

Report and Financial Statements for the year ended 31 July 2021

Board members and advisers

Board Membership at 26 November 2021 (date of formal approval)

Board Members (External)

Prof Richard Conder (Chair)
Mr Nicholas Beal (to 31 May 2021)
Mr John Beswick
Mr Alistair Brien (to 30 September 2021)
Ms Annette D'Abreo (to 31 July 2021)
Prof Carol Evans (from 1 August 2021)
Ms Karima Fahmy
Ms Maggie Frost (from 1 June 2021)
Mr David Furniss
Mr Karl Hoods
Mr Stuart Jones
Mr David Kane
Mrs Jean Lang (Deputy Chair)
Ms Sara Luder
Mrs Adetola Oloyede
Mr Des Pullen (to 27 September 2021)
Ms Deborah Ward

External Auditors

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
Hants
SO14 3TL

Board Members (Internal)

Mrs Paula Alliston (Professional & Support Staff Member)
Mr Jim Andrews (Chief Operating Officer)
Prof Carol Clark (Senate Member)
Dr Lois Farquharson (Academic Staff Member)
Miss Naomie Lebe (President Students' Union at Bournemouth University)
Prof Tim McIntyre-Bhatty (Deputy Vice-Chancellor)
Prof John Vinney (Vice-Chancellor)

Internal Auditors

PricewaterhouseCoopers LLP
Savannah House
3 Ocean Way
Southampton
SO14 3TJ

Report of the Board of Governors

Scope and format of the financial statements

We are pleased to present the financial statements for Bournemouth University (BU) for 2021. The financial statements comprise the consolidated results of the University and its wholly-owned subsidiaries, BU Innovations Limited, The Bournemouth University Foundation and BU Community Business Limited.

Summary of the Group financial performance for the year

The University's consolidated income, expenditure and results for the year ended 31 July 2021 are summarised as follows:

	2021	2020
	£'000	£'000
Income	162,408	164,420
Expenditure	167,141	168,386
Deficit for year after other adjustments	(4,733)	(3,966)
Gain on disposal of fixed assets	1,465	-
Movement in other comprehensive income		
Movement in fair value of cash flow hedge	744	(1,161)
Actuarial loss on pension scheme	(12,410)	(45,335)
Total comprehensive (loss) for year	(14,934)	(50,462)
Operating surplus		
Deficit for year after other adjustments	(4,733)	(3,966)
Add back other adjustments		
LGPS pension provision cost adjustment	11,894	8,561
Restructuring charge	1,018	2,557
Operating surplus for year before adjustments and gain on disposal of fixed assets	8,179	7,152

The University's operating surplus before the pension provision cost adjustment, restructuring charge and gain on disposal of fixed assets was £8.2m, which represents 5.0% of income. In addition to the operating surplus, the University reported a gain on disposal of fixed assets of £1.5m (please see note 24) an FRS102 LGPS pension cost provision of £11.9m and a restructuring charge of £1.0m, reducing the £8.2m operating surplus to a deficit before other gains of £4.7m (2020: £4.0m). The Local Government Pension Scheme (LGPS) reported an actuarial loss of £12.4m (please see note 20) and this together with the positive movement in the fair value of an interest rate hedge of £0.7m, resulted in a total comprehensive loss for the year of £14.9m (2020: loss of £50.5m).

The University generated net cash from operating activity of £24.1m which represents 14.8% of income (2020: £17.4m).

The pension provision arises from those members of staff who are members of the Dorset County Superannuation Scheme (DCSS); essentially the non-academic staff of the University, or previous members of staff, who receive pension enhancement payments and payments due under the deficit agreement for the Universities Superannuation Scheme (USS).

Operating and Financial Review

Introduction

Our vision

The University's vision is to be recognised worldwide as a leading university for inspiring learning, advancing knowledge and enriching society through the Fusion of education, research and practice. Our values are creativity, inclusivity, responsibility and excellence. BU2025 is the next step in BU's development, building on our success. We have retained the core of what makes BU different, including our Fusion approach. Through Fusion, which was introduced at the start of the BU2018 plan period, we bring together research, education and practice to create something that is greater than the sum of its parts. As part of our BU2025 strategic plan, we have defined our purpose, to inspire learning, advance knowledge and enrich society.

Current Year Results

Impact of COVID 19

The impact of COVID 19 has been profound and unprecedented. The global vaccination programme currently underway will have a major impact in mitigating the effects of the virus on economies across the world and allow for more social interaction to take place. In the UK the successful programme has led to a gradual move to more normal ways of operation and this is likely to continue into the future. The potential consequences on the UK HE sector has been substantial however the potential downturn in UK student recruitment last year did not materialise. Due to the various lockdowns having been implemented the delivery of courses has had to be predominantly on-line and pedagogy adapted quickly to allow for this. However, with the current relaxation of COVID regulations delivery is expected to be more in line with pre-COVID routines. The financial results were impacted as a result of the lockdown with income especially research and accommodation reduced, extra costs such as cleaning incurred but offset by reductions in some expenses such as travel.

Whilst in the UK the position seems to be one of continuing improvement, globally this is not the case and many areas are experiencing high levels of infection and this will likely continue for several months into the new academic year. Although the impact of COVID 19 contributed to a 10% drop in full time overseas undergraduate applications to the University, full time home undergraduate applications were 18% higher, resulting in a combined overall increase of 15% for home and overseas applications when compared to 2020. Postgraduate taught applications from overseas also remain strong with January 2022 starts in particular looking favourable.

Domestically whilst the COVID 19 position improves, the demographics of 18+ aged young adults is also now improving with the number of potential students rising. Applications to BU are currently higher than last year. Acceptances are not as high proportionally however they have been at a level that gives the University confidence that it will achieve its recruitment targets for the year.

Future plans and Position

The University has prepared its financial budget and forecasts on the basis of its post-COVID expectations and current market experiences and then adjusted the outcome for the estimated impact on recruitment and other income, if applicable. Given the current position no contingency has been applied to income.

Within the budget a cost contingency of £2.0m has been assumed, partly in pay and partly non-pay. This has been included to compensate for any continuing savings that have been realised in 2020-21 not being fully carried over into 2021-22. An example of this is travel costs.

