



# **University of Buckingham**

## **Annual Report & Financial Statements**

### **2018**





**THE UNIVERSITY OF BUCKINGHAM**

**Registered Charity Number 1141691**

**Annual Report & Financial Statements**

**for the year ended**

**31 December 2018**

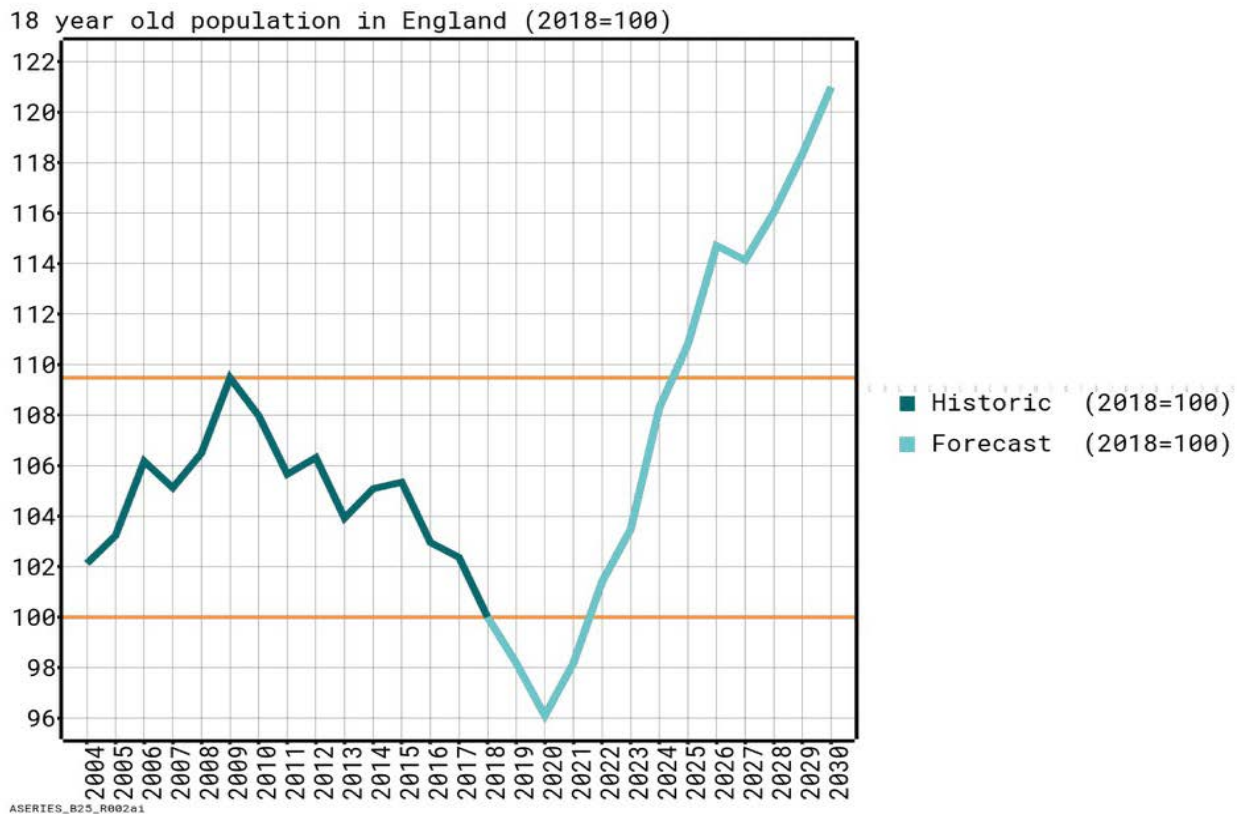


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## CHAIRMAN’S STATEMENT

In the UK, the University sector is contending with a significant reduction in the student population due to a lower birth rate between 1999 and 2002. This has resulted in intense competition, with many Universities reporting reduced student numbers. The reduction in the available student population comes after a period of expansion of capacity across the sector, following the lifting of student number controls, thereby adding further to the difficulties being faced. This trend is set to continue for the next two years, after which there is anticipated to be significant growth, as can be seen from the following chart:



By contrast our University has bucked this trend. In 2018 our student intake in both the School of Education and Medical School increased, leading to an increase in our total tuition fee income from £28.2m in 2017 to £31.9m in 2018. The growth in income is welcome, and indeed it is important since, during a period of significant restructuring, it has allowed us to pursue our growth strategy.

The restructuring has required investment. The financial statements show that the University has seen a reduction in its surplus and generated an operating loss. The investment in our future has two characteristics: first a focus on reducing areas which are unlikely to contribute consistently to a surplus, and secondly a focus on our operating capabilities, which has included the appointment of Emma Potts as our Chief Operating Officer and Chrissa Beaumont as our Marketing Director. As a leading independent University we continue to be the ‘home of the 2 year degree’ and, at a time when the Government continues to press Universities to offer these degrees, it is essential we market our offering as widely as possible.

External assessments of our teaching quality continue to rank the University at the top of the Higher Education sector. When choosing a University multiple factors influence decision making; we are fortunate that the current environment allows us to play to our strengths, which we highlight through targeted marketing campaigns. I should also pay tribute to our Vice-Chancellor Sir Anthony Seldon who, through his own networks and media profile, has contributed significantly to our improved image and reputation.

## **CHAIRMAN'S STATEMENT (continued)**

The new Vinson Centre building was completed in November. An immensely generous gift from Lord Nigel Vinson has allowed us to create a new and exciting venue for students to learn, socialise and enjoy the facilities, benefitting from engagement with local enterprise activities. We also make the centre available for use by the local community, increasing our support of the town of Buckingham. 2019 will see us continue with our mission to enhance the estate. Technology will play its part in how we adapt, both in how we operate but also as we begin to build Artificial Intelligence into many of our courses. We hope to start the construction of a new centre designed to assist with our development of AI and digital offering and are grateful to our Local Enterprise Partnership for their continued support. This building will also improve our Law provision by relocating the school there and we are thankful for a signed gift agreement towards this by Dr Hon Dak Chung.

Initiatives such as this will permit the University to build on the foundations of the past. To further support our growth we have formed a Development and Innovation Board to advise and assist with fund raising across a range of new initiatives. Education is set to change rapidly and the University is well placed to take advantage. We continue to value our independence which provides us with the flexibility to service both the domestic and international student population.

In a year in which restructuring and change abounded, the challenges faced by our staff have been considerable. On behalf of my fellow Council members, I would like to thank our Vice Chancellor and his colleagues, our Senate and the academic team, for their dedication and application to the task in hand. The University of Buckingham is in good hands, becoming distinctive and distinguished.

**Mr Rory Tapner**  
**Chairman of Council**

## VICE-CHANCELLOR'S PREFACE

The University is moving ahead incredibly strongly and its future is brighter than at any point in its history; our numbers are now on 3000, up 25% on three years ago (at a time that the sector is contracting) and double the number that we had eight years ago.

- Our new Medical School has now received GMC accreditation and the first students will graduate on 29th June and the demand is six times greater than supply of spaces.
- We have a gold award for the government's Teaching Excellence Framework, making us one of the top ranked teaching universities in Britain.
- Four of our major subject areas have been placed in top 20 departments in the country in the latest University Guide produced by the Guardian in May 2019.
- 2018 saw two large buildings opened, our Medical Education Centre in Milton Keynes Hospital, and our Vinson Centre for Entrepreneurship and Liberal Economics.
- In 2018, the University received donations and capital grants to the value of £3.12m (2017: £4.62m, 2016: £6.86m); £372k of which was from the University of Buckingham Foundation (2017: £229k, 2016: £88k). The total received over the last three years is therefore £14.6m, with pledges for donations and grants for 2019/2020 as at June 2019 totalling £7m.
- We have been consistently in the top five of the National Student Survey for the last three years.
- Our two year degrees have come very much into vogue. Government ministers repeatedly refer to us as the exemplar of the two year degree and value for money.
- Free speech has been a constant cause of attack for British universities. Yet Buckingham is placed number one for free speech and free thinking amongst universities by the influential Spiked magazine.
- The Vice-Chancellor, Sir Anthony Seldon, has been assessed as the fourth most influential Vice-Chancellor in Britain according to the Times Higher Education supplement.
- The University of Buckingham is one of the regularly cited universities in the country and has successfully hosted the Festival of Higher Education for three years in a row.
- Rory Tapner, previously Chief Executive at Coutts bank and (Chair of Finance/Deputy Chair at King's College London), has given a very strong lead as Chair of our Council during the year, giving us great financial acumen and deep knowledge of the HE world.

**Sir Anthony Seldon**  
**Vice-Chancellor**

## STRATEGIC REPORT

### Status and Administration

The University was established in 1976 and was incorporated by *Royal Charter* (RC000730) as the University of Buckingham on February 11<sup>th</sup>, 1983. The University is a registered charity and is a Recognised Body under Statutory Instrument No.2992 (The Education (Recognised Bodies) (England)) Order 2013 and authorised by its *Royal Charter* to award taught and research degrees in perpetuity. The University is a member of Universities UK.

The University has registered with the new regulator, the Office for Students and is a subscriber to both the Quality Assurance Agency (“QAA”) and the Higher Education Statistics Agency (“HESA”). The University also participates in the National Student Survey (“NSS”) and submitted data and narrative for the Teaching Excellence Framework (TEF) exercise (achieving a GOLD rating in 2017). Like other British universities an important part of our mission is to contribute to scholarship and research. Until now, Buckingham has not participated in the Research Excellence Framework; however, the University is now considering making a submission to REF 2021 in order to benchmark the quality of our research expertise and, as a result, compete for research funding from a range of sources.

The University has a bicameral constitution comprising the Council and the Senate. Whereas the Council is the governing body and its members are Trustees of the University, the Senate is the supreme academic authority, responsible for academic standards and the quality and enhancement of students’ learning opportunities.

The Council of the University has complete responsibility for the stewardship of the Charity’s assets; its members focus on strategic decision making and ensuring adherence to its charitable objectives whilst delegating day-to-day operational responsibilities to the Executive and senior management team. It receives assurances that the University meets all legal and regulatory requirements imposed on it as a corporate body.

Council powers are exercised through a number of sub-committees as follows (with terms of reference approved by Council):

- Finance, Estates and Resources Committee
- Risk, Audit and Compliance Committee
- Nomination, Performance and Remuneration Committee
- Diversity and Inclusion Committee\*
- Grievance Committee\*
- Honorary Awards Committee\*

(\* - Joint Committee of Council and Senate)

A list of Council members can be found on page 16 of this Annual Report.

