



**FINANCIAL STATEMENTS
FOR YEAR ENDING
31 JULY 2015**



Contents

Report of the Council	3
Statement of Corporate Governance and Internal Control	10
Statement of the Council's Responsibilities	12
Independent Auditor's Report	14
Statement of Principal Accounting Policies	15
Consolidated Income and Expenditure Account	19
Statement of Group Total Recognised Gains and Losses	20
Balance Sheet	21
Consolidated Cash Flow Statement	22
Reconciliation of Net Cash Flow to Movement in Net Debt	22
Notes to the Financial Statements	23
Council Members, Senior Management Team and Advisers	40

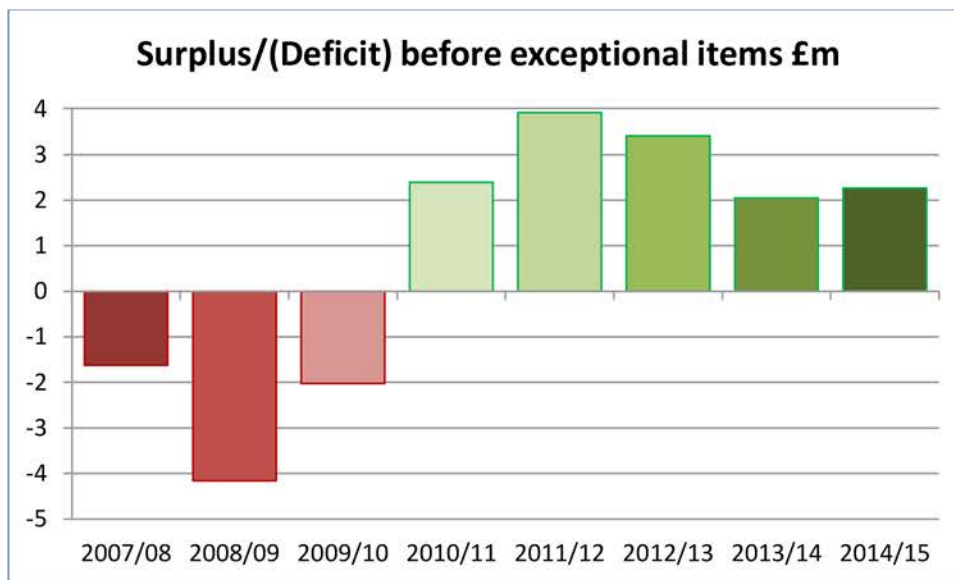
Report of the Council

Scope of the Financial Statements

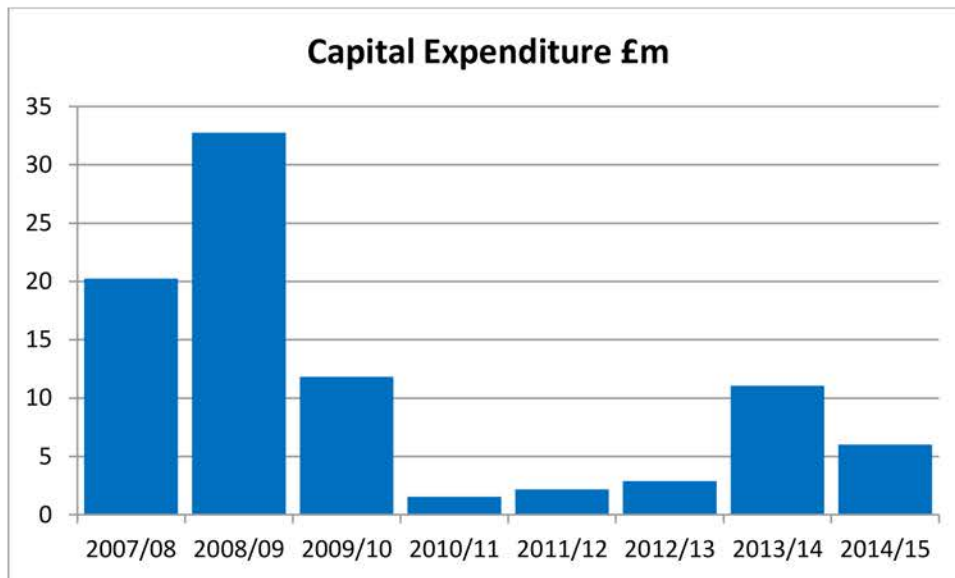
The financial statements presented within this report comprise the consolidated results of the University and its subsidiaries Missenden Abbey Limited, BCUC (Conferences) Limited, BCUC (Services) Limited and Thames Valley Training & Development Limited (TVT&D) ('the Group'). The University's subsidiaries 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

