2010: £7,765,449).

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The net book value of tangible assets at 31st July 2011 and their source of funding is as follows:

	Total	Freehold Land & Buildings	Fittings & Equipment
	£,000	£,000	£,000
CONSOLIDATED			
Inherited	4,913	4,913	0
Financed by capital grant	7,529	6,587	942
Other/own funded	68,858	62,150	6,708
	<u>81,300</u>	<u>73,650</u>	<u>7,650</u>
UNIVERSITY			
Inherited	4,913	4,913	0
Financed by capital grant	7,529	6,587	942
Other/own funded	67,667	61,004	6,663
	<u>80,109</u>	<u>72,504</u>	<u>7,605</u>

14 INVESTMENTS

	University	
	2010/11	2009/10
	£,000	£,000
Shares in subsidiary undertakings at cost		
At 1st August and 31st July	<u>1,922</u>	<u>1,922</u>
Loans to subsidiary undertakings		
At 1st August	0	3,056
Increase/(decrease) in loans	0	(1,172)
Transferred to other investments	0	(1,884)
At 31st July	<u>0</u>	<u>0</u>
Other investments		
At 1st August	1,884	0
Transferred from subsidiary loans	0	1,884
At 31st July	<u>1,884</u>	<u>1,884</u>
Provision for impairment losses		
At 1st August	(2,583)	(2,938)
(Increase)/decrease in provision	(245)	355
Provision written back	58	0
At 31st July	<u>(2,770)</u>	<u>(2,583)</u>
Net book value at 31st July	<u>1,036</u>	<u>1,223</u>

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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	Provision of nurse education services & conference facilities
BCUC (Services) Limited*	Great Britain	Operating a lecture theatre complex

*owned indirectly

Following a commercial review it has been decided to transfer the business, assets and obligations of BCUC (Conferences) Limited to the University.

CRDM Limited was a wholly owned subsidiary of the University. During the prior year, 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 2 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 are disclosed within other investments above.

15 STOCK

	Consolidated		University	
	2010/11	2009/10	2010/11	2009/10
	£,000	£,000	£,000	£,000
Finished goods and goods for resale	22	20	0	0

16 LAND HELD FOR DISPOSAL

	Consolidated		University	
	2010/11	2009/10	2010/11	2009/10
	£,000	£,000	£,000	£,000
Surplus campus awaiting disposal	0	3,651	0	3,651

An option contract was entered into for the sale of the Chalfont campus, replacing the original sale arrangements. The option was exercised during the year resulting in a capital receipt of £8m (see note 12).

17 DEBTORS AND PREPAYMENTS

	Consolidated		University	
	2010/11	2009/10	2010/11	2009/10
	£,000	£,000	£,000	£,000
Trade debtors	2,148	3,752	1,884	2,834
Prepayments and accrued income	1,609	1,443	1,505	1,337
Amounts due from subsidiary undertakings	0	0	3,574	2,254
	3,757	5,195	6,963	6,425

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18 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2010/11	2009/10	2010/11	2009/10
	£,000	£,000	£,000	£,000
Trade creditors	2,268	3,457	2,124	2,972
Accruals and deferred income	3,782	5,607	3,681	4,747
Other creditors	695	2,475	695	2,475
Deposits	228	203	228	203
Amounts due to subsidiary undertakings	0	0	3,665	1,219
HM Revenue & Customs (VAT)	227	432	132	66
Secured bank loans due within one year	557	0	557	0
	<u>7,757</u>	<u>12,174</u>	<u>11,082</u>	<u>11,682</u>

19 CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	Consolidated & University	
	2010/11	2009/10
	£,000	£,000
Analysis of secured bank loans:		
Due within one year	557	537
Due within one to two years	585	557
Due between two and five years	1,888	1,816
Due in five years or more	<u>28,074</u>	<u>28,731</u>
	<u>31,104</u>	<u>31,641</u>
Due within one year (see note 18)	<u>(557)</u>	<u>0</u>
Due in more than one year	<u>30,547</u>	<u>31,641</u>

The secured bank loan originally comprised amounts drawn down from a £55m revolving facility to finance the redevelopment of the University campus, together with rolled-up interest of £702,000 (2010: £702,000), of which £nil was capitalised during the year (2010: £37,000). During the prior year, £32m of the facility was replaced with a 30 year term loan. 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.

