

# FINANCIAL STATEMENTS FOR YEAR ENDING 31 JULY 2012



Buckinghamshire New University  
Financial Statements for the year ended 31 July 2012

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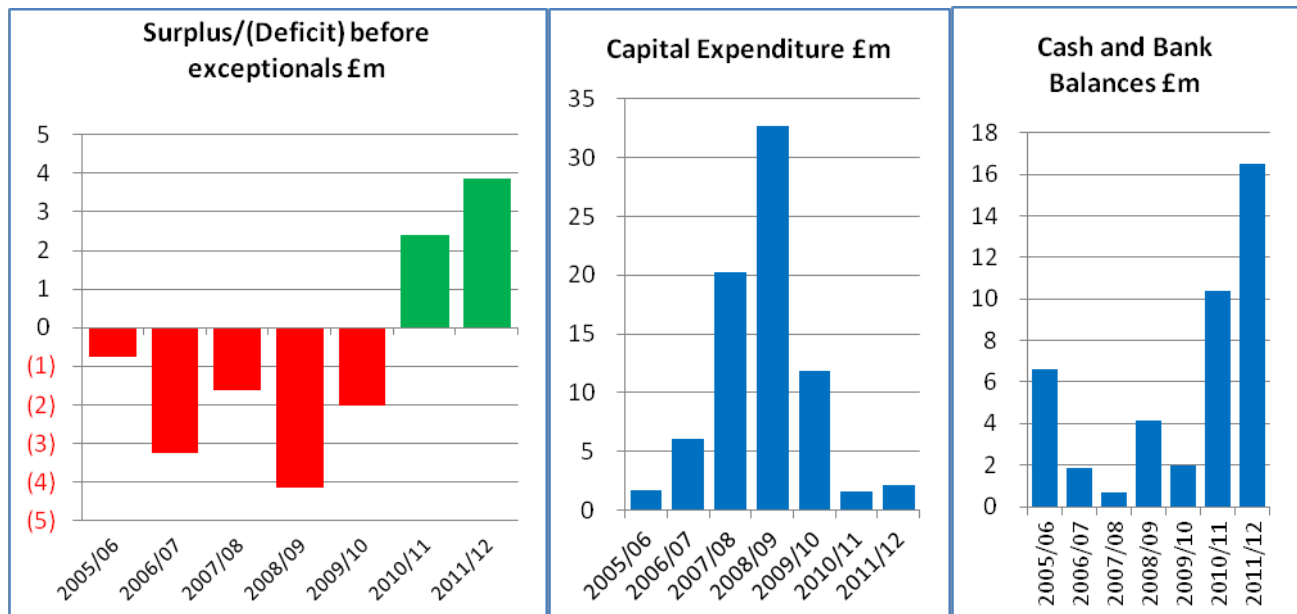
## REPORT OF THE COUNCIL

### Scope of the Financial Statements

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

### Operating and Financial Review

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



**REPORT OF THE COUNCIL (continued)**

**Results for the Year**

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

	<b>2011/12</b>	<b>2010/11</b>
	<b>£,000</b>	<b>£,000</b>
<b>Continuing operations</b>		
Income	<b>60,865</b>	59,469
Employee costs	<b>(28,452)</b>	(28,166)
Other operating expenses	<b>(23,023)</b>	(23,546)
Depreciation	<b>(3,202)</b>	(3,067)
Interest payable on loans	<b>(1,468)</b>	(1,497)
	<b>4,720</b>	3,193
FRS17 adjustments	<b>(793)</b>	(800)
Surplus on disposal of property	<b>0</b>	4,321
	<b>3,927</b>	6,714

Income grew by 2.3% in the year despite a 5.7% fall in grant income. This was principally due to increased numbers of students driving higher receipts from full time tuition fees and health authority contract income.

Employee costs rose by 1% reflecting additional resources applied to pursuing income growth opportunities.

Other operating expenses decreased by 2.2%, reflecting inter alia a reduction in restructuring costs. The increase in depreciation charges of 4.3% reflected continued investment in the University's assets. Interest payable fell slightly by 2.0% reflecting debt repayments as interest rates remained low.

The FRS17 adjustments which are attributable to the membership by support employees of the local government pension scheme administered by Buckinghamshire County Council remained stable at similar levels to the previous year. However, there was a substantial actuarial loss of £7.7m that is dealt with in the statement of total recognised gains and losses and which also impacts the balance sheet at the year end. The actuarial loss comprises two principal elements, £5.9m from changing assumptions, where a lower real discount rate is the key driver, and £1.8m attributable to actual investment performance being lower than expected returns.

### REPORT OF THE COUNCIL (continued)

The surplus on disposal of property in the previous year arose from the sale of the University's 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 2012/13.

	2011/12		2012/13
	Target	Actual	Target
Student Number Control (SNC)	1,769	1,772	1,647
HEFCE contract position	≤5.6%	2.0%	Not applicable
NHS Contract Income	≥£9.6m	£10.1m	≥£11.1m
Operating surplus	>4.7%	7.9%	>3.9%
Employee costs/Income	<47%	46.8%	<49%
Student satisfaction	>79%	75%	>79%
Student retention	≥91%	92%	≥91%

The University fully recruited to its student number control limit in 2011/12. However the number of applicants for places for entry in September 2012 fell reflecting the fact that demand for higher education places has reduced across the sector. UCAS reported on 14th September 2012 that acceptances in England for courses falling within the student number control arrangements were down 15% on last year.

The HEFCE contract position indicator measures whether the outturn was within the acceptable tolerance band and this was comfortably achieved. This measure is not applicable from 2012/13 onwards.

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 1 percentage point. This fell well short of our target improvement and is a disappointment. Overall satisfaction is well below the levels that we wish to deliver and we place great emphasis upon delivering a good student experience. We are therefore targeting a material improvement in the coming year and have appointed a new member of the senior management team who will be personally driving improvements in performance in this area.