## STRATEGIC REPORT (continued)

### Charitable Objectives

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

### Teaching

Buckingham differs from other British universities with regard to funding and consequent obligations. We do not receive government funding and hence have not entered into a Financial Memorandum - the contract through which the government controls the publicly financed sector via the Higher Education Funding Council for England (HEFCE closed at the end of March 2018 with many functions continued by the Office for Students). Buckingham has registered with the Office for Students as an *Approved* provider (that is: one whose students are restricted to accessing the lower amount of tuition-fee funding but which is able to charge uncapped fees).

While keeping a keen eye on affordability we set fee levels to fund a degree of personal attention to our students, both academic and pastoral, that enables them to make the best of their time here. For example, we supplement lectures with small group tutorials. We feel this approach helped us to achieve National Student Survey rankings of first or equal first in 2006, 2008, 2009, 2010, 2012, 2015, 2016 and 2017 and second in 2007, 2011, 2013, 2014 and 2018.

### Structure of Reduced Two Year Degrees

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

Term 1	September - December
Term2	January – March
Term3	April – June
Term 4	July – September
Term 5	September/October – December

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

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

### Public Benefit

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

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

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

## STRATEGIC REPORT (continued)

The University of Buckingham Foundation has total funds of £4.69m all of which is for the benefit of the University. Within the £4.69m, £2.98m is available for scholarships and bursaries, £1.68m is available for grants and other projects and £0.04m is held as unrestricted donations.

In the year the University awarded total scholarships, bursaries and prizes of £1.391m (including funded scholarships). Excluding prizes of £7k, scholarships and bursaries were broken down as: £143k Foundation funded, £186k from restricted donations received by the University and £1,055k funded from University income.

The University is keen to increase participation in the local vicinity and for those potential students who may find that going away to study is too expensive. The University operates a “Five Counties” bursary with a value of £2,000 per academic year. For 2018 the details are:

- The applicant must currently reside in one of the five counties of; Buckinghamshire (including Milton Keynes), Bedfordshire, Northamptonshire, Oxfordshire or Hertfordshire.
- To qualify, the student must meet the conditions of the offer and make Buckingham the firm UCAS choice or make a firm acceptance of a direct offer of a place.
- Our Five Counties scholarships are only available to students on two-year undergraduate degree courses and are only available for two years or a maximum of £4,000. Students studying Medicine (4.5 years in length) will receive this scholarship for their first two years at Buckingham.

If an applicant is in receipt of a Maintenance Loan in excess of £5,000 from Student Finance England, a further £1,100 Buckingham bursary is awarded per academic year. A maintenance Loan bursary is not combined with 5 counties but can be combined with high achievers.

An automatic high achievers scholarship, worth £2,000 per annum is available to undergraduate Home (UK/EU) students (excluding Medicine) achieving AAB or above/or equivalent in their A Levels (excluding General Studies). The scholarship is dependent on students making Buckingham their firm UCAS choice, or making a firm acceptance of a direct offer of a place.

This scholarship will be reviewed after the preliminary and subsequent examinations and will continue if their average mark is in the upper second or first class range. Our High Achiever scholarship is only available to students on two-year undergraduate degree courses and is only available for two years or a maximum of £4,000. The scholarship is available to UK/EU fee paying students only.

Being regarded as an independent university under the terms of Student Finance England, Buckingham students are entitled to a £6,165 tuition fee loan per year. This is slightly lower than the up to £9,250 for publically funded universities. However maintenance loans are awarded in the same way as any other university.

The aim of the “Five Counties” scholarship is to assist local students claiming student tuition and maintenance loans to cover nearly all Buckingham’s tuition fees. The Buckingham Bursary assists students in the same way as above but is open to students outside of the five counties. Students or their sponsors will still have to meet any maintenance costs, however living near Buckingham and the degree programme being completed in two years rather than three elsewhere, makes studying much more financially viable.

## STRATEGIC REPORT (continued)

### Results for the Period

For the year ended 31 December 2018 the University recorded a surplus of £1.202m and a Group surplus of £0.535m. This compares to a University surplus of £5.85m and Group surplus of £7.65m for the previous year. These results are reported in accordance with the rules under FRS102.

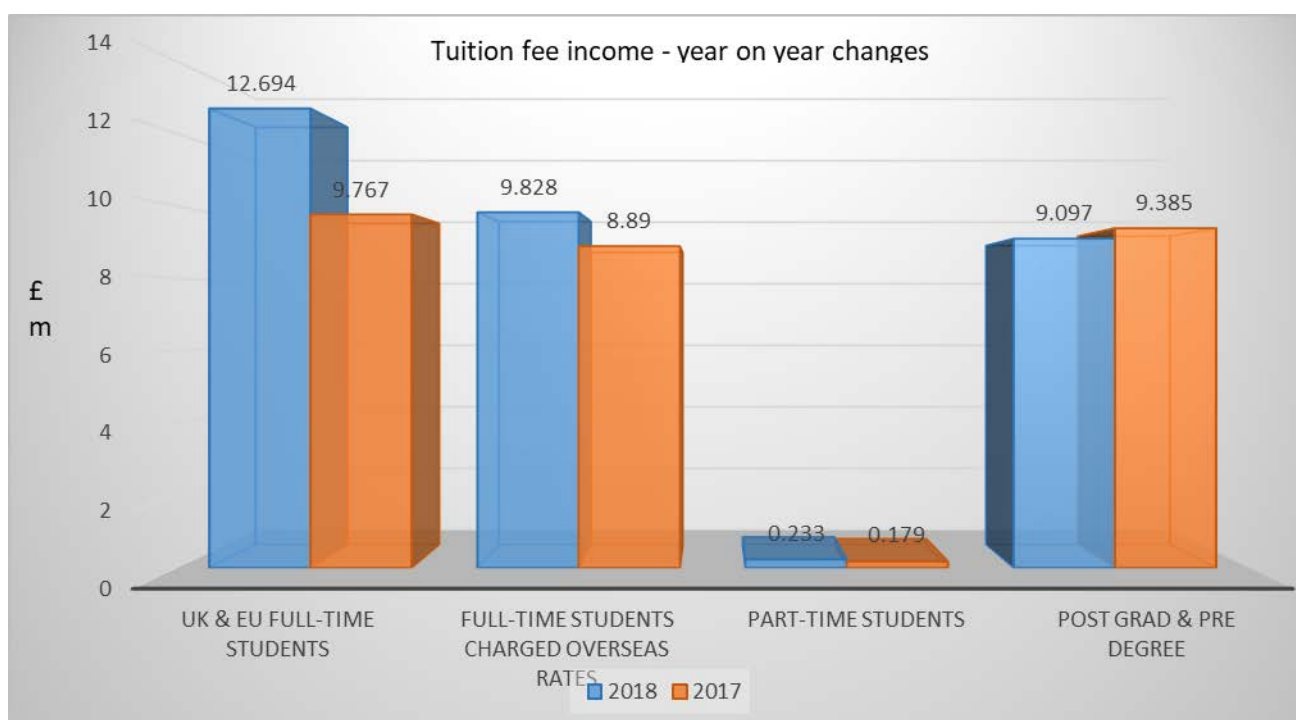
The Statement of Changes in Reserves identifies an unrestricted deficit from the I&E account of £1.2m (2017: surplus £1.2m) which is before the release of restricted funds spent in the year of £642k (2017: £418k). The £642k represents expenditure of prior year restricted donations, which the University has no control over. With this release, the unrestricted loss is £588k (2017: surplus £1.625m), represented by the total movement on the unrestricted reserve.

The income from tuition fees for the period, as set out in note 1, was £31.9m compared to £28.2m for the year ended 31 December 2017. The increase is predominantly due to the continued growth of the undergraduate Medical School.

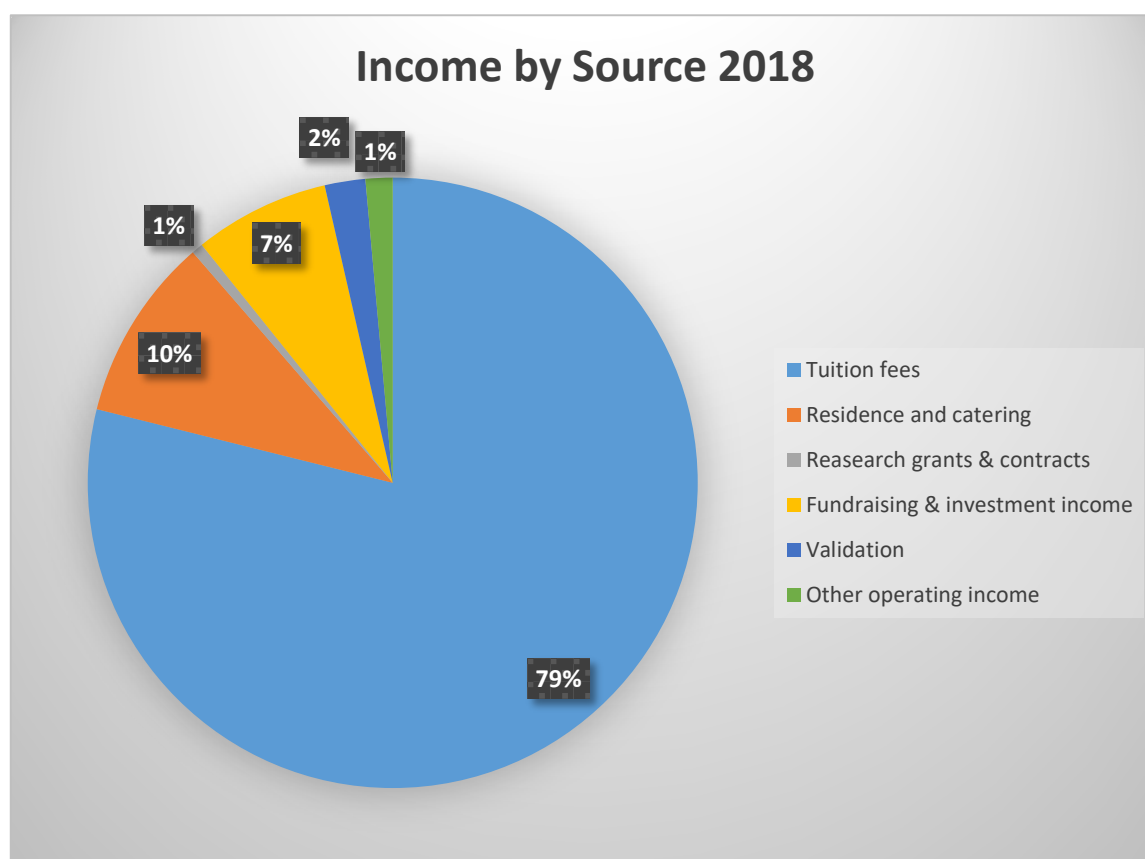
Total student numbers as at October 2018 (Autumn Term) were 3,010 (2017: 2,930). Average total student numbers for the year were 2,600 (2017: 2,311).