20 DEFERRED CAPITAL GRANTS

	Consolidated and University	
	Funding	
	Council	Total
	£,000	£,000
At 1st August 2010		
Buildings	6,774	6,774
Equipment	943	943
Total	<u>7,717</u>	<u>7,717</u>
Cash Received & Receivable		
Buildings	0	0
Equipment	0	0
Total	<u>0</u>	<u>0</u>
Released to Income and Expenditure		
Buildings	(187)	(187)
Equipment	(19)	(19)
Total	<u>(206)</u>	<u>(206)</u>
At 31st July 2011	<u>7,511</u>	<u>7,511</u>

21 RESERVES

	2010/11 £,000	2009/10 £,000
Consolidated & University		
Revaluation Reserve		
As at 1st August	8,859	8,984
Transfer due to depreciation charged on historical cost and valuation basis	(125)	(125)
Transfer in respect of disposed assets	(3,821)	0
As at 31st July	<u>4,913</u>	<u>8,859</u>
Consolidated Income and Expenditure Account		
As at 1st August	33,298	33,853
Transfer due to depreciation charged on historical cost and valuation basis	125	125
FRS17 adjustments in pension reserve	800	1,343
Transfer in respect of disposed assets	3,821	0
Surplus/(deficit) for the year	6,714	(2,023)
As at 31st July	<u>44,758</u>	<u>33,298</u>
University Income and Expenditure Account		
As at 1st August	32,801	33,853
Transfer due to depreciation charged on historical cost and valuation basis	125	125
FRS17 adjustments in pension reserve	800	1,343
Transfer in respect of disposed assets	3,821	0
Surplus/(deficit) for the year	6,625	(2,520)
As at 31st July	<u>44,172</u>	<u>32,801</u>
Consolidated and University Pension Reserve		
As at 1st August	21,065	21,291
Operating cost adjustments due to FRS17	172	263
Finance cost adjustments due to FRS 17	628	1,080
Actuarial gains on pension scheme in year	(2,320)	(1,569)
As at 31st July	<u>19,545</u>	<u>21,065</u>

22 ACCESS FUNDS & MATURE STUDENT BURSARIES

	2010/11	2009/10
	£,000	£,000
Balance unspent at 1st August	61	31
Funding council grants	160	201
Disbursed to students	(190)	(171)
Balance unspent at 31st July	<u>31</u>	<u>61</u>

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. No amount is repayable to the Funding Council at the end of the year (2010: £21,000).

23 SUBSIDIARY COMPANIES

As at 31st July 2011, 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
	<u>1,922</u>

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 is providing health training. BCUC (Services) Limited is a wholly owned subsidiary of BCUC (Conferences) Limited, and its principal activity is operating a lecture theatre complex.

24 CAPITAL COMMITMENTS

Construction, refurbishment and development works contract commitments to the value of £0.3m (2010: £0.3m) were outstanding at the year end.

25 CONTINGENT LIABILITIES

There were no contingent liabilities at the year end (2010: £nil).

26 LEASE OBLIGATIONS

Annual rentals under operating lease commitments are as follows:

	2010/11	2009/10
	£,000	£,000
Computer equipment:		
Expiring within one year	996	37
Expiring within one to two years	1,171	1,061
Expiring within two to five years	0	981
Land and buildings:		
Expiring within one year	1,455	1,443
Expiring within one to two years	129	0
Expiring over five years	2,143	1,854
	<u>5,894</u>	<u>5,339</u>

27 RECONCILIATION OF CONSOLIDATED SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2010/11	2009/10
	£,000	£,000
Surplus/(deficit) before tax	6,714	(2,023)
Depreciation	3,067	2,696
Surplus on sale of assets	(4,296)	(1)
Deferred capital grants released to income (see note 20)	(206)	(199)
Interest payable	2,125	2,325
Interest receivable	(7)	(5)
Decrease in debtors	1,438	1,877
(Increase)/decrease in stocks	(2)	30
Decrease in creditors	(4,985)	(1,230)
FRS17 adjustments	172	263
Decrease in land held for disposal	0	80
Net cash inflow from operating activities	<u>4,020</u>	<u>3,813</u>