#### Risk Management

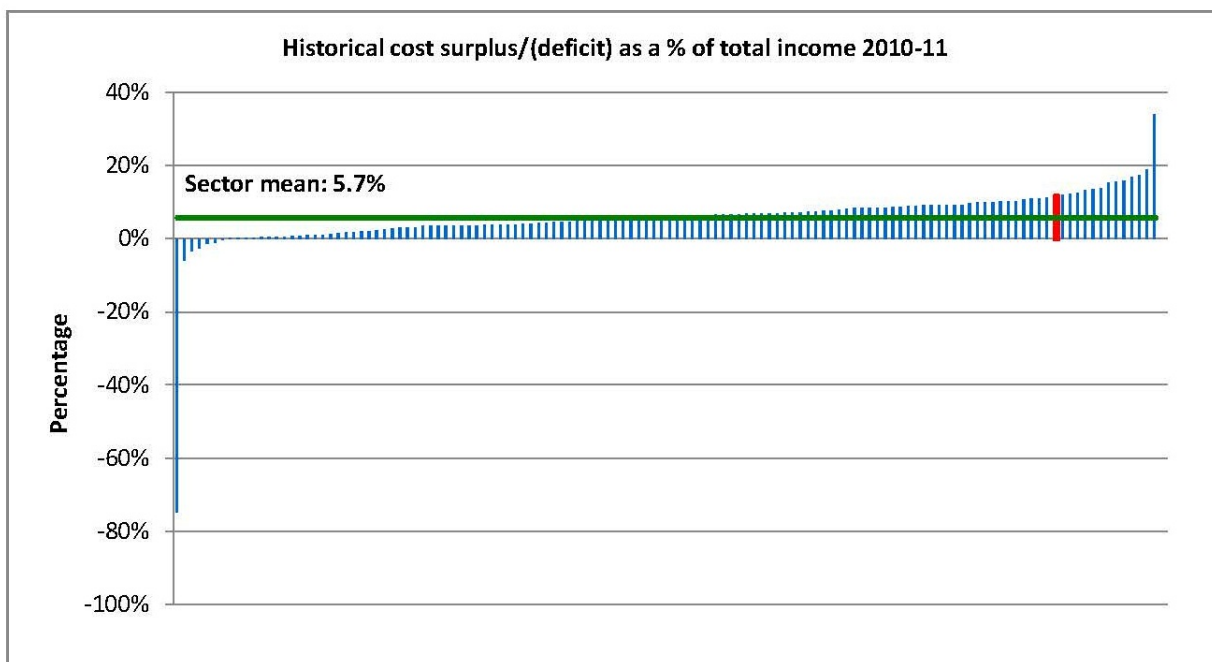
The Council has been receiving regular performance indicator reports which include strategic targets. Assessments are made of the overall performance against plans in the key areas of student experience, people, environment and finance to ensure the sustainability and liquidity of the University for the foreseeable future in the light of a range of scenarios. The principal risks faced by the University relate to its ability to continue to recruit students to its full time undergraduate courses including its contracts with NHS London and NHS South of England. 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 outside the NHS contracts 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 attract a fee of £8,000. In addition, the University offers an innovative new business degree at a fee of £6,000 a year. Whilst there has been a clear decline in demand for higher education places in England associated with the introduction of the new fee regime there is little evidence that students have made choices driven by price. It is anticipated that, in common with many other universities, the number of students recruited will fall below the target we set for full time undergraduate students with a potential risk that our future controlled limit for full time undergraduate students will be restricted as a consequence.

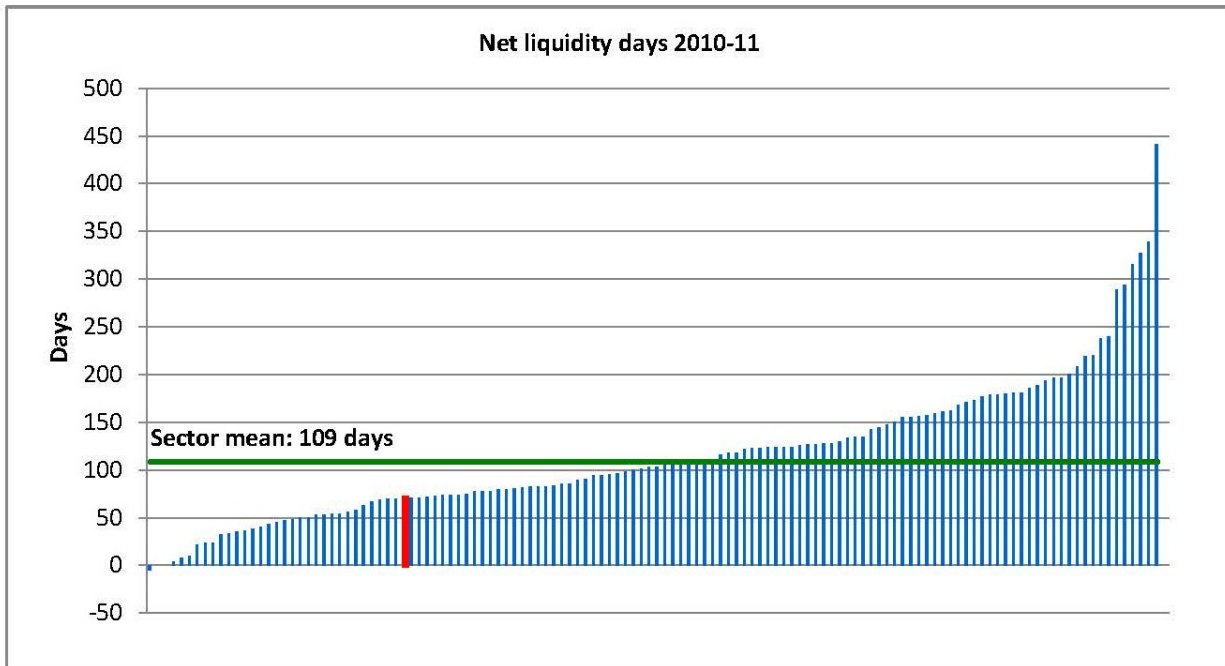
By contrast, fulfilment of the NHS contracts has been achieved with relative ease with demand for places far exceeding those available. The risks associated with the NHS contracts are therefore much more about whether we continue to be commissioned by the NHS to deliver provision rather than our ability to fulfil the contracts once awarded. There is every indication that our position in this respect is secure following the expansion both in size and number of our contracts after a 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 with our NHS partners during the current change to the NHS commissioning arrangements with the new Local Education and Training Boards (LETBs) currently being established.

HEFCE cites a number of comparative indicators that are taken into account when it reaches the judgement that the University (in common with most of the sector) is not at higher risk. The benchmark indicators for 2010/11 included the following with the position of Buckinghamshire New University highlighted in red.

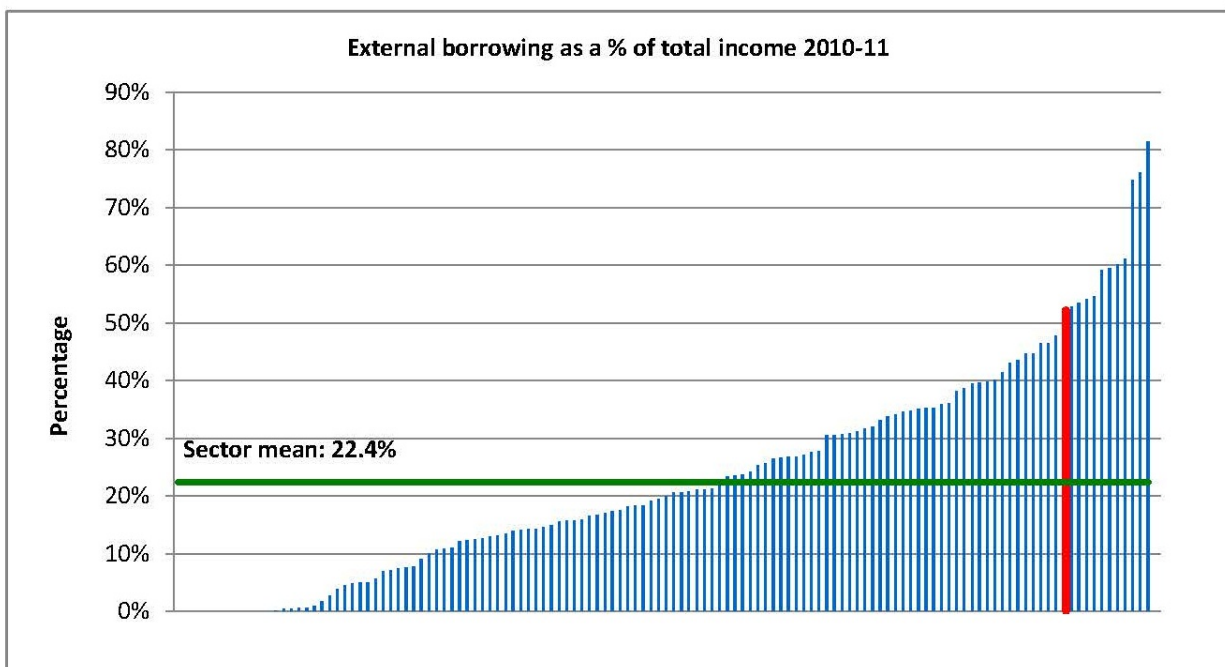


The 11.5% surplus in 2010-11 reflected a gain on disposal but the 2011-12 result at 6.5% from normal operations is above last year's sector mean.

