



## CONTENTS

<b>Chairman's statement</b>	<b>1</b>
<b>Vice-Chancellor's preface</b>	<b>2-5</b>
<b>Operating and Financial Review</b>	<b>6-14</b>
<b>Statement of Corporate Governance</b>	<b>15</b>
<b>Members of Council</b>	<b>16</b>
<b>Responsibilities of Council in relation to the Financial Statements</b>	<b>17</b>
<b>Report of the auditors</b>	<b>18-19</b>
<b>Statement of principal accounting policies</b>	<b>20-21</b>
<b>Income and expenditure account</b>	<b>22</b>
<b>Balance sheet</b>	<b>23</b>
<b>Cash flow statement</b>	<b>24</b>
<b>Notes to the financial statements</b>	<b>25-32</b>



## VICE-CHANCELLOR'S PREFACE

As a business analysis is presented in the Operating and Financial Review below, I will use this preface to focus on other features of the past year.

The big news this year is that, for the second time in a row, we came top of the National Student Survey. As the *Times Higher Education Supplement* wrote on 14 September 2007:- "For the second year running, the UK's only private university, Buckingham, tops *The Times Higher's* league table - but it has found a new rival in Oxford, which enters in second place."

Rival? Oxford is of course a respectable university, but can it really rival our teaching? The *Sunday Times* does not think so. O.1957(.)-4.776968(l)4.47947( )01( )-4.77819(n)1.3198o0 /R7 14.04

## VICE-CHANCELLOR'S PREFACE (continued)

Figure 1: Breakdown of Student Numbers in the autumn term 2004-2007

Type of student	2007	2006	2005	2004
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## **VICE-CHANCELLOR'S PREFACE (continued)**

The Humanities have been greatly strengthened by the work of Professor Martin Ricketts in



## **OPERATING AND FINANCIAL REVIEW (continued)**

### **2. Business environment and strategies**

#### **The market in higher education**

We are in competition with about 100 other British universities for a student population of about 2 million British students, 0.1 million other EU students and 0.2 million international students. There are a further 2 million international students (studying outside their own countries but not in the UK) who represent a potential market.

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## OPERATING AND FINANCIAL REVIEW (continued)

### 2. Business environment and strategies (continued)

#### **Ancillary business activities**

*Student accommodation.* Most students opt to live in university halls of residence in their first year, to assist in settling in, and many students choose to remain in residence in their second year. However, following the recent growth in student numbers our halls of residence are now full, providing accommodation to about half of our students. Many of the rest live at home but we rely on landlords in the town to accommodate the remainder.

We monitor prices in the town and at other universities to ensure our residences remain fair and competitive, while still making a significant financial contribution to the University's running costs.

*Research.* Over the years, research income has covered its related direct costs and contributed to other costs (though not in 2007). However, we do not receive core funding from a funding council, so most of the costs of providing research facilities and support services are met by a cross subsidy from teaching. Nevertheless, we strongly encourage scholarship and research, to maintain our academic reputation and enrich the experience of staff and students.

*Validation.* Over the years we have validated the teaching of several other institutions and awarded our degrees to their students. Currently we validate the work of two such institutions.

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**OPERATING AND FINANCIAL REVIEW (continued)****5. Operating performance and trends**Table 1 – student numbers by school of study (in autumn term)

	<u>2007</u>	<u>%</u>	<u>2006</u>	<u>%</u>	<u>2005</u>	<u>%</u>
Law	337	40%	309	39%	301	41%
Business	161	19%	171	22%	159	22%
Science	73	8%	48	6%	43	6%
Humanities	<u>279</u>	<u>33%</u>	<u>262</u>	<u>33%</u>	<u>228</u>	<u>31%</u>
Total	850	100%	790	100%	731	100%

Table 2 – student numbers by level of study

	<u>2007</u>	<u>%</u>	<u>2006</u>	<u>%</u>	<u>2005</u>	<u>%</u>
Undergraduate	635	75%	571	72%	563	77%
Resident Postgraduate	94	11%	83	11%	76	10%
Non resident Postgraduate	84	10%	88	11%	54	7%
Pre degree	<u>37</u>	<u>4%</u>	<u>48</u>	<u>6%</u>	<u>38</u>	<u>5%</u>
Total	850	100%	790	100%	731	100%