28 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Consolidated	
	2010/11	2009/10
	£,000	£,000
Income from short term investments	7	5
Interest paid on loans	(1,499)	(1,117)
	<u>(1,492)</u>	<u>(1,112)</u>

29 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	Consolidated	
	2010/11	2009/10
	£,000	£,000
Payments to acquire tangible assets	(1,559)	(11,825)
Proceeds from sale of assets	7,972	15
	<u>6,413</u>	<u>(11,810)</u>

30 FINANCING

	Consolidated	
	2010/11	2009/10
	£,000	£,000
New secured loans	0	18,298
Repayment of amounts borrowed	(537)	(11,359)
	<u>(537)</u>	<u>6,939</u>

31 ANALYSIS OF CHANGES TO NET DEBT

	As at 01/08/2010	Cash Flows	Other non- cash flows	As at 31/07/2011
	£,000	£,000	£,000	£,000
Cash at bank and in hand	2,003	8,404	0	10,407
Debt due within one year	0	0	(557)	(557)
Debt due after one year	(31,641)	537	557	(30,547)
	<u>(29,638)</u>	<u>8,941</u>	<u>0</u>	<u>(20,697)</u>

32 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.

The University made payments during the year totalling £1,199,000 (2010: £1,192,000) to an associated company, Chiltern Student Villages Limited, in respect of student residences.

33 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. (2010 7.0%). 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. The Government Actuary's Department has been working on the current valuation (as at 31 March 2008) but this has been suspended pending the final report by the Independent Public Service Pensions Commission and full consideration of the Spending Review announcements.

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 £1,699,000 (2010: £1,748,000)

Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme is valued every 3 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 and will increase to 17.5% from April 2012. This assessment has been updated for the period ended 31st July 2011, 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 2011.

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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 £155,000 (2010: £151,000) 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:

	2011	2010	2009	2008	2007
Rate of increase in salaries	5.0%	4.7%	5.1%	5.4%	5.3%
Rate of increase in pensions payment and deferred pensions	2.7%	2.7%	3.6%	3.9%	3.5%
Discount rate applied to scheme liabilities	5.3%	5.4%	6.0%	6.4%	5.8%
Inflation assumption - RPI	3.5%	3.2%	3.6%	3.9%	3.5%
Inflation assumption - CPI	2.7%	2.7%	n/a	n/a	n/a

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:

	2011	2010	2009	2008
Non-pensioner:				
Males	21.9	23.0	23.0	23.0
Females	25.8	26.0	26.0	26.0
Pensioners:				
Males	19.8	22.2	22.2	22.2
Females	23.9	25.3	25.3	25.3

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

	2011	2010	2009	2008	2007
Equities	7.0%	7.3%	7.5%	7.8%	7.8%
Gilts	4.0%	4.3%	4.5%	4.8%	4.8%
Other bonds	5.3%	5.4%	6.0%	6.4%	5.8%
Property	6.5%	6.8%	7.0%	7.3%	7.3%
Cash	3.0%	3.0%	3.0%	5.0%	5.8%
Other	7.0%	7.3%	n/a	n/a	n/a

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Analysis of LGPS pension costs charged to operating surplus:

	2011	2010
	£,000	£,000
Current service costs	(1,790)	(1,628)
Losses on settlements or curtailments	(35)	(111)
	<u>(1,825)</u>	<u>(1,739)</u>

Analysis of amounts included in other finance costs:

	2011	2010
	£,000	£,000
Expected return on pension scheme assets	1,896	1,621
Interest on pension scheme liabilities	(2,524)	(2,701)
	<u>(628)</u>	<u>(1,080)</u>

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

	2011	2010
	£,000	£,000
Actual return less expected return on scheme assets	2,217	1,267
Experience gains and losses arising on scheme liabilities	1,079	82
Changes in assumptions underlying the present value of scheme liabilities	(976)	220
Actuarial gains recognised in statement of total recognised gains and losses	<u>2,320</u>	<u>1,569</u>