Based on total student numbers as at October 2018:

- The total number on full time undergraduate courses increased by 9% to 1,354 (2017: 1,243)
- Part time undergraduate numbers fell during the year by 12% to 51 (2017: 58)
- Total post-graduate (taught and research) numbers fell by 12% to 483 (2017: 547)
- Total numbers within the School of Education increased by 5% to 1,059 (2017: 1,010).
- Pre degree and non-degree numbers fell by 12% to 63 (2017: 72).



## STRATEGIC REPORT (continued)



Total income increased by 0.3% year on year. Fundraising and investment income fell 54% to £2.9m from a high figure of £6.3m the previous year with unrestricted donations being predominantly made direct to the University. Validation income fell by 13% and other operating income (excluding residences) by 7%.

Excluding validations, the biggest overall rise was in Tuition fees being a year on year change of £3.6m (13%).

The consolidated total income for the year was £40.38m compared to £40.27m for the year ended 31 December 2017.

The University's Consolidated Income, Expenditure and Results for the year to 31 December 2018 are summarised as follows:

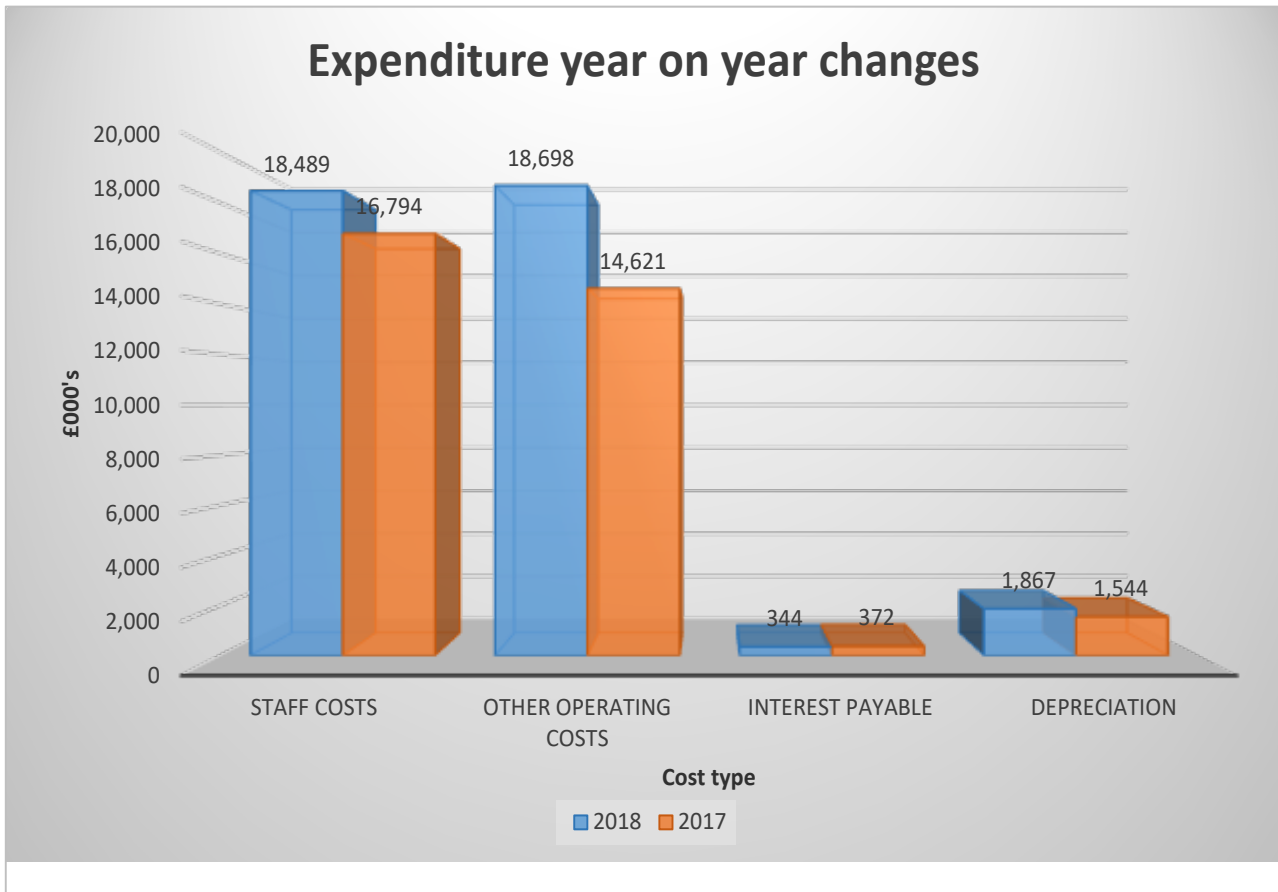
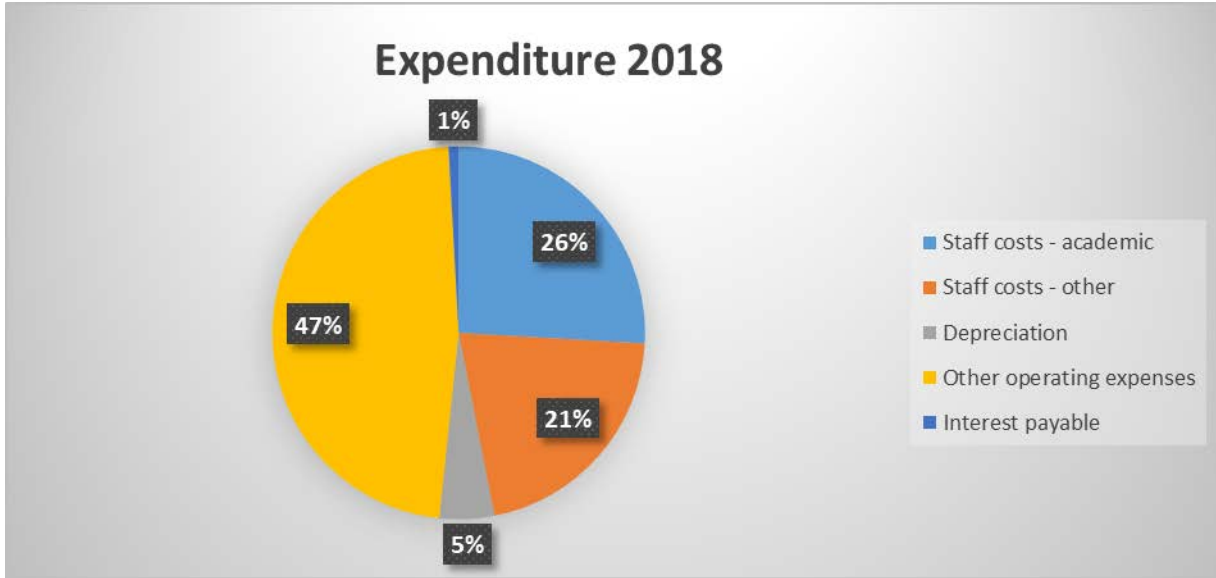
	<b>2018</b> <b>£000</b>	2017 £000
Income	<b>40,380</b>	40,265
Expenditure	<b>(39,398)</b>	(33,331)
<b>Surplus on continuing operations</b>	<b>982</b>	<b>6,934</b>
Net gain on disposal of fixed asset	-	348
(Loss)/Gain on investments	<b>(447)</b>	363
<b>Surplus for the year</b>	<b>535</b>	<b>7,645</b>

## STRATEGIC REPORT (continued)

### Expenditure:

There has been a growth in total expenditure year on year of 18%. Expenditure on staff costs has risen by 10%. However, with the growth of the Medical School and the School of Education, more staff costs have come via invoiced labour within other operating expenditure. Academic invoiced labour costs amount to £2.6m, which is an increase of 8% over the previous year.

Total other operating costs of £18.7m have increased 28% and the total invoiced labour costs included within this of £2.83m (2017: £2.66m), are predominantly academic.



## STRATEGIC REPORT (continued)

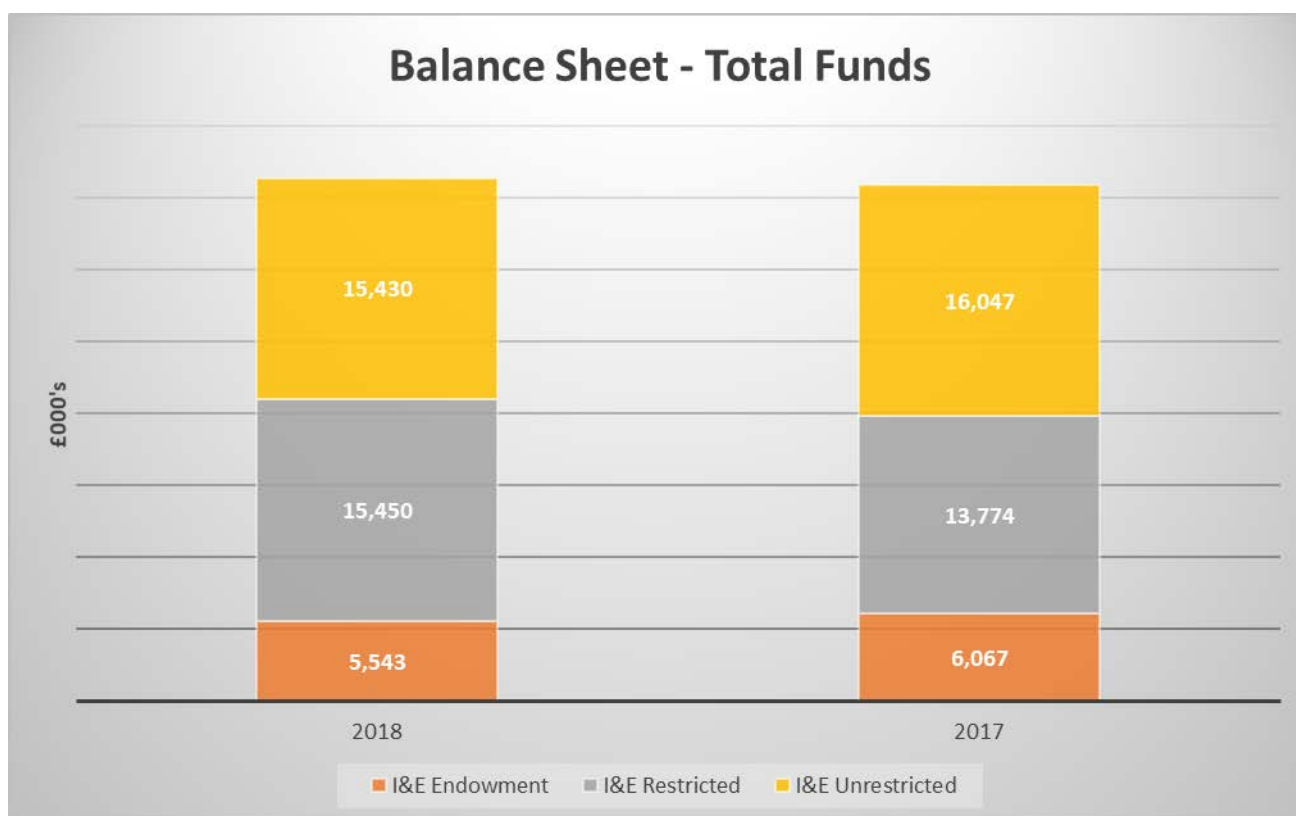
The consolidated balance sheet total funds for the year, showed an increase of £535k (2017: increase £7.6m) being the retained surplus in the period.