Certain budget areas have gone through a zero-based budgeting exercise. Whilst in some cases this may have resulted in a higher cost it has also resulted in higher income and it is evident that there has been a higher buy-in and ownership of the budget as a result of the exercise.

Current student recruitment and retention rates show the budget income figure will be met and will likely be exceeded. The resulting forecast has then been used to ensure the University is compliant with its banking covenants.

As well as the current budget year the forecasts for BU2025 to 31/7/25 have also been revisited and adjusted where applicable.

Period under consideration

Projections and cash flows have been prepared for four years, to July 2025. The cash flows are compiled on a monthly basis that shows the movements each month, with profiles based on previous years but adjusted for known changes such as the rephasing of the SLC receipts. The cash flows show that the University can operate within its current facilities without using any of its overdraft facility or RCF throughout the period under consideration. There are months where the total balances held are relatively low, and where cash reserves in days are below the minimum set in the reserves policy. These are at the traditional low points in the academic year, being January and April, coinciding with the SLC receipts months of February and May. However the £5m overdraft facility should, if needed, be able to cover any short term dip. This, together with prudent management of creditor payments and capital spends, should ensure the University is able to operate within its available facilities without actually utilising them at all.

Overheads reduction continues to be led by a transformation team set up for that purpose, headed by a staff member who carried out successfully a similar task at a local NHS trust. A detailed programme of actions has been compiled with the assistance of all members of the extended University Leadership Team with the aim of continuing to deliver the planned savings and efficiencies needed. Individual workstream owners have been identified and the impact on each budget has been applied to each area so that each budget owner takes responsibility for delivering their agreed saving within that workstream.

Covenants

The budget and forecasts have been used to calculate the values of the banking covenants over the period in question to ensure the University is compliant with them. Based on the projections it is compliant both for this year and future forecast periods.

Banking Facilities

The University now has access to an extra £10m RCF facility agreed with Barclays at the end of 2020. This now means BU has an overdraft facility of £5m – renewable at the end of the calendar year – and a total of £20m in RCF funds that it can draw on if need be. The RCF facilities do not start to expire until December 2022 at the earliest so the University should have sufficient access to extra funds if required.

Research Income

Universities with a high proportion of their income derived from research will need to consider the specific impact of COVID 19 on these activities as this could have a material effect. Relatively speaking this is not such a high risk for the University although the projected income for 2021-22 has been revised downwards. Whilst from an income point of view It is recognised to be a particularly sensitive area, due largely to the ongoing COVID 19 impact, any shortfall in income should also have a related reduction in related costs, especially staff costs.



Financial Performance Indicators

Financial Performance Indicators 2020-21	2020-21 Actual	BU2025 Target
Annual contribution as a % of income (excluding gain on fixed assets, pension adjustment and restructuring charge)	5%	4-6%
Net cash from operating activity as % of income	14.8%	11%
Borrowing % of income	33.8%	36%

The University was in line with the BU2025 target contribution of 4-6% (excluding the pension adjustment and the restructuring charge). In 2020-21 the University reported a net cash from operating activity percentage of 14.7%, 3.7% above the BU2025 target. The University's borrowing percentage to income was also favourable at 33.5% against a target borrowing percentage of 36.0%.

Financial highlights of the year

Five-year financial summary excluding pension adjustment, gain on disposal of fixed assets and restructuring charges	2020-21 £M	2019-20 £M	2018-19 £M	2017-18 £M	2016-17 £M
Total income	162.4	164.4	160.2	159.5	155.1
Total expenditure	154.2	157.3	151.7	150.9	146.8
Operating surplus excluding pension adjustment, restructuring charge and gain on disposal of fixed assets	8.2	7.1	8.5	8.6	8.3
Pension provision cost adjustment	11.9	8.6	9.9	9.5	6.7
Restructuring charge	1.0	2.5	2.4	-	-
(Deficit)/Surplus before other gains	(4.7)	(4.0)	(3.8)	(0.9)	1.6
Operating surplus excluding gain on disposal of fixed assets, pension adjustment and restructuring charge as a % of income	5.0%	4.3%	5.3%	5.4%	5.4%
Net assets excluding pension reserve	137.0	127.7	124.7	118.8	98.4

Bournemouth University's operating surplus as a percentage of income (excluding the pension adjustment and restructuring charge) in 2020-21 was 5.0%. Total operating income for the year was £162.4m, a £2.0m reduction from 2019-20. Total expenditure was £154.2m, £3.1m less than the total expenditure reported in 2019-20. It should be noted that total expenditure reported in the 2020-21 financial statements also includes an FRS102 accounting pension adjustment of £11.9m and a restructuring charge of £1.0m, reducing the reported £8.2m operating surplus to an overall deficit of £4.7m. A gain on the disposal of fixed assets £1.5m, an actuarial loss on the LGPS of £12.4m, and a positive movement in the fair value of an interest rate hedge of £0.7m resulted in total comprehensive loss for the year of £14.9m.

Balance sheet net assets, excluding the pension reserve reported an increase from £127.7m in 2019-20 to £137.0m in 2020-21. Due to the increase in the pension liability, total net liability position increased from £8.7m to £23.6m.

Pension reserve

The LGPS element of the pension reserve reported an increase in the liability of £24.3m from £134.9m in 2019-20 to £159.2m in 2020-21 (see note 20). Although the Fair value of Funds assets reported a positive movement of £25.9m this was more than offset by an increase in the present value of the defined benefit obligation of £50.2m.

Absolute student numbers (excluding Partner Colleges):

	2020-21			2019-20			
	Undergraduate	Postgraduate	TOTAL		Undergraduate	Postgraduate	TOTAL
Full-time	12,533	1,969	14,502	Full-time	12,399	1,850	14,249
Part-time	876	1,129	2,005	Part-time	1,183	1,229	2,412
TOTAL	13,409	3,098	16,507	TOTAL	13,582	3,079	16,661

Absolute full-time student numbers were 253 higher than the full-time students numbers reported in 2019-20. Absolute undergraduate students totalled 81.2% of our overall student population whilst absolute full-time students accounted for 87.9% of our overall students population, a 2.0% increase from the 85.5% reported in 2019-20. Absolute postgraduate students numbers increased by 19 whilst absolute part time student numbers reduced by 407. Although the overall student population reduced from 2020-21 to 2019-20 , this was due to the reduction in the part-time student population offsetting the increase in the full-time student population.