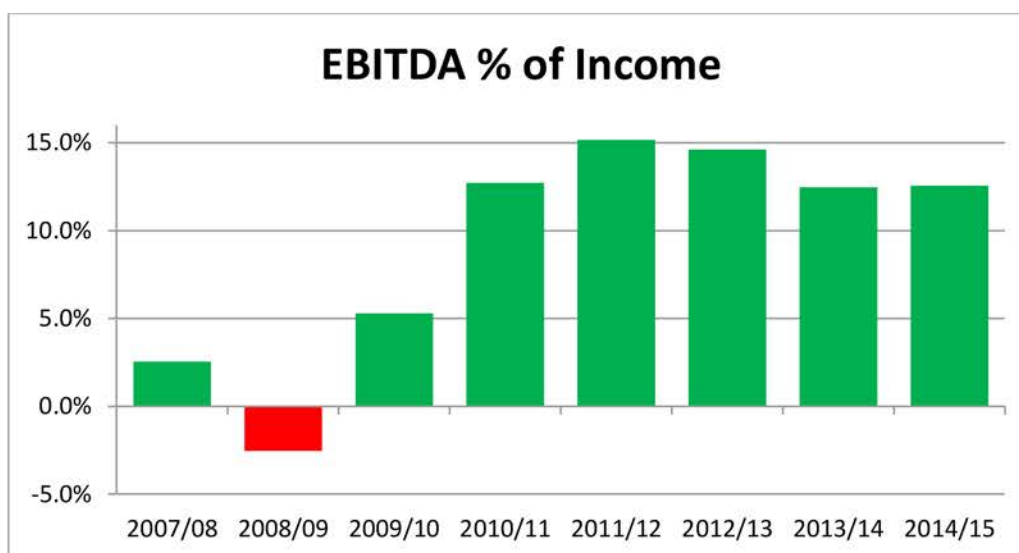
Over recent years the University has taken significant action to invest in and modernise its facilities and ensure that the courses it provides meet the needs of students and potential employers. Student numbers have been under pressure in recent years, due to increased competition coming from other universities with the relaxation of the Student Number Controls regime and the increase in student fees. We have addressed these pressures whilst maintaining close control over our costs and investing strategically 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)



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 1.6% in the year despite a further 43.8% fall in grant income, resulting from the roll-out of Government policy moving the financing of Higher Education mainly towards tuition fees from grant funding for new entrants. Grant income now represents less than 10% of the University's annual income, with the difference being offset by student tuition fees.

Employee costs rose by 3.4%, largely reflecting a 2% increase in the headcount (as measured by FTEs) as the University focuses on improving the students' experience.

Report of the Council (continued)

Other operating expenses reduced by 1.8%, with a redistribution of student costs from 'other' to 'student expenses'. There has been a shift within the overall total to reflect the new student accommodation in the Hughenden Valley, the amortisation of which is also reflected in the depreciation charges. Interest payable fell slightly, reflecting further 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, reduced marginally over the previous year, following a substantial increase in 2013/14. The actuarial loss of £4.9m shown in the statement of total recognised gains and losses was lower than the £5.5m shown in 2013/14. 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 2015/16.

	2014/15		2015/16
	Target	Actual	Target
NHS Contract Income	≥£12.9m	£13.1m	≥£13.9m
EBITDA	≥10.9%	13.4%	≥9.9%
Operating surplus	>1.5%	3.4%	>-0.2%
Employee costs/Income	≤50%	49.9%	≤54%
Student satisfaction	≥80%	82%	≥80%
Student progression	≥90%	88%	≥90%

This was the final year of the Student Number Control (SNC) for full-time undergraduate entrants. The University had an increased upper limit of 1,685 entrants in the controlled population and achieved 1,639, 130 higher than 2013/14, and a ABB+ population of 300 which was 70 higher than in 2013/14. The total increase in the HEFCE funded population reported includes a slight decline in Faculty numbers (70) and a significant increase from the inclusion of UCFB students at Wembley Stadium.

We recruited fully for new entrants to our NHS contracts and were awarded modest growth (30) across in Adult Nursing and Operation Department Practice. Part time FTEs fell by 20% and Postgraduate by 10% compared to 2013/14, the former in particular following the sector trend.

The underlying EBITDA and operating surplus targets were again substantially exceeded by the University. The principal driver for this was that the University's work with the NHS increasing whilst costs were held carefully under control.

The National Student Survey (NSS) showed that overall satisfaction among our final year undergraduate students has increased significantly over the previous year, rising by 4% to 82%, which exceeded the target of 80%. Most scores showed an improvement, with increased scores in 22 out of the 23 questions. Our overall ranking increased from 119th place in 2013/14 to 100th place out of 126 institutions in 2014/15, with improvements of over 50 places for Assessment and Feedback (up from 88th last year to 33rd this year) and Personal Development (up from 106th last year to 49th this year). The Bucks Students' Union has also performed particularly well, with 12th position in the table putting it in the top 10% of institutions surveyed.

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.

Report of the Council (continued)

Risk Management

The Council receives 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 faced uncertainty in respect of the continuing decline in the recruitment of full time undergraduate 'HEFCE funded' students to certain fee paying courses especially with the removal of the SNC in 2015. Whilst there was evidence to suggest that the removal of the SNC had already been anticipated broadly in the sector, there was still a significant impact during clearing where local universities sought to add additional places to popular courses. This has manifested itself in the 2015/16 recruitment being below the forecast, although mitigating factors in the Faculty and the central departments has reduced the impact. The University has a robust action plan in place to ensure that mitigating actions can compensate the loss of student numbers on courses with declining popularity, though there is an ongoing small residual risk of some reduction in the face of the increase in the fee level.

By contrast, demand for the NHS contracts has again far exceeded the number of places 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.