**REPORT OF THE COUNCIL (continued)**

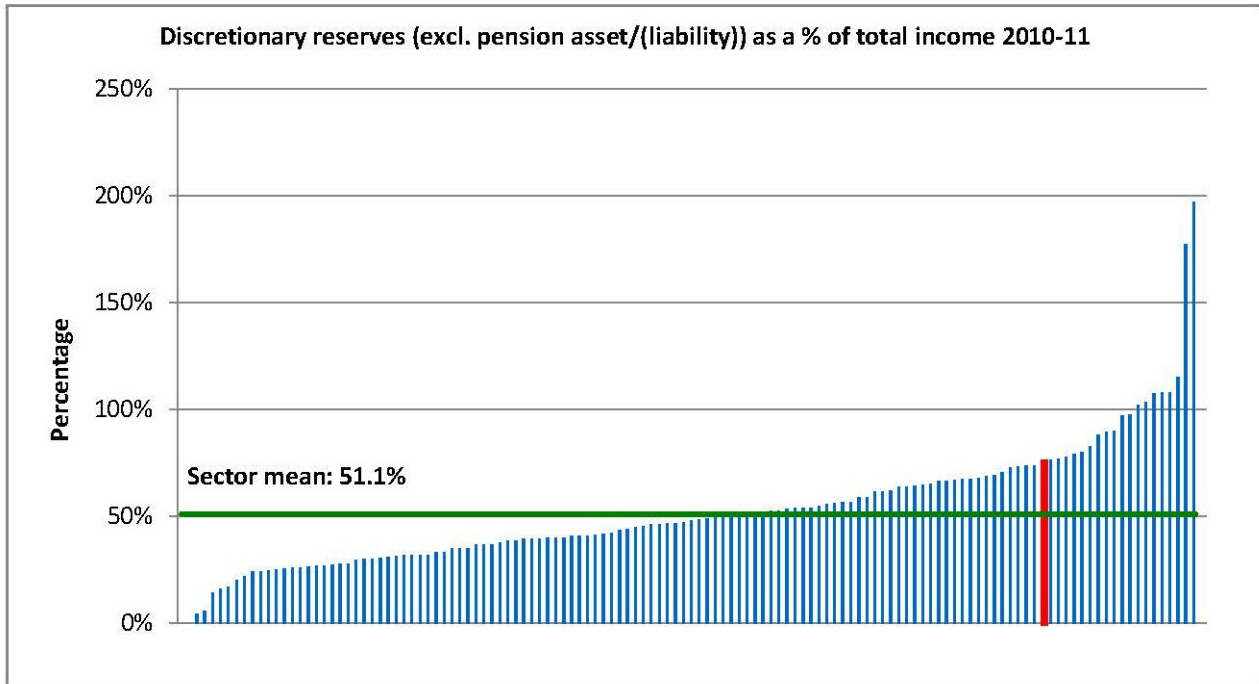


Liquidity was lower than the sector mean reflecting the substantial investment programme pursued in recent years. During the course of the current year liquidity has improved substantially from its 2010-11 level of 70 days to 112 days in 2011-12, which is above the 2010-11 sector mean of 109 days.

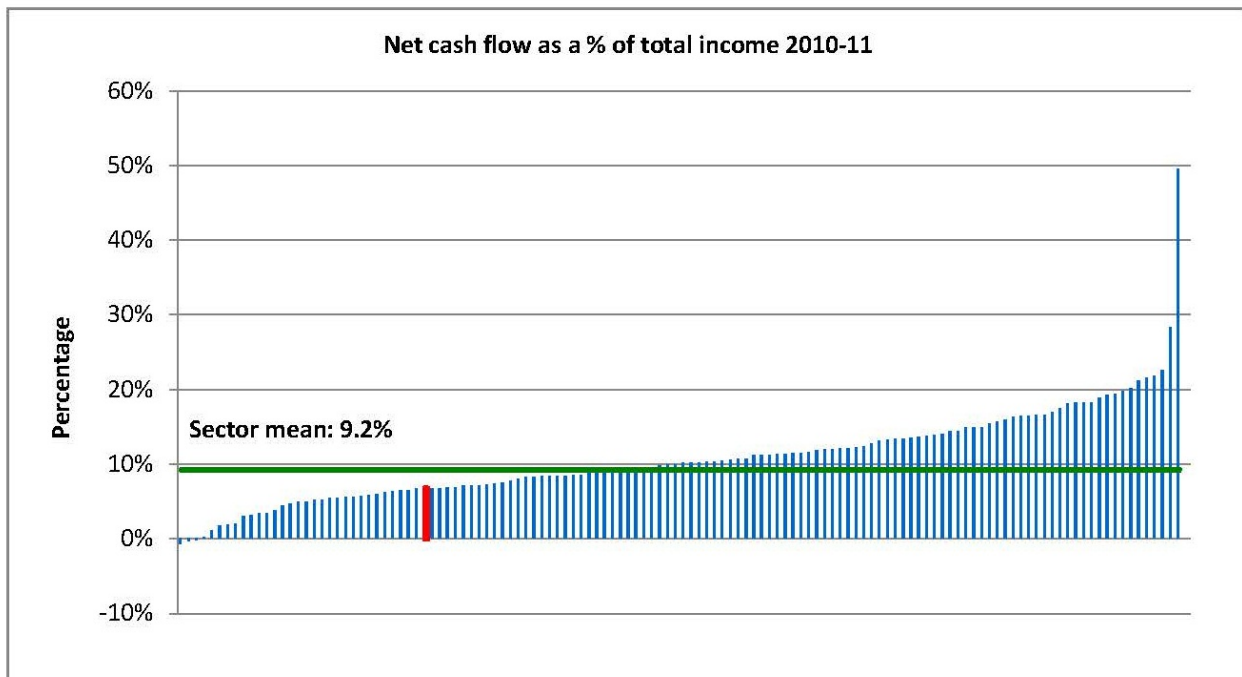


External borrowing was higher than the sector mean reflecting the substantial investment programme pursued in recent years though it reduced from 52.3% in 2010-11 to 50.2% of income in 2011-12.