The scholarships, bursaries and prizes of £1,124k (2017: £895) were awarded to students based on academic merit and financial need.

The consolidated surplus for the year in accordance with FRS102 is below budget as the University re-aligns itself in preparation for future growth.

### Cash Flow

The Consolidated Cash Flow Statement shows there was a decrease in cash for the year of £7,363k (2017: increase of £8,979k).



### Reserves

The Charity requires reserves for the following reasons:

- Market fluctuations could impact significantly on the number of students attending the University courses. The University's income is substantially derived from its revenues from academic programmes, and accordingly will rely on reserves if there is a temporary reduction in student numbers.
- The University has substantial ongoing commitments relating to the welfare and education of the students and needs to maintain a level of reserves sufficient to continue to meet these commitments.
- The University requires reserves to fund the expanding Medical School which opened in January 2015 and subsequent investment required in 2018 for the increased student numbers moving on to the clinical stages of the course, and of increasing and further developing research activities.

## STRATEGIC REPORT (continued)

The University continues to develop a programme for investment in the refurbishment of the estate. In this regard, the University took out a £10m Bank Loan in 2017 with RBS.

### **Buckingham's distinctive position**

Based on HESA returns, our student-staff ratio in 2018/19 was 15.3:1 (2017/18: 11.3:1). 2018 has seen a change in basis of this calculation so that School of Education (Teacher training) students who are not at the University full-time and were previously counted as 0.25 of a student are now classified as one full time equivalent student. This change to the student numbers used in the calculation has increased the staff-student ratio. The ratio still indicates a high level of personal service compared to the sector norm e.g. through more contact hours and small group tutorials. The small size of the campus and the town also promotes personal attention.

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

### **Product and Service Strategies**

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

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

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

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

### **Ancillary Business Activities**

*Research.* In principle we expect research income to cover its related direct costs. Since we do not receive “core” research funding (i.e. from a funding council), our research has not in recent years contributed to the cost of facilities and support services. It therefore relies on a cross subsidy from teaching, which we accept in order to maintain our academic reputation and enrich the experience of staff and students.

*Validation.* We validate the teaching of a number of other institutions, awarding our degrees to their students, for which we receive fees.

### **Staff**

At the year-end we have the equivalent of 384 full time equivalent members of staff, 136 academic, 200 support and 48 manual/other staff, who are committed to the ethos of supporting our students as individuals.

### **Royal Charter**

Our Royal Charter allows us to award the full range of degree types and to validate the teaching of selected institutions.

### **Financial Risk Management Objectives and Policies**

The group's main financial instruments are cash and quoted investments within the Foundation. In addition, items such as trade debtors and trade creditors arise directly from its operations. The main purpose of these financial instruments is to manage the finance for the group's operations.

## STRATEGIC REPORT (continued)

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

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

### Market risk

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

- **Currency risk**  
The group is exposed to some translation and transaction foreign exchange risk. However the Trustees do not consider this risk to be significant to the group's operations and accordingly there are no hedging provisions in place.
- **Interest rate risk**  
The recent loan of £10m was drawn in November 2017. The loan has a fixed interest rate of 3.5% and is unsecured with a term of ten years. Since the loan is fixed there is no interest rate risk.
- **Price risk**  
The group's exposure to price risk consists mainly of movements in the value of the group's investments in quoted shares. The group employs investment managers who work within guidelines set out by the University of Buckingham Foundation Board. These guidelines include limits on the total investment in any one particular equity instrument, and in any one sector of the market. The aim is to try to manage price risk, as far as possible. The Trustees of the Foundation keep under review these guidelines and regularly review the performance of the investments and the performance of the investment managers against the guidelines set by the Trustees.

### Collaborations

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

### Quality Reputation

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

### Liquidity Risk

Net current assets have become net current liabilities during the year as the receipts from the £10m loan taken out in 2017 and part of cash, were put towards construction costs for the new Vinson Centre. Our credit control policies provide a comfortable cash buffer derived from fees in advance, although these have decreased slightly against the prior year. The University has continued to be in surplus since 2010 and budget setting and monitoring are the main controls.

## **STRATEGIC REPORT (continued)**

### **Credit risk**

The group's principal financial assets are quoted investments (within the Foundation), cash and trade debtors. The credit risk associated with the investments and cash is limited as the counterparties are established financial institutions. The principal credit risk arises therefore from its trade debtors. The nature of the group's client base is such that it is not significantly exposed to large customers. The Trustees therefore concentrate efforts on ensuring that the processes around the giving of credit are sufficiently robust.

### **Fraud and Error**

As with any business, there are potential risks to the integrity of financial assets and financial information. The primary safeguards are the staffing of the finance office and its financial procedures. In addition, the Audit Committee undertakes rolling reviews of risk management.

### **Outlook**

The University recorded a surplus for the year of £1.202m although it is currently operating in a difficult environment and is attempting to re-align itself to the demands of the market-place.

2018 is seeing the second year of increased expenditure relative to income in an effort to make progress within our aim of investing for the future.

In chasing this goal, it is possible that 2019 will see somewhat of a repeat of the 2018 results.

That is, we expect income once again to reach record levels but the sums needed for re-investment will cause a dent in our operational results.

**P JENNINGS**  
**Finance Director**

**18/09/2019**

## STATEMENT OF CORPORATE GOVERNANCE

### Summary of corporate governance structure

The University of Buckingham was established in 1976, and was incorporated by *Royal Charter* (RC000730) on February 11<sup>th</sup>, 1983. During 2016/17 and 2018/19, the University undertook full reviews of its academic governance; both reviews led to substantive revisions to the University's *Charter and Statutes*, the latter set being ratified by the Privy Council on February 13<sup>th</sup> 2019.

The University is a registered charity and is a Recognised Body under Statutory Instrument No.2992 Order 2013. It is authorised by its *Royal Charter* to award taught and research degrees in perpetuity. The University is a member of Universities UK.

The University has a bicameral constitution comprising the Council and the Senate. Whereas the Council is the governing body and its members are Trustees of the University, the Senate is the principal academic authority, responsible for the setting and maintenance of threshold academic standards and for assuring and enhancing the quality of students' learning opportunities.

The Council of the University has responsibility for the stewardship of the Charity's assets; its members focus on strategic decision making and ensuring adherence to its charitable objectives whilst delegating day-to-day operational responsibilities to the Executive and senior management team. It receives assurances that the University meets all legal and regulatory requirements imposed on it as a corporate body.

The Senate of the University is its principal academic authority and its responsibilities include: the regulation and control of all academic awards as well as the programming and teaching that facilitates students' admission to said academic awards, the management of the formalities associated with making academic awards and the regulation of University discipline. The Senate is responsible for overseeing the development of the University's academic portfolio (including all associated research, learning and teaching and assessment activities), for the admission of students and for all areas pertaining to academic delivery and support.

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

### Operations of Council

Council powers are exercised through a number of sub-committees as follows (with terms of reference approved by Council):

- Finance, Estates and Resources Committee
- Risk, Audit and Compliance Committee
- Nomination, Performance and Remuneration Committee
- Diversity and Inclusion Committee\*
- Grievance Committee\*
- Honorary Appointment and Awards Committee\*

(\* - Joint Committee of Council and Senate)

## **STATEMENT OF CORPORATE GOVERNANCE (continued)**

### **Operations of Senate**

Senate's powers are exercised through a number of sub-committees as follows (with terms of reference approved by Senate):

- University Research Committee
- University Learning & Teaching Committee
- University Collaborations Committee
- Diversity and Inclusion Committee\*
- Grievance Committee\*
- Honorary Appointments and Awards Committee\*

(\* - Joint Committee of Senate and Council)

## MEMBERS OF COUNCIL

### Ex officio members:

Chancellor – The Honorable Lady Tessa Keswick  
Chairman of Council – Mr Rory Tapner  
Vice-Chair of Council – Professor John McIntosh CBE  
Treasurer – Mr Mohammad Syed (Appointed 15<sup>th</sup> March 2018)  
Vice-Chancellor – Sir Anthony Seldon  
Pro Vice-Chancellor – Dr Jane Tapsell  
Pro Vice-Chancellor – Professor John Clapham  
President of the Students' Union

### Appointed members:

Up to three nominated by  
Senate:

Dr Patricia Covarrubia  
Dr Kenny Langlands  
Dr Claire Stocker

One elected from the non-  
teaching staff:

Mr Chris Payne

Up to 10 appointed members:

Professor Joe Harrison  
Mr Nick Hillman (Appointed 15<sup>th</sup> March 2018)  
Mrs Penny Jones (Appointed 15<sup>th</sup> March 2018)  
Rt Hon Brandon Lewis MP (Appointed 12<sup>th</sup> July 2018 –  
Resigned 16<sup>th</sup> April 2019)  
Dr Ann Limb CBE (Appointed 15<sup>th</sup> March 2018 –  
Resigned 24<sup>th</sup> June 2019)  
Mr Mark Rushton  
Professor Alan Smithers (Appointed 15<sup>th</sup> January 2019)

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

The Council is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In accordance with its responsibilities under section 18 of Schedule 7 of the Education Reform Act 1988 the University's Council presents audited financial statements for each financial year. Council is required to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and University and which enable it to ensure that the annual financial statements give a true and fair view of the state of affairs of the Group and University and of the income and expenditure for that year and comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of its Royal Charter.