In February 2015 after an annual government assessment our tier 4 licence to recruit international students was suspended. The visa refusal rate had exceeded the government's threshold by 1.16%. Current students and staff were unaffected by the refusal of our application to renew the University's tier 4 and tier 2 licences, but it cannot sponsor any new candidates. The numbers of international students are small and therefore we were able to mitigate this reduction in student income.

We are now working with UKVI in order to revoke this suspension and get our licence reinstated. All processes within the University have been reviewed and improved to ensure proper controls are now in place.

Report of the Council (continued)

Cash Flow and Borrowing Facilities

Net debt increased during the year from £12.2m to £14.1m, reflecting investments made during the year in our Estate. The University has a long term loan of £28.7m and cash balances of £14.6m. 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 twice-monthly by BACS. Where agreements have been negotiated with suppliers, the University endeavours to abide by the specific payment terms.

Public Benefit Statement

In accordance with the Companies Act 2011 and the Institution's Articles, the Council is responsible for the administration and management of the Institution, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

As well as Directors of the Company, the governors are also Trustees of the Registered Charity as provided under the Charities Act 2011 and, in submitting their annual report and audited financial statements for the year ended 31 July 2015, confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the general guidance on public benefit.

The primary 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.

Report of the Council (continued)

- 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.
- 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, 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. The main focus of the activity for BEST during the year has been the construction of a new building on the canal basin in Aylesbury, with hand-over expected to occur during November 2015. During the year, BEST reported an income of £132k and a deficit of (£263k). The closing balance of reserves was (£63k). This reflects the current level of investment in BEST. BEST is supported by its parent institutions and this short term deficit is incorporated within its long term planning to fund the fit out of the building and set up the new technology centres. Enrolment of its first students will start in January 2016.

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

Report of the Council (continued)

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.

Professor Rebecca Bunting was appointed Vice Chancellor and Chief Executive Officer following the retirement of Professor Ruth Farwell in February 2015. Rebecca was previously Deputy Vice Chancellor at the University of Portsmouth.

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.

Going Concern

The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future and for this reason Council consider that the accounts of the University should be prepared on a going concern basis. The University has made surpluses in each of the past five years and has significant cash balances.

Investments in fixed assets are carefully reviewed prior to approval. The Council only undertake such investments with the knowledge that the University will remain solvent, and are likely to add value as a result of this investment.

Council

The Council approves the Statement of Corporate Governance & Internal Control on pages 10 and 11 and the Statement of the Council's Responsibilities on pages 12 and 13. The members of Council, Senior Management Team and key advisers are shown on page 40.

Dame Christine Beasley
Chair

Professor Rebecca Bunting
Vice Chancellor

23 November 2015

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

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 University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life and with guidance to institutions of higher education provided by the Committee of university Chairs (CUC). The Council is satisfied that it is in compliance with the revised 'Guide for Members of Higher Education Governing Bodies in the UK' published by the CUC in March 2009. A revised and updated code was issued in December 2014 and will be formally adopted by Council during 2015-16.

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.



Dame Christine Beasley
Chair



Professor Rebecca Bunting
Vice Chancellor

23 November 2015

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

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

We have audited the financial statements of Buckinghamshire New University (the 'University') for the year ended 31 July 2015 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the note of consolidated historical cost surpluses and deficits, the statement of the consolidated total recognised gains and losses, 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, as a body, in accordance with paragraph 13(2) of the University's articles of government. Our audit work has been undertaken so that we might state to the University's Council 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 University and the University's Council 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 Council's Responsibilities Statement set out on pages 16-17, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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/auditscopeukprivate.

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 2015 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 Memorandum of assurance and accountability dated June 2014

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of assurance and accountability and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

25 November 2015

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 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.

Basis of accounting

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

Going Concern

The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future and for this reason the Board consider that the accounts of the Group should be prepared on a going concern basis.

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 (TVT&D). 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.

Buckinghamshire Education Skills and Training (BEST) is a formal vehicle for the partnership between Aylesbury College and Bucks New University. BEST was formally incorporated as a company on 9th May 2013. The company is a private company limited by guarantee without share capital. The company is an exempt charity under paragraph 28 of the Charities Act and the Higher education Funding Council for England (HEFCE) is its principal regulator. As it is not a wholly owned subsidiary, it is not consolidated in the Group account.

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.

Statement of Principal Accounting Policies (continued)

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'.

It is not possible to identify the University's share of the underlying assets and liabilities in the TPS and LGPS schemes and hence, using the exception under FRS 17 (Retirement Benefits), contributions to the schemes are accounted for as if they were defined contribution schemes. The employer contributions payable to the schemes are charged as expenditure in the period in which they relate to.

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 as it is considered to have an indefinite useful life.

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.

Statement of Principal Accounting Policies (continued)

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.

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.

Stock

Stock is stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock. Educational stock is 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, contingent liabilities and contingent assets

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.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits: an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.

Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body or other body, where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the income and expenditure of the institution.