Income:

	2020-21 £M	2019-20 £M	Increase/(decrease) £M	Increase/(decrease) %
Funding body grants	13.2	11.7	1.5	12.8%
Tuition fees and education contracts	134.3	133.0	1.3	1.0%
Research grants and contracts	4.5	5.4	(0.9)	(16.7%)
Other operating income	10.0	14.0	(4.0)	(28.6%)
Endowment and investment income	0.4	0.3	0.1	33.3%
Total income excluding other gains	162.4	164.4	(2.0)	(1.2%)

Total income for the year reported a reduction of £2.0m or 1.2%. Funding body grants increased by 12.8% predominately due to the award of additional OfS capital grant income and the receipt of OfS hardship funding to support students during the pandemic. Tuition fees and education contract increased by £1.3m or 1.0% whilst Research grants and contracts income reduced by £0.9m. The reduction in Other operating income was a predominately due to the impact of COVID19 combined with a reduction in student residences income. The University discontinued the rental of the student accommodation building Home Park resulting in a reduction in rental income and an associated reduction rental expenditure. In addition, there were further rent reductions issued to students during 2020-21 as a result of the pandemic.

Expenditure:

	2020-21 £M	2019-20 £M	Increase/(decrease) £M	Increase/(decrease) %
Staff costs	85.2	85.8	(0.6)	(0.7%)
Staff cost relating to pension provision	10.0	6.9	3.1	44.9%
Depreciation	13.0	11.5	1.5	13.0%
Other operating expenses	54.1	57.8	(3.8)	(6.6%)
Interest payable on loans	1.9	2.0	(0.1)	(5.0%)
Pension provision finance cost	1.9	1.7	(0.2)	11.8%
Total expenditure excluding restructuring charge	166.1	165.7	0.3	0.2%
Restructuring charge	1.0	2.6	(1.6)	(61.5%)
Total expenditure	167.1	168.3	(1.3)	(0.8%)

Staff costs reported a small reduction of £0.6m, whilst the pension provision cost adjustment increased by £3.1m, the restructuring charge reduced by £1.6m. Total operating expenses reported a reduction of £3.7m or 6.6% with the largest reductions being reported under travel costs as a result of the pandemic and rent and rates due to the University discontinuing the rent on the student accommodation building Home Park. The increase in depreciation was a result of the recent investment by the University in new buildings and equipment. Interest payable on loans reduced marginally by £0.1m.

Balance sheet

Total net assets reduced by £14.9m from (£8.7m) in 2019-20, to (£23.6m) in 2020-21. Fixed assets reduced by £5.5m with fixed asset additions of £10.3m being offset by depreciation of £13.1m and asset disposals of £2.7m. A repayment of a 2019-20 £5.0m draw down on the University's Revolving Credit Facility (RCF) and a reduction in Social Security and other tax payable of £4.1m (repayment of deferred COVID tax liabilities) resulted in a reduction in creditors falling due within one year. This reduction was partly offset by an increase in accruals and deferred income of £3.7m, an increase in other creditors of £0.5m and an increase in trade payables of £2.3m. There were no bank overdrafts reported in the year. Other trade receivables and prepayments and accrued income both reported reductions resulting in an overall reduction in debtors of £1.1m from £10.3m in 2019-20 to £9.2m in 2020-21. The pension provision reported a significant increase of £24.2m from £136.4m in 2019-20 to £160.6m in 2020-21 (see note 20).

Cash flow and borrowings

In the financial year, the University net cash inflow from operating activities was £24.1m, an increase of £6.7m from the £17.4m reported in 2019-20. Borrowings reduced by £7.6m which included a £5.0m repayment on the University's Revolving Credit facility plus capital repayments on term loans of £2.6m. The University invested £10.3m in capital improvements. Cash and cash equivalents reported an increase of £9.1m from £19.1m in 2019-20 to £28.2m in 2020- 21.

Capital investment

Our new state-of-the-art Bournemouth Gateway Building opened its doors in October 2020. The Bournemouth Gateway Building plays a pivotal role in BU's future development, especially in the field of healthcare, medical sciences, social care and social sciences. The building is the new home for the Faculty of Health and Social Sciences. Its 10,000 square metres of space has created a unified space for the faculty's education, research and office activities, which previously took place across several buildings. It will be open and accessible to all BU students, staff, and the community. The building offers our students and staff the latest specialist equipment for their education and research. This includes simulation rooms such as an operating theatre, hospital wards and skills labs for physiotherapy, occupational therapy, and paramedic simulation. The building also includes an MRI scanner which will not only benefit our students but will be used for training our practitioners from local trusts throughout the region, as well as providing valuable research resources for projects that beneficially impact society and our community.

The opening of the Bournemouth Gateway Building has enabled work to commence on converting Studland House into office space which will home several of our Professional Services. Work has also been ongoing on providing additional new specialist facilities in Christchurch House. These facilities will support students and staff in the Faculty of Science & Technology and the Faculty of Health & Social Sciences, especially in the fields of biomedical sciences and medical sciences.

Principal risks and uncertainties

The corporate Risk Register consists of 13 risks which have been categorised under BU2025 strategic plan headings of Fusion and Investment, Leadership and Impact, Reputation and Networks, People and Culture, and Performance and Resilience. The corporate Risk Register is maintained by the University Leadership Team who identify and prioritise significant risks. The Risk Register is scrutinised by the Audit, Risk and Governance Committee. The University Board also receives the Risk Register as part of the report from each Audit, Risk and Governance Committee meeting.