**REPORT OF THE COUNCIL (continued)**



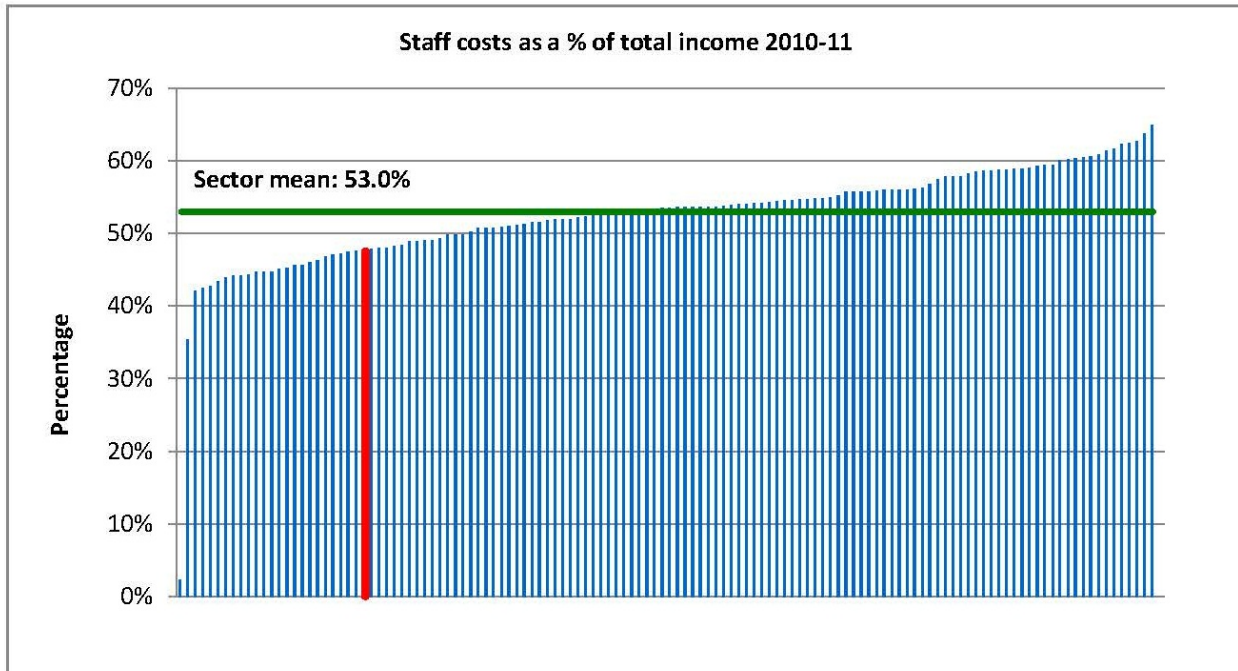
Discretionary reserves at 75.3% of Income in 2010-11 were substantially above the sector mean of 51.1% and have increased further in 2011-12 to 81.4% of Income.



Net cash flow was 6.8% of Income in 2010-11, below the sector mean of 9.2% but has more than doubled in 2011-12 to 13.9%.



## REPORT OF THE COUNCIL (continued)



Staff costs were 47.7% of Income in 2010-11, well below the sector mean, and were contained to 47.0% of Income in 2011-12.

### Cash Flow and Borrowing Facilities

Net debt decreased during the year from £20.7m to £14.0m. The University has a long term loan of £30.5m and cash balances of £16.5m. 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.

### **REPORT OF THE COUNCIL (continued)**

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

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

### **REPORT OF THE COUNCIL (continued)**

- 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 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 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.

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.

**REPORT OF THE COUNCIL (continued)**

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

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

**Council**

The Council approves the Statement of Corporate Governance & Internal Control on pages 11 and 12 and the Statement of the Council's Responsibilities on pages 13 and 14. The members of Council, Senior Management Team and key advisers are shown on page 44.

Roy Darby retired as Chairman and a member of Council at the end of July 2012. The Council is indebted to him for his contribution to ensuring that the University is in a strong position to face the challenges ahead.

Dame Christine Beasley

Professor Ruth Farwell

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

Vice Chancellor

19th November 2012

## **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.

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.

**STATEMENT OF CORPORATE GOVERNANCE & INTERNAL CONTROL (continued)**

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. 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.

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 last year considered members' views of Council's effectiveness and the effectiveness of Council Committees.

## **STATEMENT OF THE COUNCIL'S RESPONSIBILITIES**

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

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

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

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

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

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

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



## **Independent auditor's report to the governing body of Buckinghamshire New University**

We have audited the group and university financial statements of Buckinghamshire New University ('the University') for the year ended 31 July 2012 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the statement of the consolidated total recognised gains and losses, the note of historical cost surpluses and deficits, the consolidated and university balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body, in accordance with paragraph 13(2) of the University's articles of government, section 124B (3) of the Education and Reform Act 1988. Our audit work has been undertaken so that we might state to the University's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its members and governing body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of the Council's Responsibilities set out on pages 13-14, the governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Education and Reform Act 1988 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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 respect, 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 Skills Funding Agency.

We read the Report of the Council and the Statement of Corporate Governance and Internal Control 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 Statement of Corporate Governance and Internal Control) 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.

**Independent auditor's report to the governing body of Buckinghamshire New University (continued)**

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

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the University and the Group as at 31 July 2012 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

**Opinion on other matters**

In all material respects:

- income from the funding council and the Chief Executive of Skills Funding, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2012 have been applied for the purposes for which they were received; and
- income during the year ended 31 July 2012 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 Chief Executive of Skills Funding.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
20th November 2012

## 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 2012**

		2011/12	2010/11
	Note	£,000	£,000
<b>INCOME</b>			
Funding council grants	1	21,848	23,163
Tuition fees and education contracts	2	28,338	26,225
Research grants and contracts	3	858	863
Other operating income	4	9,689	9,211
Endowment and investment income	5	132	7
Total income		<u>60,865</u>	<u>59,469</u>
<b>EXPENDITURE</b>			
Employee costs	6	28,600	28,338
Depreciation	9	3,202	3,067
Other operating expenses	8	23,023	23,546
Other finance costs	10	2,113	2,125
Total expenditure	9	<u>56,938</u>	<u>57,076</u>
Surplus before exceptional items		3,927	2,393
Exceptional items: disposal of property	12	0	4,321
Surplus for the year after depreciation of assets at valuation, before and after tax		<u>3,927</u>	<u>6,714</u>

The consolidated income and expenditure of the University and its subsidiaries in 2011/12 related wholly to continuing operations.

**NOTE OF CONSOLIDATED HISTORICAL COST SURPLUSES  
AND DEFICITS FOR THE YEAR ENDED 31ST JULY 2012**

	Note	2011/12 £,000	2010/11 £,000
Surplus after depreciation of assets at valuation, before and after tax		3,927	6,714
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	21	72	125
Historical cost surplus after tax		<u>3,999</u>	<u>6,839</u>

**STATEMENT OF THE CONSOLIDATED TOTAL RECOGNISED  
GAINS AND LOSSES FOR THE YEAR ENDED 31ST JULY 2012**

	Note	2011/12 £,000	2010/11 £,000
Surplus for the year after depreciation of assets at valuation, and disposal of assets and tax		3,927	6,714
Actuarial (losses)/gains in respect of pension scheme	33	(7,705)	2,320
<b>Total recognised (losses)/gains relating to the period</b>		<u>(3,778)</u>	<u>9,034</u>
<b>Reconciliation</b>			
Opening reserves		30,126	21,092
Total recognised (losses)/gains for the year		(3,778)	9,034
Closing reserves		<u>26,348</u>	<u>30,126</u>