Leases

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

Statement of Principal Accounting Policies (continued)

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

For the year ended 31 July 2015	Note	2014/15 £'000	2013/14 £'000
INCOME			
Funding council grants	1	5,873	10,030
Tuition fees and education contracts	2	48,520	42,519
Research grants and contracts	3	785	929
Other operating income	4	11,278	11,875
Endowment and investment income	5	85	103
Total income		<u>66,541</u>	<u>65,456</u>
EXPENDITURE			
Staff costs	6	33,168	32,084
Other operating expenses	8	24,979	25,418
Depreciation	9	4,092	3,834
Interest and other finance costs	10	2,033	2,073
Total expenditure	9	<u>64,272</u>	<u>63,409</u>
Surplus after depreciation of tangible fixed assets at valuation and before tax		2,269	2,047
Taxation		-	-
Surplus on continuing operations after depreciation of assets at valuation and retained within general reserves		2,269	2,047

The consolidated income and expenditure of the University and its subsidiaries in 2014/15 related wholly to continuing operations.

Statement of Group Historical Cost Surpluses and Deficits

	Note	2014/15 £'000	2013/14 £'000
Surplus after depreciation of assets at valuation, before and after tax		2,269	2,047
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 before and after tax		2,341	2,119

Statement of Group Total Recognised Gains and Losses

	Note	2014/15 £'000	2013/14 £'000
Surplus for the year after depreciation of assets at valuation, and disposal of assets and tax		2,269	2,047
Actuarial loss in respect of pension scheme	30	(4,940)	(5,237)
Other adjustments in respect of pension scheme		-	(266)
Total recognised losses relating to the period		(2,671)	(3,456)
Reconciliation			
Opening reserves		30,245	33,701
Total recognised losses for the year		(2,671)	(3,456)
Closing reserves		27,574	30,245

Balance Sheet

As at 31 July 2015	Note	Consolidated		University	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
FIXED ASSETS					
Tangible Assets	12	91,537	87,151	90,387	85,985
Investments	13	-	-	1,036	1,036
		91,537	87,151	91,423	87,021
CURRENT ASSETS					
Stock	14	19	23	-	-
Debtors and prepayments	15	7,956	5,332	8,161	5,484
Cash held on short term deposit		5,000	5,000	5,000	5,000
Cash at bank and in hand		9,593	12,169	8,899	11,403
		22,568	22,524	22,060	21,887
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(14,133)	(12,445)	(14,065)	(12,251)
NET CURRENT ASSETS		8,435	10,079	7,995	9,636
TOTAL ASSETS LESS CURRENT LIABILITIES		99,972	97,230	99,418	96,657
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	17	(28,020)	(28,689)	(28,020)	(28,689)
PROVISIONS FOR LIABILITIES & CHARGES		-	-	-	-
NET ASSETS EXCLUDING PENSION LIABILITY		71,952	68,541	71,398	67,968
PENSION LIABILITY	30	(36,419)	(30,738)	(36,419)	(30,738)
NET ASSETS INCLUDING PENSION LIABILITY		35,533	37,803	34,979	37,230
Represented by:					
DEFERRED CAPITAL GRANTS RESERVES	18	7,959	7,558	7,959	7,558
Income and expenditure account excluding pension reserve	19	59,368	56,286	58,814	55,713
Pension scheme reserve	19	(36,419)	(30,738)	(36,419)	(30,738)
Income and expenditure account		22,949	25,548	22,395	24,975
Revaluation reserve	19	4,625	4,697	4,625	4,697
		27,574	30,245	27,020	29,672
TOTAL FUNDS		35,533	37,803	34,979	37,230

The financial statements were approved by the Council on 23rd November 2015, and signed on its behalf by:


Dame Christine Beasley
Chair of Council


Professor Rebecca Bunting
Vice Chancellor

Consolidated Cash Flow Statement

	Note	2014/15 £'000	2013/14 £'000
Net cash inflow from operating activities	24	7,419	11,213
Returns on investments and servicing of finance	25	(1,266)	(1,289)
Capital expenditure and financial investment	26	(8,084)	(11,166)
Financing	27	(644)	(612)
Decrease in cash		(2,575)	(1,854)

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2014/15 £'000	2013/14 £'000
Decrease in cash in the year		(2,575)	(1,854)
Change in debt	27	644	612
Change in net debt		<u>(1,931)</u>	<u>(1,242)</u>
Net debt at 1st August		(12,163)	(10,923)
Net debt at 31st July	28	(14,094)	(12,163)

Notes to the Financial Statements

1 Funding Council Grants

	2014/15 £'000	2013/14 £'000
Recurrent Grants		
HEFCE	4,193	7,903
YPLA/SFA	456	604
Specific Grants		
Higher Education Innovation Fund	757	757
National Scholarship Programme	280	579
Deferred Capital Grants Released in Year (Note 18)		
Buildings	171	171
Equipment	16	16
	5,873	10,030

2 Tuition Fees and Education Contracts

	2014/15 £'000	2013/14 £'000
Full-time Home and EU students	29,177	24,801
Full-time International students	2,041	1,430
Part-time students	4,136	3,346
Health Authority contracts	12,687	12,159
Short course fees	479	783
	48,520	42,519

3 Research Grants and Contracts

	2014/15 £'000	2013/14 £'000
European Commission	185	211
Other research grants and contracts	600	718
	785	929

4 Other Operating Income

	2014/15	2013/14
	£'000	£'000
Residences and catering	5,334	4,250
Health Authorities	230	195
Missenden Abbey conference centre	1,825	1,915
Education contracts	225	277
Rents	232	1,436
Student Union and Nurses Reimbursements	560	593
Other income	2,872	3,209
	11,278	11,875

5 Endowment and Investment Income

	2014/15	2013/14
	£'000	£'000
Income from short term investment	<u>85</u>	<u>103</u>

6 Staff Costs

	2014/15	2013/14
	£'000	£'000
Staff costs		
Salaries and wages	26,996	26,025
Employers national insurance	2,204	2,135
Employers pension costs	3,968	3,924
	33,168	32,084

In addition to the amounts shown above, severance payments of £368,000 (2014: £544,000) are included in other operating expenses in respect of employees leaving under a reorganisation programme.