Table 3 – student numbers by geography

	<u>2007</u>	<u>%</u>	<u>2006</u>	<u>%</u>	<u>2005</u>	<u>%</u>
UK	307	36%	224	28%	184	25%
Other EU	62	7%	46	6%	44	6%
International	<u>481</u>	<u>57%</u>	<u>520</u>	<u>66%</u>	<u>503</u>	<u>69%</u>
Total	850	100%	790	100%	731	100%

Table 1 shows a growth in student numbers in each school except Business. Table 2 shows the growth to be concentrated in undergraduates, while table 3 shows the growth to be in home

## OPERATING AND FINANCIAL REVIEW (continued)

### 5. Operating performance and trends (continued)

Table 4 shows a worsening of contribution ratios (teaching revenues less direct costs) overall, as teaching costs rose by more than income. It shows too the continued dominance of the Law school financially. On a "full economic costing" basis, where service and corporate costs are allocated on a simple model, Law subsidises the other schools. Science's contribution improved from a low base, but the contributions from Humanities and Business fell.

Table 5 – Trends in teaching income and expenditure

	<u>Law</u>	<u>Business</u>	<u>Science</u>	<u>Humanities</u>	<u>Total</u>
<u>Change 2007/2006</u>					
Tuition fees	2.6%	-2.3%	23.4%	6.0%	3.6%
Teaching costs	14.4%	8.5%	11.8%	11.7%	11.5%
<u>Change 2006/2005</u>					

**OPERATING AND FINANCIAL REVIEW (continued)**

**6. Financial results (continued)**

Table 6 – Income and expenditure summary

2007	2006	2005	2007/6	2006/05
<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>% change</u>	<u>% change</u>

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **7. Cash flow, capital expenditure and loans (continued)**

Capital expenditure was £588,000 (2006: £455,000; 2005: £416,000). The major projects were to upgrade catering facilities (£97,000), replace the telephone system (£70,000) and complete Internet access in student accommodation (£68,000).

The catering upgrade was financed by an interest free loan repayable over ten years to our catering contractors. Loan repayments of £212,000 (2006: £96,000; 2005: £147,000) were made on schedule. Of the remaining debt of £539,000 (2006: £654,000; 2005: £750,000) the bank loans are repayable in instalments by 2012.

### **8. Fund raising**

The University's income from the University of Buckingham Foundation (a separate charity which took over the University's endowment fund at the en

## **STATEMENT OF CORPORATE GOVERNANCE**

### **General**

Whilst the University, being a corporation formed by Royal Charter, does not fall within the regulation of the London Stock Exchange, the Council

## **MEMBERS OF COUNCIL AS AT 4 JUNE 2008**

**Ex officio members:**                      The Chancellor - Sir Martin Jacomb





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

### **Opinion**

In our opinion:

The financial statements give a true and fair view of the state of affairs of the University as at 31 December 2007, the deficit of income over expenditure and cash flows for the year then ended, and have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education (2003), and United Kingdom Generally Accepted Accounting Practice.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Milton Keynes

5 June 2008







**BALANCE SHEET  
AT 31 DECEMBER 2007**

	Note	2007 £000	2006 £000
<b>Fixed assets</b>			
Tangible fixed assets	8	11,348	11,453
Investments	9	<u>23</u>	<u>23</u>
		<b><u>11,371</u></b>	<b><u>11,476</u></b>
<b>Current assets</b>			
Debtors	10	1,277	846
Cash at bank and in hand		<u>1,654</u>	<u>1,781</u>
		<b>2,931</b>	<b>2,627</b>
<b>Creditors:</b> amounts falling due within one year	11	<b><u>(3,737)</u></b>	<b><u>(3,198)</u></b>
<b>Net current liabilities</b>		<b><u>(806)</u></b>	<b><u>(571)</u></b>
<b>Total assets less current liabilities</b>		<b>10,565</b>	<b>10,905</b>
<b>Creditors:</b> amounts falling due after more than one year	12	<b>(438)</b>	<b>(512)</b>
Provision for liabilities and charges	13, 19	<b><u>(42)</u></b>	<b><u>(50)</u></b>
<b>Net assets</b>		<b><u>10,085</u></b>	<b><u>10,343</u></b>
<b>Represented by:</b>			
Capital benefactions	14	<b>8,254</b>	8,254
Reserves	15	<b><u>1,831</u></b>	<b><u>2,089</u></b>
		<b><u>10,085</u></b>	<b><u>10,343</u></b>