In causing the financial statements to be prepared, 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, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and University will continue in operation.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Council has taken reasonable steps to:

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

The key elements of the Group and University's high level controls, include the following:

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

## **STATEMENT OF RESPONSIBILITIES OF THE UNIVERSITY'S COUNCIL IN RELATION TO THE FINANCIAL STATEMENTS (continued)**

- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Council.

The University complies with the Statement of Recommended Practice on Accounting for Further and Higher Education 2015. An internal audit function is not deemed necessary under the current guidance due to the size of the University, although we commission as required an outsourced internal audit service.

The Council is responsible for the maintenance and integrity of the charity 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 AUDITORS' REPORT TO THE COUNCIL OF THE UNIVERSITY OF BUCKINGHAM

## Report on the audit of the financial statements

### Opinion

In our opinion, the University of Buckingham's group financial statements and the university's financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the university's affairs as at 31 December 2018 and of the group's and university's income and expenditures, gains and losses and changes in reserves, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the group and university balance sheets as at 31 December 2018; the group and university statements of comprehensive income and expenditure; the group and university statement of changes in reserves for the year then ended, the group cash flow statement for the year then ended; the statement of principal accounting policies; and the notes to the financial statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the the group's and university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and university's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group and university's activities, students, suppliers and the wider economy.

## **INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF THE UNIVERSITY OF BUCKINGHAM (continued)**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Trustees' Report ("Strategic Report")***

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report (the "Strategic Report") is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the Council for the financial statements*

As explained more fully in the responsibilities of the university's council in relation to the financial statements set out on page 17, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the group's and university's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group and university or to cease operations, or has no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF THE UNIVERSITY OF BUCKINGHAM (continued)**

### *Use of this report*

This report, including the opinions, has been prepared for and only for the charity's trustees ("the Council") as a body in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Charities Act 2011 exception reporting**

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the university; or
- the university financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes  
*27 September* 2019

## GROUP AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
<b>Income</b>					
Tuition fees and education contracts	1	31,852	31,852	28,221	28,221
Research grants and contracts	2	244	244	280	280
Other income	3	5,383	5,297	5,438	5,437
Investment income	4	138	84	169	120
<b>Total income before endowments and donations</b>		<b>37,617</b>	<b>37,477</b>	34,108	34,058
Donations and endowments	5	2,763	3,122	6,157	4,617
<b>Total income</b>		<b>40,380</b>	<b>40,599</b>	40,265	38,675
<b>Expenditure</b>					
Staff costs	6	18,489	18,372	16,794	16,794
Other operating expenses	7	18,698	18,693	14,621	14,663
Depreciation	10	1,867	1,647	1,544	1,530
Interest and other finance costs	8	344	344	372	372
<b>Total expenditure</b>	9	<b>39,398</b>	<b>39,056</b>	33,331	33,359
<b>Surplus before other gains and losses</b>		<b>982</b>	<b>1,543</b>	6,934	5,316
Gain on disposal of fixed assets		-	-	348	348
(Loss)/Gain on investments		(447)	(341)	363	189
<b>Surplus for the year</b>		<b>535</b>	<b>1,202</b>	7,645	5,853
<b>Total comprehensive income for the year</b>		<b>535</b>	<b>1,202</b>	7,645	5,853
represented by:					
Endowment comprehensive (expense)/income for the year		(318)	(258)	484	260
Restricted comprehensive income for the year		2,542	2,660	6,075	4,386
Unrestricted comprehensive (expense)/income for the year		(1,689)	(1,200)	1,086	1,207
<b>Surplus for the year</b>		<b>535</b>	<b>1,202</b>	7,645	5,853
Attributable to:					
Non-controlling interest		-	-	-	-
University		535	1,202	7,645	5,853
<b>Total comprehensive income for the year attributable to:</b>					
Non-controlling interest		-	-	-	-
University		535	1,202	7,645	5,853

The income and expenditure of the University and its subsidiaries relates wholly to continuing operations. There is no difference between the surplus stated above and the historical cost equivalent. The notes on pages 29 to 43 form part of the Financial Statements.

## GROUP AND UNIVERSITY STATEMENTS OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Income and expenditure reserve			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
<b>Balance at 1 January 2017</b>				
Surplus from the income and expenditure statement	5,677	7,959	14,607	<b>28,243</b>
Other comprehensive income	484	6,075	1,086	<b>7,645</b>
Transfers between reserves	-	-	-	-
Release of restricted funds spent in year	(94)	(260)	354	-
<b>Balance at 31 December 2017/ 1 January 2018</b>	<b>6,067</b>	<b>13,774</b>	<b>16,047</b>	<b>35,888</b>
(Deficit)/ Surplus from the income and expenditure statement	(318)	2,542	(1,689)	<b>535</b>
Other comprehensive income	-	-	-	-
Transfers between reserves	-	-	-	-
Release of restricted funds spent in year	(206)	(866)	1,072	-
<b>Total comprehensive (expense)/income for the year</b>	<b>(524)</b>	<b>1,676</b>	<b>(617)</b>	<b>535</b>
<b>Balance at 31 December 2018</b>	<b>5,543</b>	<b>15,450</b>	<b>15,430</b>	<b>36,423</b>

University	Income and expenditure reserve			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
<b>Balance at 1 January 2017</b>	2,994	8,004	14,309	<b>25,307</b>
Surplus from the income and expenditure statement	260	4,386	1,207	<b>5,853</b>
Other comprehensive income	-	-	-	-
Transfers between reserves	-	-	-	-
Release of restricted funds spent in year	(78)	(340)	418	-
<b>Balance at 31 December 2017/ 1 January 2018</b>	<b>3,176</b>	<b>12,050</b>	<b>15,934</b>	<b>31,160</b>
(Deficit)/ Surplus from the income and expenditure statement	(258)	2,660	(1,200)	<b>1,202</b>
Other comprehensive income	-	-	-	-
Transfers between reserves	-	-	-	-
Release of restricted funds spent in year	(88)	(554)	642	-
<b>Total comprehensive (expense)/income for the year</b>	<b>(346)</b>	<b>2,106</b>	<b>(558)</b>	<b>1,202</b>
<b>Balance at 31 December 2018</b>	<b>2,830</b>	<b>14,156</b>	<b>15,376</b>	<b>32,362</b>

## GROUP AND UNIVERSITY BALANCE SHEETS AT 31 DECEMBER 2018

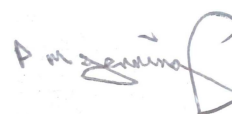
Royal Charter Company number RC000730

	Note	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
<b>Non-current assets</b>					
Fixed assets	10	41,224	33,656	34,466	27,266
Investments	11	6,626	9,988	5,512	10,212
		<b>47,850</b>	<b>43,644</b>	39,978	37,478
<b>Current assets</b>					
Trade and other receivables	12	5,053	5,782	3,623	4,240
Cash and cash equivalents		12,605	12,037	19,968	16,264
		<b>17,658</b>	<b>17,819</b>	23,591	20,504
<b>Less: Creditors amounts falling due within one year</b>	13	<b>(19,735)</b>	<b>(19,751)</b>	(17,331)	(16,472)
<b>Net current (liabilities)/ assets</b>		<b>(2,077)</b>	<b>(1,932)</b>	6,260	4,032
<b>Total assets less current liabilities</b>		<b>45,773</b>	<b>41,712</b>	46,238	41,510
Creditors: amounts falling due after more than one year	14	<b>(8,000)</b>	<b>(8,000)</b>	(9,000)	(9,000)
<b>Provisions</b>					
Pension provisions	15	<b>(1,350)</b>	<b>(1,350)</b>	(1,350)	(1,350)
Other provisions	15	-	-	-	-
<b>Total net assets</b>		<b>36,423</b>	<b>32,362</b>	35,888	31,160
<b>Restricted reserves</b>					
Income and expenditure reserve – endowment	16	<b>(5,543)</b>	<b>(2,830)</b>	(6,067)	(3,176)
Income and expenditure reserve – restricted	17	<b>(15,450)</b>	<b>(14,156)</b>	(13,774)	(12,050)
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted		<b>(15,430)</b>	<b>(15,376)</b>	(16,047)	(15,934)
<b>Total reserves</b>	18	<b>(36,423)</b>	<b>(32,362)</b>	(35,888)	(31,160)

The financial statements were approved by the Governing Body, Council on 18/09 2019 and were signed on its behalf by:



**Sir A Seldon**  
Vice-Chancellor



**Mr P Jennings**  
Finance Director

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Group 2018 £000	Group 2017 £000
<b>Cash flow from operating activities</b>		
Surplus for the year	535	7,297
<b>Adjustment for non-cash items</b>		
Depreciation	1,867	1,543
(Decrease)/ increase in tuition fees received in advance	(225)	585
(Increase) in debtors	(1,430)	(1,106)
Increase in creditors	2,639	1,501
(Decrease)/ increase in provisions	-	(117)
Pension costs less contributions payable	-	-
<b>Adjustment for investing or financial activities</b>		
Investment income	(138)	(169)
Interest payable	344	372
(Loss)/ profit on sale of fixed assets	-	348
<b>Net cash inflow from operating activities</b>	<b>3,592</b>	<b>10,254</b>
<b>Cash flows from investing activities</b>		
Investment income	138	169
Endowment funds invested	(1,114)	3,471
Withdrawal of deposits	-	-
Payments made to acquire fixed assets	(8,625)	(9,380)
	<b>(9,601)</b>	<b>(5,740)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(344)	(372)
Interest element of finance lease rental payment	-	-
New secured loans	-	10,000
Repayments of amounts borrowed	(1,000)	(5,156)
Capital element of finance lease rental payments	(10)	(7)
	<b>(1,354)</b>	<b>4,465</b>
(Decrease)/ increase in cash and cash equivalents in the year	<b>(7,363)</b>	<b>8,979</b>
Cash and cash equivalents at the beginning of the year	<b>19,968</b>	<b>10,989</b>
Cash and cash equivalents at the end of the year	<b>12,605</b>	<b>19,968</b>

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### 1 Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015): Accounting for Further and Higher Education and in accordance with Financial Reporting Standard (FRS) 102 and the Charities Act 2011. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value. The accounting policies have been applied consistently over the period.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Statement of recommended practice – Accounting for further and higher education issued on 31 March 2014, since this statement of recommended practice is most relevant to the University, rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The University has taken advantage of an exemption in FRS102; from preparing a statement of cash flows for the University, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the University's cash flow.