The University has identified the following significant risks:

- a. Failure to build research profile at sufficient speed to deliver on BU2025 research aspirations
- b. BU does not respond effectively to changes in the external environment leading to a financial impact which cannot be mitigated without significant changes to BU2025 implementation.
- c. There is a risk that significant political changes could lead to major changes in HE funding.
- d. There is a risk that BU is unprepared for, or unable to respond to cyber security attacks.
- e. There is a risk that the University is unable to maintain financial sustainability.
- f. There is a risk that BU does not have the strategic and tactical capability to plan for, respond to and recover from incidents which may threaten business continuity in the short, medium, and long term. For example, pandemic, adverse weather, fire, cyber-attack, negative publicity.

Diversity and equality

The University is committed to ensuring it is open and accessible to all, and values people for what they bring as individuals. Our compliance with the Equality Act 2010 is fully embedded as set out in our Equality and Diversity Policy and supporting Equality Analysis Procedures and promoted regularly to all staff and students. The University will seek to uphold and, where possible, exceed the provision of equality legislation to reflect sector best practice. All staff and students have a duty to comply with this policy and so will need to be aware of their personal obligations in eliminating all forms of what the University considers to be unacceptable behaviour.

To put this commitment into practice we will continue our membership of the following Equality and Diversity charter marks and commitments: Athena SWAN; Race Charter; Time to Change; Stonewall Global Diversity Champion and DisabledGo. We are a member of these charter marks and commitments because they provide a framework for self-assessment, by identifying good practice and areas for future work. They also provide evidence of our real commitment to Equality and Diversity.

Sustainability

BU community recognises the need to live in harmony with the natural world to protect the survival and wellbeing of all communities and takes action to enrich society for the benefit of people and planet. Sustainability is at the heart of life at BU.

Achievements in 2021:

- a. BU launched our Climate & Ecological Crisis Action Plan with the target of net zero emissions by 2030-31.
- b. BU became an accredited Gold Level Cycle Friendly Employer.
- c. Achieved BREEAM 'Excellent' rating for our new Bournemouth Gateway Building.
- d. We ranked in the top 7% of Universities across the world (74th out of 1,118 universities) in THE Impact Rankings for our contribution to the UN Sustainable Development Goals.
- e. We hosted our first ever BU Climate Month
- g. We signed up to UN's Race to Zero, a pledge to take action to reach net zero emissions as soon as possible.

Our people

Our people are at the heart of what we do. Every day, we encourage them to inspire learning, advance knowledge and enrich society. BU has embedded its Fusion model in its structures, including performance management and progression, workload planning and reward and recognition. BU's academic staff are expected to engage in research and education and professional practice in order to ensure that the BU student experience benefits from the fusion of these three elements.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the University to publish information on Trade Union facility time. The number of employees who were relevant union officials for the period 1 April 2020 to 31 March 2021 was 28 (3.4 FTE). The total cost of Trade Union facility time was £0.22M, or 0.24% of the University's total pay bill.

Percentage of time spent on facility time:

Percentage of time	Number of employees
0%	4
1-50%	23
51-99%	1
100%	-

Bournemouth University and public benefit

The University is required to demonstrate how it meets its responsibilities as a charity and show that its activities are of 'public benefit'. University Board Members are charity trustees. The trustees are aware of their duties with regard to acting for the public benefit and have had due regard to the Charity Commission's guidance on public benefit in exercising their duties.

Our students are key beneficiaries of our teaching and research activities. The education and research undertaken at the University also benefits other wider groups of the public; including for example, those accessing health services who are cared for by staff educated at the University. However, these wider groups are not direct beneficiaries of the charity.

Legal status

The University was created as a higher education corporation by an order of the Privy Council dated 26 April 1993 and derives its powers from section 123A and 123B of the Education Reform Act 1988 as amended by the Higher Education and Research Act 2017. Under section 123A, the principal powers of a higher education corporation include the power to provide higher education; to provide further education; and to carry out research and to publish the results of the research or any other material arising out of or connected with it in such manner as the corporation think fit. These are also the charitable objects of the University. The University is an exempt charity under the Charities Act 2011 and its principal regulator is the Office for Students.

Education and widening access

BU is committed to working with students and our ambition is to enable achievement for all our students in a diverse and inclusive environment. We retain our commitment to a suitable financial support package for under-represented groups for whom affordability may be an obstacle to studying at BU. We focus our outreach investment in activity that raises aspirations to engage in higher education and we seek ways to ensure that the benefits of this activity are clearly visible and quantifiable.

We are taking a whole institution approach where all aspects of access, success and progression are considered holistically, and are fully embedded throughout our structures and processes. We aim to offer an excellent experience for all students, alongside targeted support and activities to support under-represented groups and address our performance gaps. We are prioritising greater personalisation of the student academic and learning experience.

Our aim for all BU students is to offer programmes and placements that will prepare them for the world of work, to ensure there is excellent careers advice and support and to offer a range of extra-curricular activities to ensure that all graduates have the relevant skills. The University has a strong commitment to employability embedded within BU2025, and the development of graduate skills through maximising the proportion of students undertaking a placement opportunity while studying on a BU programme.

Our partnerships with employers are key and it is widely acknowledged that the inclusion of a placement to prepare students for the workplace within a programme of study is a huge advantage in gaining graduate employment. All students at BU have the option of a placement as well as other opportunities to gain relevant industry knowledge and experience, as part of our Fusion approach to learning.

Many of our objectives and targets align to the Office for Students Key Performance Measures, ensuring the University's commitment to contribute to the equality of opportunity for under-represented groups nationally. In addition, inclusivity and equality are central to our strategic plan BU2025 where providing support and development opportunities for all students, with a particular focus on under-represented groups, is a key action.

We created our Access, Excellence and Impact Committee to lead activities in relation to education access, excellence and impact; targeting the highest level of achievement and benefits for applicants, students, and the University. The committee has oversight of all activity related to our Access and Participation Plan and our strategic aims and targets.

A core feature of our support for student success is allocating all students on taught programmes an Academic Adviser who facilitates discussion on academic progress. Academic Advising provides personalised one-to one support for students, encourages all students to engage fully in the learning process and in so doing it promotes our unique Fusion of excellence in education, research, and professional practice.