Average FTE Employee Numbers by Major Category:	2014/15	2013/14
	Number	Number
Academic	343	314
Other	351	366
	694	680

Costs for other employees include FRS17 adjustments of £220,000 (2014: £374,000).

7 Emoluments of Senior Post Holders and Members

	2014/15	2013/14
	£'000	£'000
Emoluments of the Vice Chancellor (Professor Rebecca Bunting from 1 February 2015)		
Salary	100	-
Benefits	17	-
Pension contribution	14	-
	131	-
Emoluments of the Vice Chancellor (Professor Ruth Farwell to 31 January 2015)		
Salary	96	187
Benefits	0	5
Pension contribution	12	24
	108	216

The employer's pension contribution is paid at the same rate as for other academic employees.
Remuneration of other higher paid staff, excluding employer's pension contributions:

	2014/15	2013/14
£100,000 - £109,999	-	1
£110,000 - £119,999	1	1
£130,000 - £139,999	1	-
£150,000 - £159,999	<u>1</u>	<u>-</u>

Compensation for loss of office to higher paid employees during the year was £nil (2014: £nil). No payments were made to or on behalf of Council members during the year (2014: £nil).

8 Other Operating Expenses

	2014/15	2013/14
	£'000	£'000
Residences and catering operating expenses	1,759	3,393
Repairs and general maintenance	656	643
Heat, light, water and power	1,168	809
Rents and rates	3,933	3,166
Travel expenses	621	652
Equipment purchase & maintenance	2,378	2,680
Communications, advertising and printing	2,183	2,120
Examination fees	123	126
Student expenses	6,011	2,973
Student Union grant	441	432
Other contracted services	4,642	2,857
Payments to F.E. Colleges	260	111
External auditor's remuneration - audit services	55	55
Restructuring costs	368	544
Other expenses	381	4,857
	24,979	25,418

Auditor's remuneration for audit services comprises £44,000 excluding VAT (2014: £38,000) for the University and £8,000 excluding VAT (2014: £8,000) in respect of subsidiaries. Total costs for internal audit, external audit and taxation services is £120,000 excluding VAT (2014: £116,000).

Included above are operating lease rentals of £3,396,000 (2014: £3,389,000) in respect of land and buildings.

9 Analysis of 2014/15 Expenditure by Activity

	Employee	Other	2014/15	2013/14
	Costs	Operating	Total	Total
	£'000	Expenses	£'000	£'000
Academic departments	20,471	6,475	26,946	23,373
Academic services	4,020	3,429	7,449	13,190
Research contracts	196	178	374	612
Residencies, catering and conferences	1,236	5,336	6,572	6,647
Premises	999	4,396	5,395	3,486
Administration	6,246	5,165	11,411	7,111
Other trading activities	-	-	-	3,083
	<u>33,168</u>	<u>24,979</u>	<u>58,147</u>	57,502
Depreciation			4,092	3,834
Interest payable (see note 10)			2,033	2,073
Total per income and expenditure account			64,272	63,409

10 Financing Costs

	2014/15	2013/14
	£'000	£'000
Interest on term loans	1,351	1,379
Other financing costs	-	13
	1,351	1,392
Net expected return on pension scheme assets less liabilities	682	681
	2,033	2,073

11 Surplus on Continuing Operations

	2014/15	2013/14
	£'000	£'000
University surplus prior to consolidation	2,287	2,065

12 Tangible Assets

	Freehold Land & Buildings £'000	Fittings & Equipment £'000	Total £'000
CONSOLIDATED			
Cost / Revaluation			
At 1st August 2014	93,815	14,075	107,890
Additions at cost	6,926	1,588	8,514
Disposals at cost	-	(55)	(55)
	<u>100,741</u>	<u>15,608</u>	<u>116,349</u>
Depreciation			
At 1st August 2014	13,666	7,073	20,739
Charge for the year	2,610	1,482	4,092
Released on disposals in the year	-	(19)	(19)
	<u>16,276</u>	<u>8,536</u>	<u>24,812</u>
Net Book Value			
At 31st July 2015	84,465	7,072	91,537
At 1st August 2014	<u>80,149</u>	<u>7,002</u>	<u>87,151</u>
UNIVERSITY			
Cost / Revaluation			
At 1st August 2014	92,382	13,577	105,959
Additions at cost	6,925	1,558	8,483
Disposals at cost	-	(55)	(55)
Transferred to current assets	-	-	-
	<u>99,307</u>	<u>15,080</u>	<u>114,387</u>
Depreciation			
At 1st August 2014	13,316	6,657	19,973
Charge for the year	2,589	1,457	4,046
Eliminated on disposals	-	(19)	(19)
Transferred to current assets	-	-	-
	<u>15,905</u>	<u>8,095</u>	<u>24,000</u>
Net Book Value			
At 31st July 2015	83,402	6,985	90,387
At 1st August 2014	<u>79,066</u>	<u>6,919</u>	<u>85,985</u>

12 Tangible Assets (continued)

The net book value of the freehold land and buildings shown above on an historical cost basis as at 31st July 2015 amounted to £8,767,000 and £67,303,000 respectively. Depreciation is not provided on land valued at £8,766,000 in the 2015 balance sheet. Land and buildings cost includes capitalised interest of £780,000 (2014: £780,000). Of this amount, £nil (2013: £nil) was capitalised during the year.