### 2 Basis of Consolidation

The financial statements for the Group are the consolidation of the financial statements of the University of Buckingham, the University of Buckingham Foundation and Medical Property Management Limited. The University has not consolidated any other subsidiary as in the opinion of Council, the other subsidiaries are not material.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

### 3 Income Recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income, unless a restricted donation has been received for the scholarship.

Validation fee income is recognised when delivered and known with certainty.

Investment income is credited to the statement of income and expenditure on a receivable basis.

### Grant Funding

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

### 3 Income Recognition (continued)

#### Donations and Endowments

Non exchangeable transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised as income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised as income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are five main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted donations – the donor has not specified the use of the donation and so it is to be used for the general benefit of the University.
3. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of University.
4. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
5. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### 4 Pension Schemes

The Aviva Group Personal Pension Plan (GPP) is a defined contribution scheme, established by contract. The employer's contributions payable for each accounting period are accounted for as expenditure.

The NEST Auto Enrolment scheme (AES) is a defined contribution scheme, established by contract. The employer's contributions payable for each accounting period are accounted for as expenditure.

The Universities Superannuation Scheme (USS) is a defined benefit scheme, established by trust deed with assets held in a separate fund. The employer's contributions payable for each accounting period are accounted for as expenditure. In addition, under the new SORP the University is required to provide for the future liability of the deficit recovery plan implemented by the USS. This provision will be reduced over time as the liability is discharged.

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

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

### 5 Taxation and Charitable status

The University is a Registered Charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478 – 488 of the Corporation Tax Act 2010 (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.

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

### 6 Fixed Assets and Depreciation

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

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

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

### 7 Investments & Investment Properties

Investments in listed shares are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in surplus or loss for the period.

Investments in subsidiaries are carried as cost less impairment.

### 8 Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**

### **9 Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

- (a) The University has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefit will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the financial statements.

### **10 Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

**NOTES TO THE FINANCIAL STATEMENTS****1 Tuition fees and education contracts**

	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
Full-time undergraduates - Home & EU	12,694	12,694	9,767	9,767
Full-time undergraduates - International	9,828	9,828	8,890	8,890
Part-time undergraduates	233	233	179	179
Postgraduates - Home & EU	5,583	5,583	4,695	4,695
Postgraduates - International	2,791	2,791	3,604	3,604
Pre and non-degree courses	723	723	1,086	1,086
	<b>31,852</b>	<b>31,852</b>	<b>28,221</b>	<b>28,221</b>

**2 Research grants and contracts**

	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
Research Charities	9	9	6	6
Government	60	60	105	105
Industry and Commerce	175	175	165	165
Other	-	-	4	4
	<b>244</b>	<b>244</b>	<b>280</b>	<b>280</b>

**3 Other income**

	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
Residences	3,546	3,546	3,424	3,424
Catering and Bar	389	389	386	386
Validation fees	870	870	1,004	1,004
Other income	578	492	624	623
	<b>5,383</b>	<b>5,297</b>	<b>5,438</b>	<b>5,437</b>

**4 Investment income**

	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
Investment income on endowments	137	84	130	81
Investment income on restricted reserves	-	-	32	32
Other investment income	1	-	7	7
	<b>138</b>	<b>84</b>	<b>169</b>	<b>120</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****5 Donations and endowments**

	<b>Group</b>	<b>University</b>	Group	University
	<b>2018</b>	<b>2018</b>	2017	2017
	<b>£000</b>	<b>£000</b>	£000	£000
New endowments	-	-	-	-
Donations with restrictions	<b>347</b>	<b>336</b>	3,235	1,466
Foundation donations with restrictions	-	<b>135</b>	-	80
Capital grant	<b>2,189</b>	<b>2,189</b>	2,808	2,808
Unrestricted donations	<b>227</b>	<b>462</b>	114	263
	<b>2,763</b>	<b>3,122</b>	6,157	4,617

**6 Staff costs**

	<b>Group</b>	<b>University</b>	Group	University
	<b>2018</b>	<b>2018</b>	2017	2017
	<b>£000</b>	<b>£000</b>	£000	£000
Salaries	<b>15,194</b>	<b>15,087</b>	13,839	13,839
Social security costs	<b>1,490</b>	<b>1,480</b>	1,332	1,332
Pension costs	<b>1,805</b>	<b>1,805</b>	1,623	1,623
Total	<b>18,489</b>	<b>18,372</b>	16,794	16,794

Payments of £93,515 were made in respect of compensation for loss of office to 2 senior post holders in 2018 (2017: £126,717).

Compensation for loss of office (including voluntary severance) of £251,575 was paid in 2018 (2017: £179,362) and this number relates to 11 employees (2017: 4 employees).

Emoluments of the Vice-Chancellor	<b>Group</b>	<b>University</b>	Group	University
	<b>2018</b>	<b>2018</b>	2017	2017
	<b>£</b>	<b>£</b>	£	£
Salary	<b>151,795</b>	<b>151,795</b>	175,375	175,375
Benefits	-	-	-	-
Pension contribution to USS	-	-	-	-
	<b>151,795</b>	<b>151,795</b>	175,375	175,375

In addition, the Vice-Chancellor is required by his contract of employment to live in a house provided by the University, for which no taxable benefit accrues.

The Vice-Chancellor's basic salary is 6 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice-Chancellor's total remuneration is 5.5 times the median total remuneration of staff where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

The full disclosure requirements as per the Office for Students' accounts directive and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education in respect of the Vice-Chancellor's remuneration will apply from the year ending 31 December 2019.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****6 Staff costs (continued)**

Average number of equivalent full time members of staff	<b>Group 2018 Number</b>	<b>University 2018 Number</b>	Group/ University 2017 Number
Academic	132	132	115
Research	4	4	10
Support	200	196	167
Manual	48	48	41
	<b>384</b>	<b>380</b>	<b>333</b>

The remuneration of higher paid staff accounted for in the Group Comprehensive Statement of Income and Expenditure is set out below.

£	<b>Year End 31 Dec 2018 Number</b>	Year End 31 Dec 2017 Number
100,000 - 104,999.99	-	3
105,000 - 109,999.99	2	1
110,000 - 114,999.99	-	-
115,000 - 119,999.99	1	-
120,000 - 124,999.99	1	-
125,000 - 129,999.99	-	-
130,000 - 134,999.99	1	-
135,000 - 139,999.99	-	1
140,000 - 144,999.99	2	-
145,000 - 149,999.99	-	-
150,000 - 154,999.99	1	-
175,000 - 179,999.99	-	1
	<b>8</b>	<b>6</b>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented at the University's Executive Committee. Staff costs include compensation paid to key management personnel.

	<b>Group/ University 2018 £000</b>	Group/ University 2017 £000
Key management personnel compensation	<b>1,721</b>	1,597
	<b>1,721</b>	1,597

**Council members**

Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of Council, being drawn from local public and private sector organisations, it is inevitable that transactions may take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. Please see note 21 for any related party transactions in the year.

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

No members of council have received honoraria from the University during the year. (2017: £5,596).

The total expenses paid to or on behalf of the council members in the year was £15,230 (2017: £5,515 restated). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events including fundraising in their official capacity.

**7 Other operating expenses**

Other operating expenses include:	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
Residences	804	865	588	635
Catering and bar	313	313	373	373
Research grants and contracts	132	132	86	86
Scholarships, bursaries and prizes (excluding funded scholarships)	1,124	1,124	895	895
Books, periodicals and electronic resources	204	204	350	350
Heat and light (excluding residences)	354	344	306	306
Repairs and maintenance (excluding residences)	663	663	818	818
Invoiced labour costs	2,832	2,832	2,656	2,656
Grants to Students Union	50	50	100	100
Grant to Alumni Association	-	-	1	1
External auditors' remuneration in respect of audit services	45	45	37	37
External auditors' remuneration in respect of non-audit services	23	23	21	21
Other	12,154	12,098	8,390	8,385
	<b>18,698</b>	<b>18,693</b>	<b>14,621</b>	<b>14,663</b>

**8 Interest and other finance costs**

	University/ Group 2018 £000	University/ Group 2017 £000
On bank loans repayable wholly or partly in more than five years	343	90
Bank charges on loan restructuring	-	279
Finance lease interest	1	3
	<b>344</b>	<b>372</b>

**9 Analysis of expenditure by activity**

	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
Academic and related expenditure	26,273	26,273	21,384	21,384
Administration and students & central services	7,149	6,814	6,207	6,188
Premises	3,088	3,088	2,857	2,857
Residences	2,041	2,034	1,779	1,826
Catering and Bar	670	670	702	702
Research grants and contracts	177	177	402	402
	<b>39,398</b>	<b>39,056</b>	<b>33,331</b>	<b>33,359</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)****10 Fixed assets**