Financial Support

Our financial support is designed to ensure that students are able to engage with their studies and university life, allowing them the best possible opportunity of success. Our aim for financial support is to promote continuation and attainment of low income students. BU bursaries are allocated automatically and students do not need to apply. Our hardship criteria will ensure that the fund continues to support general financial hardship whilst giving the flexibility for more targeted support linked to our priority groups and strategic aims. Our financial support targets students with low household income and 'care experienced' students, through two different bursaries:

- a. BU Maintenance Bursary (low household income): Eligible new students with household income below £16,000 will automatically receive a £2,400 bursary to support

- their learning and living costs; £800 being paid in each year of full time study.
- b. BU Care Leavers Bursary (Care experienced): All eligible care leavers will automatically receive a £9,000 bursary to support their learning and living costs; £3,000 being paid in each year of full time study.

Our financial support offer and demand on hardship funding will continue to be reviewed annually. This annual review will include monitoring the effectiveness of our communication of financial support information to students and will also ensure that we are responding to student feedback about communication of financial support information provided in the development of our Access and Participation Plan.

**Disability Support
(including Mental Health)**

We recognise that wellbeing support generally, and mental health specifically, is a key issue for students. We believe that Wellbeing is the responsibility of members of the university community and our recently published Student Welfare Policy is based on this principle. Our wellbeing support measures also link directly to our strategic aims to reduce continuation gaps for students from under-represented groups.

One of our key activities is to work with our external partners to ensure that support provided by the University, the NHS and other agencies is joined up and seamless. This will help us to support our students to access the correct type and level of support for their individual needs and develop a referral pathway with help from our partners. We believe that disability support is better provided by our own staff who work in partnership with students and the programme team to ensure an integrated approach to additional learning skills development and reasonable adjustments.

Research

Research is one of the cornerstones of the University's strategic plan, together with education and professional practice. This unique fusion enables BU to develop its goals of inspiring learning, advancing knowledge, and enriching society.

The government has outlined ambitious aspirations for research and development, which it sees as critical to tackling major economic and societal challenges, especially recovery from the Covid-19 pandemic, and measures to mitigate climate change. BU is playing its part by leading growth and investment in four strategic areas which build on the University's strengths and respond to these challenges. They are: animation, simulation & visualisation; medical science; sustainability, low carbon technology & materials science; and assistive technology.

Over the last year, BU has continued to support the response to the impact of Covid-19 on society and the economy. The University submitted evidence to the government about the effects on isolated groups, highlighting the risk that the pandemic, and resulting measures, would leave elderly people lonelier and more malnourished. BU also hosted a symposium for senior scientists, statisticians, journalists, and media scholars to reflect on the challenges to

news reporting posed by the complexity of Covid-19 data. The resulting report by BU, the Royal Statistical Society and the Association of British Science Writers demonstrated that UK news outlets had, in fact, responded in innovative and resilient ways.

BU's Institute of Medical Imaging and Visualisation (IMIV) reached a significant milestone in 2021 with its MRI scanner being used to scan the first research patient as part of a study investigating the effects of cold water on brain activity. The project - one of several funded through BU's IMIV pump-priming scheme - could provide evidence as to whether activities such as cold-water swimming can benefit mental health conditions. IMIV will also take part in a project funded by the National Institute for Health Research to test a new Alzheimer's diagnostic tool in the NHS. It will be one of the centres carrying out imaging for the study, using its state-of-the-art Siemens Lumina 3T MRI scanner.

BU's ecologists and environmental researchers play a significant role in addressing the enormous global challenges associated with climate change. This year the University led a study that found rising sea levels are likely to cause billions of dollars' worth of damage globally during the latter half of the 21st century. The study looked at the economic costs associated with coastal flooding and protection for Brazil, China, Egypt, Ghana and India, assuming temperature rises of between 1.5C and 4.0C. BU also contributed to a report by the British Ecological Society, providing a comprehensive assessment of nature-based solutions to mitigate climate change and biodiversity loss in the UK. It is hoped this will provide a framework for action and policy change.

BU made a significant contribution to the government's new online media literacy resources, which aim to empower citizens to make informed choices and remain safe online. BU's input drew on three strands of research and contributed to the categories: 'Recognising misinformation and disinformation'; 'Understanding the legal framework and rights online' and 'Avoiding upsetting or potentially harmful content'.

Earlier this year, the Bournemouth Protocol on Mass Grave Protection and Investigation was published, in partnership with the International Commission on Missing Persons. The BU-led project provides effective rules and procedures for the protection and investigation of mass grave sites. Such sites contain evidence essential to the realisation of truth, justice and perpetrator accountability, and the Protocol supports and informs government and state officials as well as legal and forensic experts.

Community and Regional Engagement

Bournemouth University is an integral part of our local community and we work hard to make sure our knowledge and expertise are available to people across the region. The University is an international university with a growing global reputation. As well as being one of the largest employers in the region, the benefits of those who work and study here are extensive, as is the added value we provide to the wider community. Although the impact of COVID 19 has resulted in some community and regional

engagement events being delayed or cancelled, BU continues engage actively with the community.

BU works with a number secondary schools and Further Education (FE) colleges across Bournemouth, Poole and Dorset and neighbouring areas, as well as a number of primary schools.

BU works closely with local and regional community to tackle educational disadvantage, targeting local schools, colleges, and academies with a high proportion of target groups.

Our students enjoy many opportunities through our partnership with AFC Bournemouth, including exclusive work placements and expert coaching from the club's Community Sports Trust. The partnership began in 2013 and we have worked on community projects throughout the partnership. In many cases, we have tied our existing activities, such as school outreach work, into ongoing AFC Bournemouth projects. As a result, the schools we visit benefit from input from both the University and the football club. At the strategic level, the University plays its part in helping shape and deliver economic growth in the region. We are a member of the Dorset Local Enterprise Partnership, set up to help boost business in the area through investment, lobbying and uniting stakeholders.

Disclosure of information to auditors

The University Board Members who held office at the date of approval of this report, confirm that so far as they are each aware, there is no relevant audit information of which the University's auditor is unaware; and each University Board Member has taken all the steps that he or she ought to have taken to be cognisant of any relevant audit information and to establish that the University's auditor is aware of that information.