Included within the Freehold Land and Buildings is £1,030,000 (2014: £5,370,000) 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 2015 the maximum potential repayment was £6,014,605 (2014: £6,185,374).

The net book value of tangible assets at 31st July 2015 and their source of funding is as follows:

	Freehold Land & Buildings £'000	Fittings & Equipment £'000	Total £'000
CONSOLIDATED			
Inherited	4,769	-	4,769
Financed by capital grant	6,244	1,500	7,744
Other/own funded	73,452	5,572	79,024
	84,465	7,072	91,537
UNIVERSITY			
Inherited	4,769	-	4,769
Financed by capital grant	6,244	1,500	7,744
Other/own funded	72,389	5,485	77,874
	83,402	6,985	90,387

13 Investments

	University	
	2014/15 £'000	2013/14 £'000
Shares in subsidiary undertakings at cost		
At 1st August and 31st July	<u>1,922</u>	<u>1,922</u>
Other investments		
At 1st August and 31st July	<u>-</u>	<u>-</u>
Transferred from subsidiary loans	<u>-</u>	<u>-</u>
At 31st July	<u>-</u>	<u>-</u>
Provision for impairment losses		
At 1st August and 31st July	<u>(886)</u>	<u>(886)</u>
Net book value at 31st July	1,036	1,036

13 Investments (continued)

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 *owned indirectly	Great Britain	Providing training & consultancy services

As at 31st July 2015, 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 and, following poor recruitment, ceased trading on 30th September 2014; its principal activity was providing training and consultancy services.

Buckinghamshire Education, Skills and Training (BEST) is the formal vehicle for the partnership between Aylesbury College and Bucks New University. The objects are to pool the partners' leadership, industry links and expertise, enabling them to deliver a broader range of educational opportunities than they would do individually and so meet better the region's education and skills needs. It was formally incorporated as a company on 9 May 2013. The company is a private company limited by guarantee without share capital and is an exempt charity under paragraph 28 of the Charities Act and the Higher education Funding Council for England (HEFCE) is its principal regulator. As it is not a wholly owned subsidiary, it is not consolidated in the Group account.

14 Stock

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Finished goods and goods for resale	<u>19</u>	<u>23</u>	<u>-</u>	<u>-</u>
	<u>19</u>	<u>23</u>	<u>-</u>	<u>-</u>

15 Debtors

	Consolidated		University	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Trade debtors	5,100	2,440	4,873	2,264
Amounts due from subsidiary undertakings	-	-	444	329
Prepayments and accrued income	1,493	2,248	1,481	2,247
Other debtors	1,363	644	1,363	644
	7,956	5,332	8,161	5,484

Included within trade debtors is an amount due in more than one year of £1,550,000 from Chiltern Student Villages Limited (2014: £1,550,000).

16 Creditors – Amounts Falling Due Within One Year

	Consolidated		University	
	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000
Bank overdraft	-	-	-	-
Bank loans	669	643	669	643
Trade creditors	1,781	2,403	1,495	1,945
Tax and social security	180	127	90	40
Amounts due to subsidiary undertakings	-	-	359	323
Amounts due to related undertakings	916	1,300	916	1,300
Other creditors	3,976	1,373	3,976	1,373
Accruals and deferred income	6,611	6,599	6,560	6,627
	14,133	12,445	14,065	12,251

Other creditors includes £nil (2014: £473,000) relating to the University acting as an agent on behalf of other bodies.

17 Creditors – Amounts Falling Due After More Than One Year

	Consolidated and University	
	2014/15	2013/14
	£'000	£'000
Analysis of secured bank loans:		
Due within one year	669	643
Due between one to two years	699	669
Due between two and five years	2,271	2,191
Due in five years or more	25,050	25,829
	28,689	29,332
Due within one year (see note 16)	(669)	(643)
Due in more than one year	28,020	28,689

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

	Funding Council £'000	Other Grants £'000	Total £'000
At 1st August 2014			
Buildings	6,073	-	6,073
Equipment	522	963	1,485
Total	6,595	963	7,558
Cash Receivable			
Buildings	-	-	-
Equipment	588	-	588
Total	588	-	588
Released to Income and Expenditure			
Buildings	(171)	-	(171)
Equipment	-	(16)	(16)
Total	(171)	(16)	(187)
At 31st July 2015	7,012	947	7,959

19 Reserves

	Year Ended 31 July 2015		Year Ended 31 July 2014	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
As at 1st August	30,245	29,672	33,701	33,113
Surplus retained for the year	2,269	2,288	2,047	2,062
Actuarial loss on pension scheme in year	(4,940)	(4,940)	(5,503)	(5,503)
At 31 July	27,574	27,020	30,245	29,672
Balance represented by:				
Income and expenditure reserve excluding pension reserve	59,368	58,814	56,286	55,713
pension reserve	(36,419)	(36,419)	(30,738)	(30,738)
Revaluation reserve	4,625	4,625	4,697	4,697
	27,574	27,020	30,245	29,672

20 Capital Commitments

Construction, refurbishment and development works contract commitments to the value of £1.2m (2014: £1.2m) were outstanding at the year end. Commitments to the value of £0.3m (2014: £2.0m) were authorised but not contracted for at the year end.