## **BALANCE SHEET as at 31st July 2012**

		Consolidated		University	
	Note	2012 £,000	2011 £,000	2012 £,000	2011 £,000
<b>FIXED ASSETS</b>					
Tangible Assets	13	79,803	81,300	78,634	80,109
Investments	14	0	0	1,036	1,036
		<u>79,803</u>	<u>81,300</u>	<u>79,670</u>	<u>81,145</u>
<b>CURRENT ASSETS</b>					
Stocks	15	18	22	0	0
Debtors and prepayments	17	4,301	3,757	4,272	6,963
Cash at bank and in hand		16,499	10,407	16,322	10,117
		<u>20,818</u>	<u>14,186</u>	<u>20,594</u>	<u>17,080</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	18	(8,843)	(7,757)	(9,092)	(11,082)
<b>NET CURRENT ASSETS</b>		<u>11,975</u>	<u>6,429</u>	<u>11,502</u>	<u>5,998</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>91,778</u>	<u>87,729</u>	<u>91,172</u>	<u>87,143</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	19	(29,953)	(30,547)	(29,953)	(30,547)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>61,825</u>	<u>57,182</u>	<u>61,219</u>	<u>56,596</u>
<b>PENSION LIABILITY</b>	33	(28,043)	(19,545)	(28,043)	(19,545)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>33,782</u>	<u>37,637</u>	<u>33,176</u>	<u>37,051</u>
<b>Represented by:</b>					
<b>DEFERRED CAPITAL GRANTS</b>	20	7,434	7,511	7,434	7,511
<b>RESERVES</b>					
Income and expenditure account excluding pension reserve	21	49,550	44,758	48,944	44,172
Pension scheme reserve	21	(28,043)	(19,545)	(28,043)	(19,545)
Income and expenditure account		21,507	25,213	20,901	24,627
Revaluation reserve	21	4,841	4,913	4,841	4,913
		<u>26,348</u>	<u>21,092</u>	<u>25,742</u>	<u>20,595</u>
<b>TOTAL FUNDS</b>		<u>33,782</u>	<u>37,637</u>	<u>33,176</u>	<u>37,051</u>

The financial statements were approved by the Council on 19th November 2012, and signed on its behalf by:

Dame Christine Beasley  
Chair of Council

Professor Ruth Farwell  
Vice Chancellor

**CONSOLIDATED CASHFLOW STATEMENT**  
**For the Year Ended 31st July 2012**

	Note	2011/12 £,000	2010/11 £,000
Net cash inflow from operating activities	27	8,488	4,020
Returns on investments and servicing of finance	28	519	(1,492)
Capital expenditure and financial investment	29	(2,349)	6,413
Financing	30	(566)	(537)
Increase in cash in the year		<u>6,092</u>	<u>8,404</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN  
 NET FUNDS**

	Note	2011/12 £,000	2010/11 £,000
Increase in cash in the year		6,092	8,404
Changes in debt	30	566	537
Change in net funds		<u>6,658</u>	<u>8,941</u>
Net debt at 1st August		(20,697)	(29,638)
Net debt at 31st July	31	<u>(14,039)</u>	<u>(20,697)</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 FUNDING COUNCIL GRANTS**

	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000
Recurrent Grants		
HEFCE	<b>20,168</b>	21,760
YPLA/SFA	<b>736</b>	537
Specific Grants		
Higher Education Innovation Fund	<b>757</b>	660
Deferred Capital Grants Released in Year (see note 20)		
Buildings	<b>171</b>	187
Equipment	<b>16</b>	19
	<b><u>21,848</u></b>	<b><u>23,163</u></b>

### **2 ACADEMIC FEES AND SUPPORT GRANTS**

Full-time students	<b>14,220</b>	12,537
Full-time students charged overseas fees	<b>1,193</b>	1,571
Part-time students	<b>2,313</b>	2,214
Health Authority contracts	<b>10,062</b>	9,488
Short course fees	<b>550</b>	415
	<b><u>28,338</u></b>	<b><u>26,225</u></b>

### **3 RESEARCH CONTRACTS**

European Commission	<b>275</b>	243
Other research grants and contracts	<b>583</b>	620
	<b><u>858</u></b>	<b><u>863</u></b>

#### 4 OTHER OPERATING INCOME

	2011/12 £,000	2010/11 £,000
Residences and catering	3,388	2,902
Health Authorities	272	201
Missenden Abbey	1,737	1,759
Education contracts	391	287
Rents	1,631	1,520
Reimbursements	378	447
Other trading activities	0	12
Other income	<u>1,892</u>	<u>2,083</u>
	<u><b>9,689</b></u>	<u><b>9,211</b></u>

#### 5 INTEREST RECEIVABLE

Income from short term investment	<u>132</u>	<u>7</u>
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#### 6 EMPLOYEES

Salaries and wages	23,440	23,260
Employers national insurance	1,965	1,933
Employers pension costs (see note 33)	<u>3,195</u>	<u>3,145</u>
	<u><b>28,600</b></u>	<u><b>28,338</b></u>

In addition to the amounts shown above, severance payments of £122,000 (2011: £567,000) are included in other operating expenses in respect of employees leaving under a reorganisation programme.

Average FTE Employee Numbers and costs by Major Category:	2011/12		2010/11	
	Number	£'000	Number	£'000
Academic	300	16,483	295	16,505
Other	<u>360</u>	<u>12,117</u>	<u>352</u>	<u>11,833</u>
	<u><b>660</b></u>	<u><b>28,600</b></u>	<u><b>647</b></u>	<u><b>28,338</b></u>

Costs for other employees include FRS17 adjustments of £148,000 (2011: £172,000).

## 7 EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS

	2011/12	2010/11
	£,000	£,000
Emoluments of the Vice Chancellor	168	168
Employers pension contribution for the 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	2
£110,000 - £119,999	<u>2</u>	<u>2</u>

Compensation for loss of office to higher paid employees during the year was £nil (2011: £nil).  
No payments were made to or on behalf of Council members during the year (2011: £nil).

## 8 OTHER OPERATING EXPENSES

	2011/12	2010/11
	£,000	£,000
Residences and catering operating expenses	2,796	2,462
Repairs and general maintenance	610	358
Heat, light, water and power	890	875
Rents & rates	2,802	2,652
Travel expenses	632	601
Equipment purchase & maintenance	4,481	4,234
Communications, advertising and printing	2,067	1,705
Examination fees	212	188
Student expenses	3,358	3,189
Student Union grant	415	456
Other contracted services	1,864	1,922
Payments to F.E. Colleges	911	1,119
External auditors' remuneration - audit services	47	49
Restructuring costs	121	646
Other expenses	1,817	3,090
	<u>23,023</u>	<u>23,546</u>

Auditors' remuneration for audit services includes £33,000 excluding VAT (2011: £32,000) for the University and £4,000 excluding VAT (2011: £6,000) in respect of subsidiaries.

Included in the above are operating lease rentals of £3,717,000 (2011: £3,395,000) in respect of land and buildings.

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Equipment purchase and maintenance includes operating lease rentals of £1,978,000 (2011: £2,307,000) in respect of computer equipment.