Professor Richard Conder
Chair of the Board

Corporate governance

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the Committee of University Chairs (CUC) Higher Education Code of Governance (Revised September 2020).

The University is registered with the Office for Students (OfS) and is responsible for ensuring that it satisfies all ongoing general conditions of registration. The Audit, Risk & Governance Committee monitors compliance with the ongoing conditions of registration and considers reports on compliance prior to their presentation to the Board.

The University maps its current practice against all its obligations under the CUC Code and the OfS conditions of registration. The Audit, Risk and Governance Committee annually reviews that compliance report.

The CUC Code operates on an 'apply or explain' basis and the University applies all aspects with the exception of element 5.3, where the University has agreed a recommendation from its 2020/21 independent governance review not to appoint a Senior Independent Governor role as recommended by the Code. Instead, this role is incorporated into that of the Deputy Chair.

The University has also had due regard to, and is compliant with, the CUC's Higher Education Senior Staff Remuneration Code. Disclosures regarding senior remuneration have been provided in the notes to this year's accounts.

The members, who served on the Board during the year and up to the date of signature of this report, are listed on page 1. The Board's Nominations Committee is responsible for monitoring skills gaps and making recommendations to the Board in respect of the recruitment and appointment of new Members. Board Members are charitable trustees. As such, they ensure that the University carries out its activities for the public benefit; complies with its governing documents and the law; manages its resources responsibly and is accountable. As trustees, the Board Members must always act with reasonable care and skill, and in the best interests of the University as a charity. The University must comply with the reporting and other requirements of the Office for Students (OfS) as principal regulator under the Charities Act 2011.

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board is provided with regular and timely information on the overall financial performance of the University together with other information such as performance against key performance indicators, academic governance, risk management and strategic planning.

All University Board Members are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Clerk to the Board, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Board as a whole. Formal agendas, papers and reports are supplied to Board Members in a timely manner, prior to Board meetings. Briefings on topics of interest are also routinely provided and Continuing Professional Development

opportunities, such as events run by Advance HE, are available to Board Members at the University's expense.

The Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Board Members are required to declare interests and to comply with the University's Conflicts of Interest Policy and Procedures. The Board's Register of Interests is published annually on the University's website, together with details of any Board Members' other trusteeships. There is a clear division of responsibility in that the roles of the Chair and Vice-Chancellor are separate.

Independent members of the Board are appointed for an initial three year term of office. Re-appointment is not automatic and is subject to the approval of the Board on the recommendation of its Nominations Committee. Independent members do not normally serve more than two consecutive terms. Four members of the University Executive are appointed to the Board – the Vice-Chancellor, Deputy Vice-Chancellor, Chief Operating Officer and Finance Director. The Finance Director role is currently vacant and being undertaken by an interim appointment. The Interim Director of Finance is in attendance at meetings but is not a trustee. Other staff board members serve three year terms subject to remaining in an appropriate post at the University and may be appointed for a maximum of two terms. The elected President of the Students' Union is an ex officio member of the Board and may serve a maximum of two, one-year terms.

The Board has continued to meet remotely throughout 2020/21 in accordance with its planned meeting schedule and the restrictions on many activities caused by the Covid-19 pandemic have not caused any major disruption to the work of the Board or inhibited its decision-making processes.

Further to the above, the following statements are provided to enable readers of the annual financial statements to obtain a better understanding of the University's specific governance and legal structure:

1. The institution endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and in compliance with the CUC Higher Education Code of Governance and all of the Public Interest Governance Principles as required by the Office for Students.
2. The institution is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992 as amended by the Higher Education and Research Act 2017. Its objects and powers and framework of governance are set out in section 123A of the Education Reform Act 1988 as amended by the Higher Education and Research Act 2017 and the Instrument and Articles of Government. These constitutional documents, together with the University Board's full Statement of Primary Responsibilities are published at <https://www.bournemouth.ac.uk/about/financial-information/our-charitable-status> Key institutional policies and procedures, including the Scheme of Delegation and the Financial Regulations, remain subject to regular review by the Board.



3. The Articles of Government at the University require the institution to have a Board of Governors (the University Board) and a Senate, each with clearly defined functions and responsibilities, to oversee and manage its activities.

a. The University Board is the governing body responsible for matters including the finance, property and staffing of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction. The Instrument of Government requires that at least half of all the members of the Board are independent members. The University Board has determined that a majority of its members shall be independent members. The Chair of the Board is an independent Board member. There is also provision for the appointment of co-opted members, and members of the academic and professional service staff, and the student body.

b. Subject to the overall responsibility of the governing body and to responsibilities of the Vice-Chancellor, Senate has oversight of the academic activities of the institution and draws its membership from the staff and the students of the institution. It is particularly concerned with general issues relating to research, education and professional practice as well as student experience.

4. The Vice-Chancellor is the Accountable Officer and is the head of the institution with a general responsibility to the University Board for the organisation, direction and management of the institution. Under the Office for Students' regulatory framework, the Vice-Chancellor is the accountable officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

5. Although the University Board normally meets at least five times each academic year, much of its detailed work is initially handled by sub-committees. The activities of these committees are formally reported to the governing body.

a. Audit, Risk and Governance Committee is responsible for overseeing the University's management of risk; monitoring the effectiveness of the University's governance arrangements (including matters of academic governance and quality); value for money; internal control and advising the Board on the University's audit strategy and the appointment of internal and external auditors. Membership is comprised exclusively of Independent Members. The Committee meets at least four times a year and internal and external audit representatives are in attendance at each meeting. At every meeting, Committee Members have the opportunity to meet with audit representatives without members of the Executive present and do so at least once every year. External auditors undertake the audit of the financial statements of the University and its subsidiaries and give an independent opinion of the financial statements and the use

of public funds; and the internal auditors provide independent assurance on systems of internal control, risk management, data assurance, governance and arrangements to promote value for money. They provide detailed internal audit reports and recommendations for the improvement of the University's system of internal control and follow-up on the implementation of those recommendations. The Committee also receives and considers reports from the OfS and other external bodies as they affect the University's business and monitors adherence with regulatory requirements. It also has oversight of Health & Safety on behalf of the University Board. Audit, Risk and Governance Committee considers in detail the University's financial statements and makes appropriate recommendations to the Board. The Committee also gains assurance over the quality of data submitted within institutional returns via the established data optimisation review process. University senior executives attend meetings of Audit, Risk and Governance Committee, but are not members of the Committee.