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Movement in net pension liability during the year:

	2011	2010
	£,000	£,000
Deficit in scheme at beginning of year	(21,065)	(21,291)
Current service costs	(1,790)	(1,628)
Employer contributions paid	1,498	1,325
Unfunded pension payments	155	151
Other finance costs	(628)	(1,080)
Settlements/curtailments	(35)	(111)
Actuarial gains	2,320	1,569
Net pension liability at end of year	<u>(19,545)</u>	<u>(21,065)</u>

Analysis of movement in the present value of scheme liabilities:

	2011	2010
	£,000	£,000
At beginning of year	(48,121)	(44,434)
Current service costs	(1,790)	(1,628)
Interest cost	(2,524)	(2,701)
Actuarial (losses)/gains	(535)	302
Losses on curtailments	(35)	(111)
Estimated benefits paid (net of transfers in)	1,803	845
Contributions by scheme participants	(612)	(545)
Unfunded pension payments	155	151
At end of year	<u>(51,659)</u>	<u>(48,121)</u>

Analysis of movement in the market value of scheme assets:

	2011	2010
	£,000	£,000
At beginning of year	27,056	23,143
Expected return on scheme assets	1,896	1,621
Actuarial gains	2,855	1,267
Contributions by employer	1,653	1,476
Contributions by scheme participants	612	545
Estimated benefits paid (net of transfers in)	(1,958)	(996)
At end of year	<u>32,114</u>	<u>27,056</u>

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History of experience gains and losses

	2011	2010	2009	2008	2007
	£,000	£,000	£,000	£,000	£,000
Present value of scheme liabilities	51,659	48,121	44,434	39,349	39,595
Market value of scheme assets	32,114	27,056	23,143	24,072	23,716
Deficit in scheme	<u>(19,545)</u>	<u>(21,065)</u>	<u>(21,291)</u>	<u>(15,277)</u>	<u>(15,879)</u>
Experience adjustments on scheme liabilities	441	82	(39)	764	166
Experience adjustments on scheme assets	2,855	1,267	(3,608)	(1,280)	132

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 2012 is £1,590,000.

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	50,390	51,658	52,962
Projected service cost	1,900	1,981	2,065
Adjustment to mortality age rating assumption:			
	+1 year	None	-1 year
Present value of scheme liabilities	49,882	51,658	53,438
Projected service cost	1,896	1,981	2,066

University Council

November 2011

Independent & Co-opted Council Members

Roy Darby	Co-opted	(Chair)
Brian Tranter	Independent	(Deputy Chair)
Antony Bellekom	Independent	
Mitch Brown	Independent	
Antonia Byatt	Independent	
Baljit Dhillon	Independent	Appointed 1 August 2011
Lori Flynn	Independent	
David Griffiths	Independent	
Kathy Grimshaw	Independent	Resigned 31 July 2011
Ian Hillan	Independent	
Michael Hipkins	Independent	Appointed 1 August 2011
Jenny Newton	Independent	Appointed 1 August 2011
Pauline Odulinski	Co-opted	
Simon Opie	Independent	
Keith Ryan	Independent	
Terri Teasdale	Independent	
Smita Jamdar	Independent	Appointed 1 August 2010 Resigned 9 November 2010

University Council Members

Ruth Farwell	Vice Chancellor	
Sukhie Mattu	Elected Non Academic Staff member	
Stephen Fox	Elected Senate member	
Roger Dalrymple	Elected Senate member	
Crystal Oldman	Elected Academic Staff member	
Tom Foy	President, Students' Union - Student member	To 30 June 2011
Ashley Coles	President, Students' Union - Student member	From 1 July 2011

Senior Management Team

Ruth Farwell	Vice Chancellor
Derek Godfrey	Deputy Vice Chancellor
Chris Kemp	Pro Vice Chancellor
Trevor Nicholls	Pro Vice Chancellor
David Sines	Pro Vice Chancellor

Key Advisers

Auditors	Grant Thornton UK LLP
Lawyers	Mills and Reeve
Bankers	Barclays