**9 ANALYSIS OF 2011/12 EXPENDITURE BY ACTIVITY**

	<b>Employee Costs £,000</b>	<b>Other Operating Expenses £,000</b>	<b>2011/12 Total £,000</b>	<b>2010/11 Total £,000</b>
Academic departments	16,832	6,275	<b>23,107</b>	22,735
Academic services	5,891	9,211	<b>15,102</b>	15,804
Research contracts	473	384	<b>857</b>	863
Residencies, catering and conferences	1,238	3,729	<b>4,967</b>	4,458
Premises	569	2,673	<b>3,242</b>	3,396
Administration	3,597	750	<b>4,347</b>	4,429
Other trading activities	0	1	<b>1</b>	199
Depreciation			<b>3,202</b>	3,067
Interest payable (see note 10)			<b>2,113</b>	2,125
Total per income and expenditure account	<u>28,600</u>	<u>23,023</u>	<u><b>56,938</b></u>	<u>57,076</u>

**10 FINANCING COSTS**

	<b>2011/12 £,000</b>	<b>2010/11 £,000</b>
Interest on overdrafts	<b>0</b>	8
Interest on term loans	<b>1,456</b>	1,464
Other financing costs	<b>12</b>	25
	<u><b>1,468</b></u>	<u>1,497</u>
Net expected return on pension scheme assets less liabilities	<b>645</b>	628
	<u><b>2,113</b></u>	<u>2,125</u>

**11 SURPLUS ON CONTINUING OPERATIONS**

	<b>2011/12 £,000</b>	<b>2010/11 £,000</b>
University surplus prior to consolidation	<u><b>3,907</b></u>	<u>6,625</u>

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**12 EXCEPTIONAL ITEMS – DISPOSAL OF PROPERTY**

	<b>2011/12</b>	<b>2010/11</b>
	<b>Total</b>	<b>Total</b>
	<b>£,000</b>	<b>£,000</b>
Proceeds on disposal of surplus campus	<b>0</b>	<b>8,000</b>
Costs eliminated on disposal	<b>0</b>	<b>(3,651)</b>
Costs incurred on disposal	<b>0</b>	<b>(28)</b>
	<b><u>0</u></b>	<b><u>4,321</u></b>

### 13 TANGIBLE ASSETS

<b><u>CONSOLIDATED</u></b>	<b>Total</b>	<b>Freehold Land &amp; Buildings</b>	<b>Fittings &amp; Equipment</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>COST/REVALUATION</b>			
At 1st August 2011	96,700	81,981	14,719
Subsequent additions at cost	1,768	878	890
Subsequent disposals at cost	(485)	(225)	(260)
	<b><u>97,983</u></b>	<b><u>82,634</u></b>	<b><u>15,349</u></b>
<b>DEPRECIATION</b>			
At 1st August 2011	15,400	8,331	7,069
Subsequent provision in the year	3,202	1,952	1,250
Subsequent provision released on disposals	(422)	(162)	(260)
	<b><u>18,180</u></b>	<b><u>10,121</u></b>	<b><u>8,059</u></b>
<b>NET BOOK VALUE</b>			
At 1st August 2011	<u>81,300</u>	<u>73,650</u>	<u>7,650</u>
At 31st July 2012	<b><u>79,803</u></b>	<b><u>72,513</u></b>	<b><u>7,290</u></b>
 <b><u>UNIVERSITY</u></b>			
<b>COST/REVALUATION</b>			
At 1st August 2011	93,619	80,184	13,435
Subsequent additions at cost	1,740	878	862
Subsequent disposals at cost	(485)	(225)	(260)
	<b><u>94,874</u></b>	<b><u>80,837</u></b>	<b><u>14,037</u></b>
<b>DEPRECIATION</b>			
At 1st August 2011	13,510	7,680	5,830
Subsequent provision in the period	3,152	1,931	1,221
Released on disposals	(422)	(162)	(260)
	<b><u>16,240</u></b>	<b><u>9,449</u></b>	<b><u>6,791</u></b>
<b>NET BOOK VALUE</b>			
At 1st August 2011	<u>80,109</u>	<u>72,504</u>	<u>7,605</u>
At 31st July 2012	<b><u>78,634</u></b>	<b><u>71,388</u></b>	<b><u>7,246</u></b>

The net book value of the land and buildings shown above on an historical cost basis as at 31st July 2012 amounted to £8,108,000 and £55,742,000 respectively. Depreciation is not provided on land valued at £8,108,000 in the July 2012 balance sheet. Land and buildings cost includes capitalised interest of £702,000 (2011: £702,000). Of this amount, £nil (2011: £nil) 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 2012 the maximum potential repayment was £6,928,936 (2011: £7,333,854).



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The net book value of tangible assets at 31st July 2012 and their source of funding is as follows:

	<b>Total</b>	<b>Freehold Land &amp; Buildings</b>	<b>Fittings &amp; Equipment</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>CONSOLIDATED</b>			
Inherited	4,841	4,841	0
Financed by capital grant	7,434	6,416	1,018
Other/own funded	67,528	61,256	6,272
	<u><b>79,803</b></u>	<u><b>72,513</b></u>	<u><b>7,290</b></u>
<b>UNIVERSITY</b>			
Inherited	4,841	4,841	0
Financed by capital grant	7,324	6,416	908
Other/own funded	66,469	60,131	6,338
	<u><b>78,634</b></u>	<u><b>71,388</b></u>	<u><b>7,246</b></u>

#### 14 INVESTMENTS

	<b>University</b>	
	<b>2011/12</b>	<b>2010/11</b>
	<b>£,000</b>	<b>£,000</b>
<b>Shares in subsidiary undertakings at cost</b>		
At 1st August and 31st July	<u><b>1,922</b></u>	<u><b>1,922</b></u>
<b>Loans to subsidiary undertakings</b>		
At 1st August	0	0
Increase/(decrease) in loans	0	0
Transferred to other investments	0	0
At 31st July	<u><b>0</b></u>	<u><b>0</b></u>
<b>Other investments</b>		
At 1st August	1,884	1,884
Transferred from subsidiary loans	0	0
At 31st July	<u><b>1,884</b></u>	<u><b>1,884</b></u>
<b>Provision for impairment losses</b>		
At 1st August	(2,770)	(2,583)
(Increase)/decrease in provision	0	(245)
Provision written back	0	58
At 31st July	<u><b>(2,770)</b></u>	<u><b>(2,770)</b></u>
<b>Net book value at 31st July</b>	<u><b>1,036</b></u>	<u><b>1,036</b></u>

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

<b>Subsidiary Undertaking</b>	<b>Country of Incorporation</b>	<b>Principal activity</b>
Missenden Abbey Limited	Great Britain	A management training complex
BCUC (Conferences) Limited	Great Britain	Dormant (previously, provision of nurse education services & conference facilities)
BCUC (Services) Limited*	Great Britain	Operating a lecture theatre complex

\*owned indirectly

Following a commercial review it was decided to transfer the business, assets and obligations of BCUC (Conferences) Limited to the University on 1st August 2011.

CRDM Limited was a wholly owned subsidiary of the University. During the year ended 31st July 2010, the loan liability due to the University from CRDM Limited was converted to 1,883,143 ordinary shares which, together with the University's original 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

	<b>Consolidated</b>		<b>University</b>	
	<b>2011/12</b>	2010/11	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000	<b>£,000</b>	£,000
Finished goods and goods for resale	<b>18</b>	22	<b>0</b>	0

## 16 LAND HELD FOR DISPOSAL

	<b>Consolidated</b>		<b>University</b>	
	<b>2011/12</b>	2010/11	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000	<b>£,000</b>	£,000
Surplus campus awaiting disposal	<b>0</b>	0	<b>0</b>	0

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

## 17 DEBTORS AND PREPAYMENTS

	<b>Consolidated</b>		<b>University</b>	
	<b>2011/12</b>	2010/11	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000	<b>£,000</b>	£,000
Trade debtors	<b>1,836</b>	2,148	<b>1,616</b>	1,884
Prepayments and accrued income	<b>2,465</b>	1,609	<b>2,460</b>	1,505
Amounts due from subsidiary undertakings	<b>0</b>	0	<b>196</b>	3,574
	<b>4,301</b>	3,757	<b>4,272</b>	6,963

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**18 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Consolidated</b>		<b>University</b>	
	<b>2011/12</b>	2010/11	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000	<b>£,000</b>	£,000
Trade creditors	<b>1,857</b>	2,268	<b>1,729</b>	2,124
Accruals and deferred income	<b>3,745</b>	3,782	<b>3,629</b>	3,681
Other creditors	<b>2,280</b>	695	<b>2,280</b>	695
Deposits	<b>258</b>	228	<b>258</b>	228
Amounts due to subsidiary undertakings	<b>0</b>	0	<b>565</b>	3,665
HM Revenue & Customs (VAT)	<b>118</b>	227	<b>46</b>	132
Secured bank loans due within one year	<b>585</b>	557	<b>585</b>	557
	<b><u>8,843</u></b>	<u>7,757</u>	<b><u>9,092</u></b>	<u>11,082</u>

Other creditors includes £1,657,000 (2011: £80,000) relating to the University acting as an agent on behalf of other bodies.