b. Finance and Resources Committee considers, on behalf of the University Board, matters concerning the effective and efficient use of physical and human resources and provides assurance, advice, and makes recommendations to the Board as appropriate. It advises the Board on the University's overall financial strategy, financial sustainability and financial forecasting. The Committee has delegated authority to approve commitment to some financial transactions and other matters on behalf of the Board. The Committee reviews the University's management accounts and cash-flow forecasts at each meeting, oversees all major investments and advises the Board on the University's annual budget. It oversees the treasury activities of the University, including reserves and borrowings. On human resources, the Committee sets the framework for the pay and conditions of employment of staff; considers the University's equality and diversity activities and monitors progress against the people elements of the University's BU2025 strategy (including leadership, recruitment and performance management). The Internal and External audit representatives attend the second autumn meeting of the Committee for the consideration of the annual Financial Statements. Members of the Audit, Risk & Governance Committee are also invited to observe that meeting.

c. The newly established Student Experience, Quality and Standards Committee's Terms of Reference and Membership were approved by the University Board in November 2021. It is responsible, on behalf of the Board for maintaining oversight of student experience and the quality of that experience and to provide assurance, advice and make recommendations to the Board as appropriate. The Committee was established to strengthen the Board's oversight of academic matters in recognition of its ultimate responsibility for academic governance, quality and standards.

d. Remuneration Committee determines the pay and conditions of service of the holders of senior posts. The holders of senior posts are members of the University Executive Team and the Clerk to the Board. Pay and conditions of service of all other staff are determined by the Vice-Chancellor within a framework approved by the Finance and Resources Committee. The Remuneration Committee has regard to, and is compliant with, the CUC Higher Education Senior Staff Remuneration Code (June 2018) and Guidance on decisions taken about severance payments in HEIs. It reports annually to the Audit, Risk & Governance Committee on the processes it follows in reaching its decisions. An annual report to the Board from the Remuneration Committee is published separately alongside these Financial Statements.

e. The Nominations Committee is responsible to the University Board for agreeing, and subsequently overseeing, the process for the appointment of all Board members, the Chancellor, the Pro-Chancellors, the Vice-Chancellor and other holders of senior posts. It is responsible for ensuring that the Board has the necessary skills available to it and for deploying those effectively.

f. The Honorary Awards Committee is a joint Senate and University Board Committee which makes annual recommendations to the Board on the Honorary Awards to be conferred at the University's awards ceremonies.

g. Members of the University Board are also entitled to attend, as observers, meetings of Senate and its standing committees.

6. The membership of Board committees consists of a majority of independent members of the University Board. In the case of Audit, Risk and Governance Committee and Remuneration Committee, only independent members may be appointed. The Board is entitled to co-opt members to Committees who are not Board members, and has done so where particular skills and experience are required.

7. The institution maintains a register of interests of members of the University Board and University Leadership Team which is published on the University's website annually. A hospitality register is also maintained in accordance with anti-bribery legislation.

8. In accordance with the Articles of Government, the Board has appointed a Clerk to the University Board. The Clerk provides independent advice on matters of governance to all members of the University Board.

9. No independent member of the University Board receives payment for being on the Board or for the work they do as trustees, but reasonable expenses incurred as part of their duties are reimbursed. In 20-21 no expenses were claimed by members, largely because all meetings took place remotely and no travel or subsistence costs were incurred (In 2019-20 £5,248 was claimed in total) A record of expenses paid to members of the University Executive is also published on the University's website quarterly and monitored by the Remuneration Committee.

Statement of Internal Control

1. The University Board is responsible for the establishment and monitoring of systems of internal control. These control systems are embedded in the process of identifying and managing risks, and risk management is a key element of the operational, financial and project management systems within the University. These systems are subject to review by Internal Audit which is carried out by the Internal Auditors on a risk basis.
2. The University Leadership Team has delegated responsibility for performance monitoring and management across the University, including the management of risk, and regularly reviews the University Risk Register. The Risk Register covers business, operational and compliance risk as well as financial risk. The review of the Risk Register is an ongoing process and risks are rated and prioritised according to probability and possible impact alongside the prescribed control measures to address the risk.

3. The University Risk Register (as discussed and agreed with the University Leadership Team) is presented for discussion and review to the Audit, Risk and Governance Committee at each of its meetings with new or changing risks highlighted. The risk register is a key element in informing the Internal Auditor's work programme. The Risk Register is submitted to the Board along with the minutes of the Audit, Risk and Governance Committee meeting. In addition, the Audit, Risk and Governance Committee annually review the risk management process to ensure its ongoing effectiveness. The Board, on the recommendation of the Committee, has approved a set of Risk Appetite Statements for the University's key business areas, to help inform the assessment of tolerable risk levels. In October 2020, the Board undertook a 'blue skies' workshop session on the University's risks and the outcomes from that discussion inform the University Risk Register.
4. The Audit, Risk and Governance Committee is also responsible for providing assurance to the Board and the Vice-Chancellor on the effectiveness of the University's wider systems of governance which it does through its consideration of the University's accounts, risk management framework, data quality, internal and external audit reports, emergency planning and other internal control processes.

5. The Board reviews and approves the University's Financial Regulations annually. The Board and the Audit, Risk and Governance Committee also regularly review the University's policies and procedures in respect of internal control measures including Conflicts of Interest, Fraud, Anti-Bribery, Freedom of Speech, Prevent, Modern Slavery, Safeguarding and Public Interest Disclosure. The Audit, Risk and Governance Committee has a standing agenda item under which it receives reports of any incidents arising under these, or any other, policies relating to serious incidents and all reports made to the Office for Students under the reportable events regime.