21 Access Funds & Mature Student Bursaries

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 (2014: £Nil).

	2014/15 £'000	2013/14 £'000
Balance unspent at 1st August	30	18
Funding council grants	-	185
Disbursed to students	(14)	(173)
Balance unspent at 31st July	16	30

22 Contingent Liabilities

There was a contingent liability of up to £2.7m last year in respect of a contribution to the costs of Wycombe District Council developing a road adjacent to our student accommodation in Hughenden Valley. The outstanding liability of £2.5m is now presented in assets and other creditors, and will be paid in November 2015.

23 Lease Obligations

Annual rentals under operating lease commitments are as follows:

	2014/15 £'000	2013/14 £'000
Land and buildings:		
Expiring within one year	-	-
Expiring within two to five years	175	175
Expiring over five years	3,221	3,214
	3,396	3,389

24 Reconciliation of Consolidated Surplus to Net Cash from Operating Activities

	2014/15 £'000	2013/14 £'000
Surplus before tax	2,269	2,047
Depreciation	4,092	3,834
Deficit on disposal of assets	9	-
Deferred capital grants released to income	(187)	(187)
Interest payable	2,033	2,073
Interest receivable	(85)	(103)
Decrease/ (Increase) in debtors	(2,624)	1,168
(Increase) in stock	4	(4)
Increase in creditors	1,688	2,011
FRS17 adjustments	220	374
Net cash inflow from operating activities	7,419	11,213

25 Consolidated Returns on Investments and Servicing of Finance

	2014/15	2013/14
	£'000	£'000
Income from short term investments	85	103
Interest paid on loans	(1,351)	(1,392)
	(1,266)	(1,289)

26 Consolidated Capital Expenditure and Financial Investment

	2014/15	2013/14
	£'000	£'000
Payments to acquire tangible assets	(8,513)	(11,075)
Deferred capital grants received	588	336
Proceeds from disposals of assets	8	-
Pension contributions in respect of past service	(167)	(428)
	(8,084)	(11,167)

27 Financing

	2014/15	2013/14
	£'000	£'000
Amounts repaid	(644)	(612)
	(644)	(612)

28 Analysis of Changes to Net Debt

	As at 01/08/2014	Cash Flows	Other non- cash flows	As at 31/07/2015
	£'000	£'000	£'000	£'000
Cash at bank and in hand	12,169	(2,576)	-	9,593
Cash held on short term deposit	5,000	-	-	5,000
Debt due within one year	(643)	644	(669)	(667)
Debt due after one year	(28,689)	-	669	(28,020)
	(12,163)	(1,932)	-	(14,094)

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.

The University is a third member of Chiltern Student Villages Ltd along with Bank of Scotland and European Structured Finance Limited. There is no controlling party. The charitable company was set up in July 2008 for the transfer, development, provision and management of student accommodation at the University. There is currently an interest free unsecured loan outstanding of £1,550,000 (2014: £1,550,000) due to BNU which is invested in a cash collateral account and not available for charitable purposes.

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 £1,929,000 (2014: £1,780,000).

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 2015 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 2015.

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 £167,000 (2014: £163,000) 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 LGPS in the section below and included in the analysis below.

The major financial assumptions used by the actuary were:

	2015	2014	2013	2012	2011
Rate of increase in salaries	4.4%	4.5%	4.8%	4.0%	5.0%
Rate of increase in pensions payment and deferred pensions	2.6%	2.7%	2.6%	1.8%	2.7%
Discount rate applied to scheme liabilities	3.8%	4.3%	4.7%	3.9%	5.3%
Inflation assumption - RPI	3.5%	3.5%	3.4%	2.6%	3.5%
Inflation assumption - CPI	2.6%	2.7%	2.6%	1.8%	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:

	2015	2014	2013	2012	2011
Non-pensioner:					
Males	26.0	25.8	22.1	22.0	21.9
Females	28.4	28.3	26.0	25.9	25.8
Pensioners:					
Males	23.7	23.6	20.1	20.0	19.8
Females	26.1	26.0	24.1	24.0	23.9

The estimated asset allocation as at 31 July 2015 is as follows:

Employer asset share – bid value	31 Jul 2015		31 Jul 2014	
	£'000s	%	£'000s	%
Gilts	5,658	12%	5,242	13%
UK Equities	5,103	11%	5,060	12%
Overseas Equities	17,533	39%	15,412	37%
Private Equity	2,923	6%	3,495	8%
Other Bonds	5,781	12%	5,161	12%
Property	3,675	8%	3,268	8%
Cash	1,554	3%	746	2%
Alternative Assets	641	1%	n/a	n/a
Hedge Funds	1,677	4%	1,847	4%
Absolute Return Portfolio	1,868	4%	1,641	4%
Total	46,413	100%	41,872	100%

Expected return on assets

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Therefore we are not required to disclose an expected return assumption for the year to 31 July 2016. For the year to 31 July 2015, the expected return was 5.9% per annum, which has been used to determine the profit and loss charge for the year ended 31 July 2015.