**19 CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>Consolidated &amp; University</b>	
	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000
Analysis of secured bank loans:		
Due within one year	<b>585</b>	557
Due within one to two years	<b>599</b>	585
Due between two and five years	<b>1,979</b>	1,888
Due in five years or more	<b><u>27,375</u></b>	<u>28,074</u>
	<b><u>30,538</u></b>	<u>31,104</u>
Due within one year (see note 18)	<b><u>(585)</u></b>	<u>(557)</u>
Due in more than one year	<b><u>29,953</u></b>	<u>30,547</u>

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.

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**20 DEFERRED CAPITAL GRANTS**

	<b>Consolidated and University Funding Council £,000</b>
At 1st August 2011	<b>£,000</b>
Buildings	6,587
Equipment	924
Total	<u>7,511</u>
Cash Received & Receivable	
Buildings	0
Equipment	110
Total	<u>110</u>
Released to Income and Expenditure	
Buildings	(171)
Equipment	(16)
Total	<u>(187)</u>
At 31st July 2012	<u>7,434</u>

## 21 RESERVES

	2011/12 £,000	2010/11 £,000
<b>Consolidated &amp; University</b>		
<b>Revaluation Reserve</b>		
As at 1st August	4,913	8,859
Transfer due to depreciation charged on historical cost and valuation basis	(72)	(125)
Transfer in respect of disposed assets	0	(3,821)
As at 31st July	<u>4,841</u>	<u>4,913</u>
<b>Consolidated Income and Expenditure Account</b>		
As at 1st August	44,758	33,298
Transfer due to depreciation charged on historical cost and valuation basis	72	125
FRS17 adjustments in pension reserve	793	800
Transfer in respect of disposed assets	0	3,821
Surplus for the year	3,927	6,714
As at 31st July	<u>49,550</u>	<u>44,758</u>
<b>University Income and Expenditure Account</b>		
As at 1st August	44,172	32,801
Transfer due to depreciation charged on historical cost and valuation basis	72	125
FRS17 adjustments in pension reserve	793	800
Transfer in respect of disposed assets	0	3,821
Surplus for the year	3,907	6,625
As at 31st July	<u>48,944</u>	<u>44,172</u>
<b>Consolidated and University Pension Reserve</b>		
As at 1st August	19,545	21,065
Operating cost adjustments due to FRS17	148	172
Finance cost adjustments due to FRS 17	645	628
Actuarial losses/(gains) on pension scheme in year	7,705	(2,320)
As at 31st July	<u>28,043</u>	<u>19,545</u>

## 22 ACCESS FUNDS & MATURE STUDENT BURSARIES

	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000
Balance unspent at 1st August	<b>31</b>	61
Funding council grants	<b>187</b>	160
Disbursed to students	<b>(165)</b>	(190)
Balance unspent at 31st July	<u><b>53</b></u>	<u>31</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. An amount of £17,000 is repayable to the Funding Council at the end of the year (2011: £nil).

## 23 SUBSIDIARY COMPANIES

As at 31st July 2012, the University owned the whole of the issued share capital (in £1 ordinary shares) in the following companies:

	<b>£,000</b>
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 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.

## 24 CAPITAL COMMITMENTS

Construction, refurbishment and development works contract commitments to the value of £0.1m (2011: £0.3m) were outstanding at the year end.

## 25 CONTINGENT LIABILITIES

There were no contingent liabilities at the year end (2011: £nil).

## 26 LEASE OBLIGATIONS

Annual rentals under operating lease commitments are as follows:

	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000
Computer equipment:		
Expiring within one year	<b>677</b>	996
Expiring within one to two years	<b>0</b>	1,171
Expiring within two to five years	<b>0</b>	0
Land and buildings:		
Expiring within one year	<b>1,728</b>	1,455
Expiring within one to two years	<b>0</b>	129
Expiring over five years	<b>2,930</b>	2,143
	<u><b>5,335</b></u>	<u>5,894</u>

## 27 RECONCILIATION OF CONSOLIDATED SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000
Surplus before tax	<b>3,927</b>	6,714
Depreciation	<b>3,202</b>	3,067
Deficit/(surplus) on sale of assets	<b>61</b>	(4,296)
Deferred capital grants released to income (see note 20)	<b>(187)</b>	(206)
Interest payable	<b>2,113</b>	2,125
Interest receivable	<b>(132)</b>	(7)
(Increase)/decrease in debtors	<b>(527)</b>	1,438
Decrease/(increase) in stocks	<b>4</b>	(2)
Decrease in creditors	<b>(121)</b>	(4,985)
FRS17 adjustments	<b>148</b>	172
Net cash inflow from operating activities	<u><b>8,488</b></u>	<u>4,020</u>

## 28 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<b>Consolidated</b>	
	<b>2011/12</b>	2010/11
	<b>£,000</b>	£,000
Income from short term investments	<b>115</b>	7
Interest paid on loans	<b>(1,466)</b>	(1,499)
Cash inflow from agency arrangements	<b>1,870</b>	0
	<u><b>519</b></u>	<u>(1,492)</u>

## 29 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<b>Consolidated</b>	
	<b>2011/12</b>	<b>2010/11</b>
	<b>£,000</b>	<b>£,000</b>
Payments to acquire tangible assets	<b>(2,173)</b>	(1,559)
Proceeds from sale of assets	<b>2</b>	7,972
Deferred capital grants received	<b>110</b>	0
Cash outflow from agency arrangements	<b>(288)</b>	0
	<b><u>(2,349)</u></b>	<b><u>6,413</u></b>

## 30 FINANCING

	<b>Consolidated</b>	
	<b>2011/12</b>	<b>2010/11</b>
	<b>£,000</b>	<b>£,000</b>
New secured loans	<b>0</b>	0
Repayment of amounts borrowed	<b>(566)</b>	(537)
	<b><u>(566)</u></b>	<b><u>(537)</u></b>

## 31 ANALYSIS OF CHANGES TO NET DEBT

	<b>As at 01/08/2011</b>	<b>Cash Flows</b>	<b>Other non- cash flows</b>	<b>As at 31/07/2012</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Cash at bank and in hand	10,407	6,092	0	<b>16,499</b>
Debt due within one year	(557)	566	(594)	<b>(585)</b>
Debt due after one year	(30,547)	0	594	<b>(29,953)</b>
	<b><u>(20,697)</u></b>	<b><u>6,658</u></b>	<b><u>0</u></b>	<b><u>(14,039)</u></b>

## 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 £1,263,000 (2011: £1,199,000) 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. 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 31st 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 £1,680,000 (2011: £1,699,000).