The Council approved the financial statements on pages 20 to 32 on 4 June 2008 and they were signed on its behalf by:

**Dr G T E Kealey**  
Vice-Chancellor

**Mr C J Wilkes**  
Finance Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	<b>2007 £000</b>	2006 £000
<b>Net cash inflow from operating activities</b>	16	<b>500</b>	846
<b>Return on investments and servicing of finance</b>			
Interest received		114	73
Interest paid		<u>(38)</u>	<u>(40)</u>
<b>Net cash inflow from returns on investments and servicing finance</b>		<b><u>76</u></b>	<b><u>33</u></b>
<b>Capital expenditure</b>			
Payments to acquire tangible assets		<u>(588)</u>	<u>(455)</u>
<b>Cash (outflow)/inflow before financing</b>		<b>(12)</b>	424
<b>Financing</b>			
Other loan drawn down in year		97	-
Other loan repayment in year		(15)	
Bank loan repayment in year		<u>(197)</u>	<u>(96)</u>
<b>(Decrease)/increase in cash in the year</b>	17	<b><u>(127)</u></b>	<b><u>328</u></b>





## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6 Analysis of expenditure by activity

	<i>Staff costs £000</i>	<i>Deprec- iation £000</i>	<i>Other expenses £000</i>	<i>Interest payable £000</i>	<b>2007 Total £000</b>	2006 Total £000
Academic departments	3,743	-	306	-	<b>4,049</b>	3,552
Research contracts	526	-	258	-	<b>784</b>	864
Residences and catering	106	250	613	38	<b>1,007</b>	999
Premises	606	269	522	-	<b>1,397</b>	1,291
Services	862	174	527	-	<b>1,563</b>	1,450
Administration	<u>995</u>	<u>-</u>	<u>1,098</u>	<u>-</u>	<b><u>2,093</u></b>	<u>2,361</u>
	<u>6,838</u>	<u>693</u>	<u>3,324</u>	<u>38</u>	<b>10,893</b>	

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12 Creditors: amounts falling due after more than one year (continued)

#### Analysis of loan repayments

Between one and two years	<b>157</b>	147
Between two and five years	<b>193</b>	284
After five years	<b><u>32</u></b>	<u>25</u>
	<b><u>382</u></b>	<u>456</u>

The bank loans, which bear interest at 0.75% to 1.0% above LIBOR, are secured by fixed charge mortgages over three of the University's freehold properties. The other loan relates to an interest free loan financing the purchase of catering equipment at the University.

### 13 Provision for liabilities and charges

	Disputes (note 7) £000	Pension (note 19) £000	<b>2007</b> <b>Total</b> <b>£000</b>	2006 <b>Total</b> <b>£000</b>
At 1 January	-	50	<b>50</b>	66
Released during the year	-	(38)	<b>(38)</b>	(25)
Added during the year	<u>30</u>	—	<b><u>30</u></b>	<u>9</u>
<b>At 31 December</b>	<b><u>30</u></b>	<b><u>12</u></b>	<b><u>42</u></b>	<b><u>50</u></b>

A provision of £30,000 has been added in the year i

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 19 Pension commitments (continued)

Contributions to the EBP ceased to be made after 31 December 2007 and members were offered participation in a Group Personal Pension (GPP) with Norwich Union from 1 January 2008. The provision is £7.998 million (2006: £15.271 million). The net liability is £253.231 million (2006: £12.82 million).