<b><u>UNIVERSITY</u></b>	Freehold land	Freehold buildings	Equipment	Assets in course of construction	<b>Total</b>
	£000	£000	£000	£000	£000
<b>Cost:</b>					
At 1 January 2018	5,345	23,593	11,418	1,919	<b>42,275</b>
Additions	-	-	1,404	6,644	<b>8,048</b>
Transfers	-	-	-	-	-
Disposals	-	-	(23)	-	<b>(23)</b>
<b>At 31 December 2018</b>	<b>5,345</b>	<b>23,593</b>	<b>12,799</b>	<b>8,563</b>	<b>50,300</b>
<b>Accumulated depreciation:</b>					
At 1 January 2018	-	8,490	6,519	-	<b>15,009</b>
Charge for the year	-	465	1,182	-	<b>1,647</b>
Disposals	-	-	(12)	-	<b>(12)</b>
<b>At 31 December 2018</b>	<b>-</b>	<b>8,955</b>	<b>7,689</b>	<b>-</b>	<b>16,644</b>
<b>Net book value:</b>					
<b>At 31 December 2018</b>	<b>5,345</b>	<b>14,638</b>	<b>5,110</b>	<b>8,563</b>	<b>33,656</b>
At 31 December 2017	5,345	15,103	4,899	1,919	<b>27,266</b>
<b><u>GROUP</u></b>	Freehold land	Freehold buildings	Equipment	Assets in course of construction	<b>Total</b>
	£000	£000	£000	£000	£000
<b>Cost:</b>					
At 1 January 2018	5,345	24,277	11,418	8,463	<b>49,503</b>
Additions	-	497	1,496	6,644	<b>8,637</b>
Transfers	-	4,887	1,656	(6,543)	-
Disposals	-	-	(24)	-	<b>(24)</b>
<b>At 31 December 2018</b>	<b>5,345</b>	<b>29,661</b>	<b>14,546</b>	<b>8,564</b>	<b>58,116</b>
<b>Accumulated depreciation:</b>					
At 1 January 2017	-	8,518	6,519	-	<b>15,037</b>
Charge for the year	-	623	1,244	-	<b>1,867</b>
Disposals	-	-	(12)	-	<b>(12)</b>
<b>At 31 December 2018</b>	<b>-</b>	<b>9,141</b>	<b>7,751</b>	<b>-</b>	<b>16,892</b>
<b>Net book value:</b>					
<b>At 31 December 2018</b>	<b>5,345</b>	<b>20,520</b>	<b>6,795</b>	<b>8,564</b>	<b>41,224</b>
At 31 December 2017	5,345	15,759	4,899	8,463	<b>34,466</b>

The market value of land and buildings is considered to be in excess of the carrying value. Assets held under finance leases had a net book value of £Nil (2017: £4,960). Depreciation of these assets in the year was £4,960 (2017: £7,440).

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11 Investments**

<b>University</b>	Note	<b>University 2018 £000</b>	University 2017 £000
Investments in subsidiary undertakings	22	<b>7,000</b>	7,000
Shares in ABHSC Ltd (associate undertakings)	22	-	-
Shares in CVCP Properties Plc		<b>23</b>	23
Other listed investments		<b>2,800</b>	3,131
Cash investment deposits		<b>165</b>	58
		<b>9,988</b>	10,212
		<b>9,988</b>	10,212
<b>Group</b>	Note	<b>Group 2018 £000</b>	Group 2017 £000
Shares in ABHSC Ltd (associate undertakings)	22	-	-
Shares in CVCP Properties Plc		<b>23</b>	23
Other listed investments		<b>4,782</b>	5,073
Cash investment deposits		<b>1,821</b>	416
		<b>6,626</b>	5,512
		<b>6,626</b>	5,512

The University owns 0.54% of the issued ordinary share capital in CVCP Properties Plc, the company that owns the offices of Universities UK.

The University owns a non-controlling interest of 40% (80 £1 ordinary shares) of Apollo Buckingham Health Science Campus Ltd ('ABHSC') the company which has purchased the Crewe campus from Manchester Metropolitan University (MMU).

**12 Trade and other receivables**

	<b>Group 2018 £000</b>	<b>University 2018 £000</b>	Group 2017 £000	University 2017 £000
<b>Amounts falling due within one year:</b>				
Student receivables	<b>2,766</b>	<b>2,766</b>	1,789	1,789
Other trade receivables	<b>1,611</b>	<b>1,516</b>	1,194	914
Prepayments and accrued income	<b>645</b>	<b>645</b>	615	694
Amounts due from subsidiary undertakings	-	<b>824</b>	-	818
Other debtors	<b>31</b>	<b>31</b>	25	25
	<b>5,053</b>	<b>5,782</b>	3,623	4,240
	<b>5,053</b>	<b>5,782</b>	3,623	4,240

The amounts due from subsidiary undertakings are unsecured interest free loans and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****13 Creditors: amounts falling due within one year**

	Group 2018 £000	University 2018 £000	Group 2017 £000	University 2017 £000
Bank loans	1,000	1,000	1,000	1,000
Student fees received in advance	10,735	10,735	10,960	10,960
Trade payables	4,109	4,050	2,203	1,344
Social security and other taxation payable	666	666	506	506
Other payables	1,113	1,113	1,347	1,347
Obligations under finance leases	-	-	10	10
Accruals and deferred income	2,112	2,112	1,305	1,305
Amounts due to subsidiary undertakings	-	75	-	-
	<b>19,735</b>	<b>19,751</b>	<b>17,331</b>	<b>16,472</b>

**14 Creditors: amounts falling due after more than one year**

	University/ Group 2018 £000	University/ Group 2017 £000
Bank and other loans	8,000	9,000
Obligations under finance leases	-	-
	<b>8,000</b>	<b>9,000</b>

**Bank and other loans**

	University/ Group 2018 £000	University/ Group 2017 £000
Repayable to Royal Bank of Scotland by 2027	9,000	10,000
	<b>9,000</b>	<b>10,000</b>
Less amounts falling due within one year	<b>(1,000)</b>	<b>(1,000)</b>
	<b>8,000</b>	<b>9,000</b>

**Analysis of loan repayments**

	University/ Group 2018 £000	University/ Group 2017 £000
Between one and two years	1,000	1,000
Between two and five years	4,000	4,000
After five years	4,000	5,000
	<b>9,000</b>	<b>10,000</b>

The Royal Bank of Scotland bank loan bears interest at a fixed rate of 3.5% and is unsecured.

The loan is repayable by instalments.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****15 Provision for liabilities and charges****Pension provisions EBP (note 20)**

	<b>University/ Group 2018 £000</b>	University Group 2017 £000
At 1 January	129	129
Additions	-	-
Utilised in the year	-	-
<b>At 31 December</b>	<b>129</b>	<b>129</b>

**Pension provisions – obligation to fund USS pension deficit (note 20)**

	<b>University/ Group 2018 £000</b>	University Group 2017 £000
At 1 January	1,221	1,221
Additions	-	-
Utilised in the year	-	-
<b>At 31 December</b>	<b>1,221</b>	<b>1,221</b>
<b>Total pension provision</b>	<b>1,350</b>	<b>1,350</b>

**Other provisions**

	<b>University/ Group 2018 £000</b>	University Group 2017 £000
At 1 January	-	117
Increase in provision	-	-
Release to income and expenditure	-	(117)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****16 Endowment reserves**

Restricted net assets relating to endowments are as follows:

<b><u>2018</u></b>	<b>Group</b> Restricted Permanent £000	<b>Group</b> Restricted Expendable £000	<b>Group</b> <b>Total</b> <b>Endowment</b> <b>£000</b>	University Restricted Permanent £000	University Restricted Expendable £000	<b>University</b> <b>Total</b> <b>Endowment</b> <b>£000</b>
Capital	4,256	733	<b>4,989</b>	2,558	26	<b>2,584</b>
Accumulated income	870	208	<b>1,078</b>	592	-	<b>592</b>
Balance at 1 January	5,126	941	<b>6,067</b>	3,150	26	<b>3,176</b>
New endowments	-	-	-	-	-	-
Other reserves transfer	-	-	-	-	-	-
Investment income	116	13	<b>129</b>	83	-	<b>83</b>
Expenditure	(164)	(42)	<b>(206)</b>	(86)	(2)	<b>(88)</b>
(Decrease) in market value of investments	(418)	(29)	<b>(447)</b>	(341)	-	<b>(341)</b>
At 31 December	4,660	883	<b>5,543</b>	2,806	24	<b>2,830</b>
<b>Represented by:</b>						
Capital	4,256	733	<b>4,989</b>	2,558	24	<b>2,582</b>
Accumulated Income	404	150	<b>554</b>	248	-	<b>248</b>
	4,660	883	<b>5,543</b>	2,806	24	<b>2,830</b>

<b><u>2017</u></b>	<b>Group</b> Restricted Permanent £000	<b>Group</b> Restricted Expendable £000	<b>Group</b> <b>Total</b> <b>Endowment</b> <b>£000</b>	University Restricted Permanent £000	University Restricted Expendable £000	<b>University</b> <b>Total</b> <b>Endowment</b> <b>£000</b>
Capital	4,256	733	<b>4,989</b>	2,558	40	<b>2,598</b>
Accumulated income	535	153	<b>688</b>	396	-	<b>396</b>
Balance at 1 January	4,791	886	<b>5,677</b>	2,954	40	<b>2,994</b>
New endowments	-	-	-	-	-	-
Other reserves transfer	-	-	-	-	-	-
Investment income	104	17	<b>121</b>	71	-	<b>71</b>
Expenditure	(75)	(19)	<b>(94)</b>	(64)	(14)	<b>(78)</b>
Increase in market value of investments	306	57	<b>363</b>	189	-	<b>189</b>
At 31 December	5,126	941	<b>6,067</b>	3,150	26	<b>3,176</b>
<b>Represented by:</b>						
Capital	4,256	733	<b>4,989</b>	2,558	26	<b>2,584</b>
Accumulated Income	870	208	<b>1,078</b>	592	-	<b>592</b>
	5,126	941	<b>6,067</b>	3,150	26	<b>3,176</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****16 Endowment reserves (continued)**

Analysis by type of purpose:

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Scholarships and bursaries	<b>2,566</b>	-	<b>2,740</b>	-
Research support	<b>93</b>	<b>24</b>	<b>98</b>	<b>26</b>
Prize funds	<b>78</b>	-	<b>79</b>	-
General	<b>2,806</b>	<b>2,806</b>	<b>3,150</b>	<b>3,150</b>
	<b>5,543</b>	<b>2,830</b>	<b>6,067</b>	<b>3,176</b>

Analysis by asset:

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed assets	<b>588</b>	-	684	-
Investments	<b>4,556</b>	<b>2,801</b>	5,072	3,131
Investment properties	-	-	-	-
Current and non-current asset investments	<b>42</b>	-	266	-
Cash and cash equivalents (including investment deposits)	<b>357</b>	<b>29</b>	45	45
	<b>5,543</b>	<b>2,830</b>	6,067	3,176

**17 Restricted reserves**

Reserves with restrictions are as follows:

	<b>Unspent Capital Grants</b>		<b>Donations/ Grants</b>		<b>2018 Total</b>		<b>2017 Total</b>	
	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balances at 1 January	8,806	8,806	4,968	3,244	<b>13,774</b>	<b>12,050</b>	7,959	8,004
New grants	2,189	2,189	-	-	<b>2,189</b>	<b>2,189</b>	2,808	2,808
New donations	-	-	348	470	<b>348</b>	<b>470</b>	3,235	1,546
Other reserves transfer	810	810	(810)	(810)	-	-	-	-
Investment income	-	-	4	-	<b>4</b>	-	32	32
Capital grants utilised	(170)	(170)	-	-	<b>(170)</b>	<b>(170)</b>	(87)	(87)
Expenditure	(40)	-	(655)	(383)	<b>(695)</b>	<b>(383)</b>	(173)	(253)
<b>At 31 December</b>	<b>11,595</b>	<b>11,635</b>	<b>3,855</b>	<b>2,521</b>	<b>15,450</b>	<b>14,156</b>	<b>13,774</b>	<b>12,050</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****17 Restricted reserves (continued)**

Analysis of donations and new grants in the year by type of purpose:

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>2018</b>	<b>2018</b>	2017	2017
	<b>£000</b>	<b>£000</b>	£000	£000
Scholarships and bursaries	83	205	183	262
Research support	150	150	36	36
Prize funds	3	3	4	4
Capital	2,189	2,189	1,927	1,927
General	112	112	3,893	2,125
	<b>2,537</b>	<b>2,659</b>	<b>6,043</b>	<b>4,354</b>

**18 Total reserves**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>2018</b>	<b>2018</b>	2017	2017
	<b>£000</b>	<b>£000</b>	£000	£000
At 1 January	35,888	31,160	28,243	25,307
Surplus for the year	535	1,202	7,645	5,853
<b>At 31 December</b>	<b>36,423</b>	<b>32,362</b>	<b>35,888</b>	<b>31,160</b>

**19 Capital commitments**

At the year end there were £356,000 of capital commitments outstanding in respect of contracts for future capital expenditure entered into by the University (2017: £7,231,832). The University's Council has authorised a capital budget for 2019 of £1,379,514 excluding the commitments above (2018: £9,163,740).

**20 Pension commitments**

The Aviva Group Personal Pension Plan (GPP) and the NEST Auto Enrolment Scheme (AES) are defined contribution schemes, so no commitment exists beyond the employer's contractual contributions for each accounting period. The NEST scheme is a money purchase scheme contracted into the State Second Pension (S2P), which covers a small number of staff under auto enrolment.

However, the University of Buckingham Employee Benefits Plan (EBP) has defined benefit for those members with Guaranteed Minimum Pension rights, and the Universities Superannuation Scheme (USS) provides defined benefits and so entail long term liabilities, for which the University is ultimately responsible. The University accounts for the deficit of EBP's assets over liabilities and its share of USS's deficit. The latest actuarial information on each scheme is set out below.

**The Universities' Superannuation Scheme**

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which during 2018 provides pensions based in part on defined benefit career average and part defined contribution. The assets of the scheme are held in a separate fund administered by the trustee, Universities' Superannuation Limited.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20 Pension commitments (continued)

The appointment of directors to the board of the trustee is determined by the Company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2017. This was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The next formal valuation of the scheme is due as at 31 March 2020.

There is a funding deficit for the scheme, which is the difference between the value of assets and the amounts required to fund the pensions promised to members.

At the 31 March 2014 actuarial valuation, the trustee put in place a recovery plan setting out the contributions required to remove the shortfall in the scheme.

The funding position has fluctuated since the 2014 formal valuation and the funding deficit has increased from £5.3 billion to £7.5 billion as at 31<sup>st</sup> March 2017, making it 89% funded.

The USS scheme, being a private occupational pension scheme falls under the remit of the Pensions Regulator. As such it is required to meet certain levels of funding.

The 2014 recovery plan introduced certain changes to the scheme:

- Employer contributions were increased from 16% of payroll to 18% from 1 April 2016. This included a provision for the correction of the past service deficit as at 31 March 2014.
- Final salary accruals ceased as at 31 March 2016. Benefits built up before this date were protected but going forward accrued benefits will be increased annually in line with CPI, rather than increases in final salary.
- All members will build up future defined benefits based on Career Revalued Benefits (CRB).

At the present time there is no agreed approach on how to fund the increased 2017 deficit, being a choice between:

- Higher future contributions from members and employers
- Changes to future benefits
- A mixture of the two

The deficit must be addressed by law and in the absence of agreement in 2018, then the Pensions Regulator will intervene to ensure a credible plan is introduced on 1<sup>st</sup> April 2019 to recover the shortfall. No benefit or contribution changes will be introduced before 1<sup>st</sup> April 2019.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20 Pension commitments (continued)

#### University of Buckingham Employee Benefits Plan

The nets assets of the fund as at 5<sup>th</sup> April 2018 was £104,660 with the value of investments designated to members valued on this date as £75,157. The assets of the plan are invested in units of various funds with Royal London.

The last actuarial valuation of the scheme was prepared as at 6 April 2017. The valuation results indicated the scheme was 78% funded with a calculated shortfall of £45k (2014 shortfall £13k). Shortfalls are addressed by payments made during the course of the year.

The EBP is a defined contribution (money purchase) scheme which includes guaranteed minimum pension (GMP) benefits. The scheme started to wind up on 31 January 2008 when it operated on a contracted in basis. However, prior to 6 April 1997 the scheme was contracted out on a Guaranteed Minimum Pension (GMP) basis.

Those members with GMP benefits in respect of contracted out service prior to April 1997 have pensions payable from the scheme which must not be less than the GMPs specified in legislation.

The GMP rights mean the scheme provides a defined benefit.

On retirement the full proceeds of each members individual account with Royal London are used to secure benefits in terms of the rules of the scheme, via the purchase of an annuity policy.

The EBP pension provision in the University relates to potential payments to encourage a reduction in Scheme membership by way of transfer values or the purchase of annuities, where possible. The aim has been for the benefits of the GMP members to be bought and replaced with a deferred annuity.

Provisions within the accounts of the University are required for GMP equalisation costs and legal advice, together with wind up costs.

If a member, after taking financial advice, decides that he/she wishes to transfer his/her benefits to a new provider, then the Employer will need to provide this enhancement.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****20 Pension commitments (continued)**

<b>Cost to the University</b>	<b>Group/University</b>	Group/ University
	<b>2018</b>	2017
	<b>£000</b>	£000
Contributions to USS	<b>1,204</b>	1,106
Contributions to GPP	<b>594</b>	513
Contributions to AES	<b>7</b>	4
	<hr/>	<hr/>
Total pension cost for the year (note 6)	<b>1,805</b>	1,623

**Contributions outstanding at the year end**

	<b>Group/ University</b>	Group/ University
	<b>2018</b>	2017
	<b>£000</b>	£000
To USS	<b>10</b>	-
To GPP	<b>164</b>	(3)
To AES	<b>11</b>	2
Total outstanding	<b>185</b>	(1)

**21 Related party transactions**

ABHSC Ltd is considered a related party of the University of Buckingham. The only transaction however with the University and ABHSC Ltd in the year was the purchase for £80 of 40% of the ordinary share capital. There was one outstanding balances with ABHSC Ltd at the year end, a creditor of £80 for this share capital. Only two of the five Board of Directors of ABHSC Ltd are University employees and so the University is not considered to have significant control.

Other related party transactions for the year ended 31 December 2018 are as follows:

<b>Name</b>	<b>University Role</b>	<b>Related Party</b>	<b>Relationship to related party / Transaction</b>
Mr Rory Tapner	Council Member	Prafarata Consulting	Owner/ Expenses
Mr Ian Creagh	Executive Member	Ian Creagh & Associates	Director/ Consultancy
Professor Joe Harrison	Council Member	Milton Keynes Hospital NHS Trust	Chief Executive Officer/ Operating Costs
Sir Anthony Seldon	Vice-Chancellor	Sir Anthony Seldon	Vice-Chancellor/ Donation

<b>Name</b>	<b>2018</b>		<b>2018 Outstanding Balances</b>		<b>2017</b>	
	<b>Receipts</b>	<b>Payments</b>	<b>Debtors</b>	<b>Creditors</b>	<b>Receipts</b>	<b>Payments</b>
Mr Rory Tapner	-	£1,583	-	-	-	£3,654
Mr Ian Creagh	-	£76,608	-	-	-	n/a
Professor Joe Harrison	-	£1,627,007	-	£2,436,947	-	£13,787 (Nov17-Dec17)
Sir Anthony Seldon	£5,000	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)****22 Subsidiary and associate undertakings**

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

**Subsidiary undertakings**

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

As there were no material transactions between 1 January 2011 and 14 January 2011, the University consolidated the assets, liabilities and results of the Foundation from 1 January 2011. The assets and liabilities of the Foundation on consolidation at 1 January 2011 were:

	£
Fixed Asset Investments	2,765,580
Current Assets	451,534
Current Liabilities	<u>(256,283)</u>
<b>Net Current Assets</b>	<b><u>2,960,831</u></b>

Represented by unrestricted funds £3,173, Restricted funds £70,378 and Endowment funds £2,887,280. Cash within the foundation in current assets was £450,004.

Medical Property Management Limited, a new subsidiary in 2016, has also been consolidated. The University of Buckingham owns 100% of the share capital.

<b>Organisation</b>	<b>Principal Activity</b>	<b>Status</b>	<b>Registered Office</b>
The University of Buckingham Foundation	Promotion of the charitable purposes of the institution	100% controlled	Yeomanry House Hunter Street Buckingham MK18 1EG
Medical Property Management Limited	Property management	100% controlled	Nortons House Hunter Street Buckingham MK18 1DQ

The University owns 100% ordinary share capital of the limited company, Buckingham Business Enterprise Limited, which was incorporated in connection with the Bachelor of Business Enterprise teaching programme. It does not have income, expenditure or liabilities that are material to the University. Its registered office is Yeomanry House, Buckingham.

**Associate undertakings**

The University has a minority (25%) shareholding in the University of Buckingham Press Limited. It does not have income, expenditure or liabilities that are material to the University. No value is seen in including this in the consolidated financial statements.

During the year the University acquired a 40% shareholding in Apollo Buckingham Health Service Campus Limited. (See note 11 investments).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23 Post balance sheet events

The USS pension scheme Schedule of Contributions and Recovery Plan in respect of the 2017 valuation was enacted post year end. As a result employee and employer contributions will increase from existing rates of 8% and 18% respectively to:

	Employee	Employer
From 1 April 2019	8.8%	19.5%
From 1 October 2019	10.4%	22.5%
From 1 April 2020	11.4%	24.2%

### 24 Contingent liabilities

The University has entered as agreement with Manchester Metropolitan University ('MMU') to provide a guarantee to MMU of £2,664,000 in respect of rentals due on the Booth Hall student accommodation for the five years ending December 2024.