#### **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 will increase to 18.3% from April 2013. This assessment has been updated for the period ended 31st July 2012 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 2012.

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

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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 £162,000 (2011: £155,000) 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:

	<b>2012</b>	2011	2010	2009	2008
Rate of increase in salaries	<b>4.0%</b>	5.0%	4.7%	5.1%	5.4%
Rate of increase in pensions payment and deferred pensions	<b>1.8%</b>	2.7%	2.7%	3.6%	3.9%
Discount rate applied to scheme liabilities	<b>3.9%</b>	5.3%	5.4%	6.0%	6.4%
Inflation assumption - RPI	<b>2.6%</b>	3.5%	3.2%	3.6%	3.9%
Inflation assumption - CPI	<b>1.8%</b>	2.7%	2.7%	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:

	<b>2012</b>	2011	2010	2009	2008
Non-pensioner:					
Males	<b>22.0</b>	21.9	23.0	23.0	23.0
Females	<b>25.9</b>	25.8	26.0	26.0	26.0
Pensioners:					
Males	<b>20.0</b>	19.8	22.2	22.2	22.2
Females	<b>24.0</b>	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:

	<b>2012</b>	2011	2010	2009	2008
Equities	<b>5.8%</b>	7.0%	7.3%	7.5%	7.8%
Gilts	<b>2.8%</b>	4.0%	4.3%	4.5%	4.8%
Other bonds	<b>3.9%</b>	5.3%	5.4%	6.0%	6.4%
Property	<b>5.3%</b>	6.5%	6.8%	7.0%	7.3%
Cash	<b>0.5%</b>	3.0%	3.0%	3.0%	5.0%
Other	<b>5.8%</b>	7.0%	7.3%	n/a	n/a

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Analysis of LGPS pension costs charged to operating surplus:

	<b>2012</b>	2011
	<b>£,000</b>	£,000
Current service costs	<b>(1,629)</b>	(1,790)
Losses on settlements or curtailments	<b>0</b>	(35)
	<u><b>(1,629)</b></u>	<u>(1,825)</u>

Analysis of amounts included in other finance costs:

	<b>2012</b>	2011
	<b>£,000</b>	£,000
Expected return on pension scheme assets	<b>2,112</b>	1,896
Interest on pension scheme liabilities	<b>(2,757)</b>	(2,524)
	<u><b>(645)</b></u>	<u>(628)</u>

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

	<b>2012</b>	2011
	<b>£,000</b>	£,000
Actual return less expected return on scheme assets	<b>(1,836)</b>	2,217
Experience gains and losses arising on scheme liabilities	<b>25</b>	1,079
Changes in assumptions underlying the present value of scheme liabilities	<b>(5,894)</b>	(976)
Actuarial (losses)/gains recognised in statement of total recognised gains and losses	<u><b>(7,705)</b></u>	<u>2,320</u>

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Movement in net pension liability during the year:

	<b>2012</b>	2011
	<b>£,000</b>	£,000
Deficit in scheme at beginning of year	<b>(19,545)</b>	(21,065)
Current service costs	<b>(1,629)</b>	(1,790)
Employer contributions paid	<b>1,319</b>	1,498
Unfunded pension payments	<b>162</b>	155
Other finance costs	<b>(645)</b>	(628)
Settlements/curtailments	<b>0</b>	(35)
Actuarial gains	<b>(7,705)</b>	2,320
Net pension liability at end of year	<b><u>(28,043)</u></b>	<u>(19,545)</u>

Analysis of movement in the present value of scheme liabilities:

	<b>2012</b>	2011
	<b>£,000</b>	£,000
At beginning of year	<b>(51,659)</b>	(48,121)
Current service costs	<b>(1,629)</b>	(1,790)
Interest cost	<b>(2,757)</b>	(2,524)
Actuarial (losses)/gains	<b>(5,869)</b>	(535)
Losses on curtailments	<b>0</b>	(35)
Estimated benefits paid (net of transfers in)	<b>1,298</b>	1,803
Contributions by scheme participants	<b>(542)</b>	(612)
Unfunded pension payments	<b>162</b>	155
At end of year	<b><u>(60,996)</u></b>	<u>(51,659)</u>

Analysis of movement in the market value of scheme assets:

	<b>2012</b>	2011
	<b>£,000</b>	£,000
At beginning of year	<b>32,114</b>	27,056
Expected return on scheme assets	<b>2,112</b>	1,896
Actuarial gains	<b>(1,836)</b>	2,855
Contributions by employer	<b>1,481</b>	1,653
Contributions by scheme participants	<b>542</b>	612
Estimated benefits paid (net of transfers in)	<b>(1,460)</b>	(1,958)
At end of year	<b><u>32,953</u></b>	<u>32,114</u>

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History of experience gains and losses

	<b>2012</b>	2011	2010	2009	2008
	<b>£,000</b>	£,000	£,000	£,000	£,000
Present value of scheme liabilities	<b>60,996</b>	51,659	48,121	44,434	39,349
Market value of scheme assets	<b>32,953</b>	32,114	27,056	23,143	24,072
Deficit in scheme	<b><u>(28,043)</u></b>	<u>(19,545)</u>	<u>(21,065)</u>	<u>(21,291)</u>	<u>(15,277)</u>
Experience adjustments on scheme liabilities	<b>25</b>	441	82	(39)	764
Experience adjustments on scheme assets	<b>(1,836)</b>	2,855	1,267	(3,608)	(1,280)

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 2013 is £1,364,000.

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:	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
	£,000	£,000	£,000
Present value of scheme liabilities	59,439	60,996	62,598
Projected service cost	1,837	1,913	1,991
Adjustment to mortality age rating assumption:			
	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of scheme liabilities	58,728	60,996	63,291
Projected service cost	1,823	1,913	2,004

## University Council

November 2012

### *Independent & Co-opted Council Members*

Dame Christine Beasley	Independent	(Chair)	Appointed 1 August 2012
Roy Darby	Co-opted	(Chair)	Retired 31 July 2012
Brian Tranter	Independent	(Deputy Chair)	
Antony Bellekom	Independent		
Mitch Brown	Independent		Retired 31 July 2012
Antonia Byatt	Independent		
Baljit Dhillon	Independent		
Lori Flynn	Independent		
David Griffiths	Independent		
Ian Hillan	Independent		
Michael Hipkins	Independent		
Jenny Newton	Independent		
Pauline Odulinski	Co-opted		
Simon Opie	Independent		
Keith Ryan	Independent		
Terri Teasdale	Independent		

### *University Council Members*

Ruth Farwell	Vice Chancellor	
Sukhie Mattu	Elected Non Academic Staff member	
Stephen Fox	Elected Senate member	
Roger Dalrymple	Elected Senate member	Resigned 7 February 2012
Linsey Taylor	Elected Senate member	Appointed 1 March 2012
Crystal Oldman	Elected Academic Staff member	
Ashley Coles	President, Students' Union - Student member	

### **Senior Management Team**

Ruth Farwell	Vice Chancellor	
Derek Godfrey	Deputy Vice Chancellor	
Chris Kemp	Pro Vice Chancellor	
Trevor Nicholls	Pro Vice Chancellor	Retired 31 August 2012
David Sines	Pro Vice Chancellor	
Shan Wareing	Pro Vice Chancellor	Appointed 1 November 2012

### **Key Advisers**

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