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

Analysis of LGPS pension costs charged to operating surplus:

	2015 £'000	2014 £'000
Current service costs	(1,916)	(2,111)
Losses on settlements or curtailments	(37)	(100)
	(1,953)	(2,211)

Analysis of amounts included in other finance costs:

	2015 £'000	2014 £'000
Expected return on pension scheme assets	2,479	2,384
Interest on pension scheme liabilities	(3,161)	(3,065)
	(682)	(681)

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

	2015 £'000	2014 £'000
Actual return less expected return on scheme assets	1,412	(989)
Experience gains and losses arising on scheme liabilities	-	3,653
Changes in assumptions underlying the present value of scheme liabilities	(6,352)	(7,901)
Actuarial (losses)/gain recognised in statement of total recognised gains and losses	(4,940)	(5,237)

Movement in net pension liability during the year:

	2015 £'000	2014 £'000
Deficit in scheme at beginning of year	(30,738)	(24,608)
Current service costs	(1,916)	(2,111)
Employer contributions paid	1,727	1,837
Unfunded pension payments	167	163
Other finance costs	(682)	(681)
Settlements/curtailments	(37)	(100)
Actuarial losses	(4,940)	(5,237)
Net pension liability at end of year	(36,419)	(30,738)

Analysis of movement in the present value of scheme liabilities:

	2015	2014
	£'000	£'000
At beginning of year	(73,150)	(64,704)
Current service costs	(1,916)	(2,111)
Interest cost	(3,161)	(3,065)
Actuarial losses	(6,358)	(4,248)
Losses on curtailments	(37)	(100)
Estimated benefits paid (net of transfers in)	1,731	1,522
Contributions by scheme participants	(648)	(609)
Unfunded pension payments	167	163
At end of year	(83,372)	(73,150)

Analysis of movement in the market value of scheme assets:

	2015	2014
	£'000	£'000
At beginning of year	42,414	40,096
Expected return on scheme assets	2,477	2,384
Actuarial (losses)/gain	1,412	(989)
Contributions by employer	1,900	2,000
Contributions by scheme participants	648	609
Estimated benefits paid (net of transfers in)	(1,898)	(1,686)
At end of year	46,953	42,414

History of experience gains and losses:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Present value of scheme liabilities	83,372	73,150	64,704	60,996	51,659
Market value of scheme assets	46,953	42,412	40,096	32,953	32,114
Deficit in scheme	(36,419)	(30,738)	(24,608)	(28,043)	(19,545)
Experience adjustments on scheme liabilities	-	3,653	(72)	25	441
Experience adjustments on scheme assets	1,412	(990)	4,142	(1,836)	2,855

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 2015, is £1,727,000.

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%
Present value of scheme liabilities	81,723	83,372	85,056
Projected service cost	2,147	2,198	2,251
Adjustment to mortality age rating assumption:	+1 year	None	-1 year
Present value of scheme liabilities	85,839	83,372	80,978
Projected service cost	2,254	2,198	2,143

University Council

2015

Independent & Co-opted Council Members

Dame Christine Beasley	Independent	(Chair)
Dr Michael Hipkins	Independent	(Deputy Chair) Appointed 1 August 2014
Antony Bellekom	Independent	Retired 31 July 2015
Antonia Byatt	Independent	
Gurdeep Chadha	Independent	Appointed 1 August 2015
Baljit Dhillon	Independent	
Lori Flynn	Independent	
Ian Hillan	Independent	Retired 31 July 2015
Maggie James	Independent	
Lise Llewellyn	Independent	Appointed 1 August 2015
Tim Marshall	Co-opted	
Ken McCrea	Co-opted	
Anthony Murphy	Independent	Appointed 1 August 2015
Jenny Newton	Independent	
Simon Opie	Independent	Retired 31 July 2015
Keith Ryan	Independent	
John Smith	Independent	Appointed 1 August 2015
Terri Teasdale	Independent	

University Council Members

Rebecca Bunting	Vice Chancellor	Appointed 1 February 2015
Ruth Farwell	Vice Chancellor	Retired 31 January 2015
Stephen Hoole	Elected Professional Service Employee	Appointed 1 August 2014
Hilary Mullen	Elected Academic Staff	
Lauren Griffiths	Elected Senate Member	Appointed 1 August 2014
Joseph Collins	President, Students' Union	Appointed 1 July 2015
Matt Gilbert	President, Students' Union	Retired 30 June 2015

Senior Management Team - Current

Rebecca Bunting	Vice Chancellor
Ian Plover	Deputy Vice Chancellor
Tim Middleton	Pro Vice Chancellor (Research and Enterprise)
Tracey Price	Director of Finance
Vacancy	Pro Vice Chancellor (Education)

Key Advisers

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