The Board periodically contracts with appropriate consultants to conduct a review of its own effectiveness and governance arrangements in addition to internal reviews of effectiveness. An independent external review of governance effectiveness was undertaken in 2020 and reported to the Board in February 2021. A report of the outcomes of that review is published on the University website at <https://www.bournemouth.ac.uk/about/governance/transparency>. In summary, the review concluded that "the University's governance arrangements are adequate (designed appropriately) and effective (operating as intended) and that many examples of good practice are evident. The University is open to being challenged and is keen to ensure continuous improvement in best practice governance". Furthermore, the review did not identify any practices or behaviours that raised concerns or suggested that there may be governance failures. It found that the University was compliant with the CUC HE Governance Code (with the exception of element 5.3 where

an 'explain' approach is adopted, as described above). The report confirmed that there was no evidence of non-compliance with the OfS conditions of registration E1 and E2, including the requirements to uphold the public interest principles in practice. Some recommendations were made in the interests of seeking continuous improvement and the University had developed an action plan to consider these and implement them as appropriate.

6. In addition to the independent reviews, the Board's committees periodically review their own effectiveness and Board Members, including the Chair, are subject to an ongoing cycle of individual reviews.
7. The statement of internal control covers the financial year to 31 July 2021 and the period after the year end but before the financial statements are signed.



Professor Richard Conder
Chair of the Board



Professor John Vinney
Vice-Chancellor and Chief Executive

Responsibilities of the University Board

The University Board are required to present audited financial statements for each financial year.

In preparing the financial statements, the University Board, ensure that:

- a. suitable accounting policies are selected and applied consistently;
- b. judgements and estimates are made that are reasonable and prudent;
- c. applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. the going concern basis is used unless it is inappropriate to presume that the University will continue in operation for the foreseeable future.

The University Board is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the University, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

The University Board is responsible for ensuring that funds from the OfS are used only for the purposes for which they have been given and in accordance with the OfS Terms and Conditions of Funding for Higher Education (and any other conditions which the OfS may from time to time prescribe). The University Board must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, The University Board is responsible for securing economical, efficient and effective management of the University's resources and expenditure, so that the benefits that should be derived from the application of public funds are not put at risk.

The University has a number of mechanisms in place that it uses to ensure compliance with its obligations when utilising public funds, specifically around regularity and propriety. It has in place a set of financial regulations that all staff must comply with, that includes provisions covering procurement; use of funds for the means they have been provided for; value for money considerations and financial controls. The latter includes schemes of delegation and financial authority levels. The University has detailed processes around contracting to ensure that proper due process has been followed and authorisation limits complied with. It also has a number of policies such as fraud prevention that support these measures. In total these give a control environment that means public funds are utilised correctly, for the purpose they were intended and in an efficient and effective manner, so satisfying compliance with regularity and propriety requirements.

The operation of these controls and the overall control framework is reviewed and checked in a number of ways especially by internal and external audit work. Internal audit carry out checks on the financial systems and controls on a cyclical basis each year. External audit also check that funds have been applied for the purposes they were intended and in accordance with the conditions of funding, with specific reference made to that in their report.

Further to this, the University Board has adopted this Statement as a summary of its responsibilities. The Statement conforms to the model Statement of Responsibilities published by the Committee of University Chairs.

1. To approve the mission and strategic vision and values of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy and plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
3. To delegate authority to the head of the institution (known as the Vice-Chancellor), as chief executive, for the academic, corporate, financial, estate and human resource management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice Chancellor.

4. To promote equality and diversity throughout the institution, including in relation to its own operation, and to promote a culture that reflects the University's vision and values.
5. In accordance with the Office for Students' (OfS) Condition E3, the University Board must:
 - (i) accept responsibility for the interactions between the University and the OfS and its designated bodies;
 - (ii) ensure the University's compliance with all of its conditions of registration and with the OfS's accounts direction; and
 - (iii) nominate to the OfS a senior officer as the 'accountable officer' who has the responsibilities set out by the OfS for an accountable officer from time to time.
6. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, value for money arrangements and procedures for handling internal grievances and for managing conflicts of interest.
7. To establish processes to monitor and evaluate the performance and effectiveness of the University Board itself. To receive assurance that appropriate processes are in place to monitor and evaluate the performance and effectiveness of Senate.
8. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.

9. To safeguard the good name and values of the institution.
10. To appoint the Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
11. To appoint a Clerk to the University Board and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
12. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
13. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.
14. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes responsibilities for health, safety, security as well as equality, diversity and inclusion.
15. To receive assurance that adequate provision has been made for the general welfare of students.

16. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
17. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.
18. To maintain and protect the principle of academic freedom as enshrined in freedom of speech legislation.
19. To ensure that all students have opportunities to engage with the governance of the University, and that this allows for a range of perspectives to have influence.



Professor Richard Conder
Chair of the Board

Independent auditors’ report to the Governors of Bournemouth University

Opinion on the financial statements

In our opinion, 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 July 2021 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of Bournemouth University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2021 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the University's Board of Governors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the University's Board of Governors with respect to going concern are described in the relevant sections of this report.

Other information

The University's Board of Governors are responsible for the other information. Other information comprises the information included in the Financial Statements. Other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Report of the Board of Governors, the Statement of Corporate Governance and the Responsibilities of the University Board 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Board of Governors

As explained more fully in the University's Board of Governors responsibilities statement set out on page 16, the members of the governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University's Board of Governors determine 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 University's Board of Governors are responsible for assessing the Group and the 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 University's Board of Governors either intends to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, Research England and OfS to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Reviewing items included in the fraud register as well as the results in internal audit's investigation into these matters;
- Challenging assumptions made by management in their significant accounting estimates;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.



Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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. This description forms part of our auditor's report.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the University's Board of Governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

David l'Anson (Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor
Southampton, United Kingdom

Date: 17 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1. Legal Status

Bournemouth University was created as a higher education corporation by an order of the Privy Council dated 26 April 1993 and derives its powers from section 123A and 123B of the Education Reform Act 1988 as amended by the Higher Education and Research Act 2017. The University is an exempt charity established in England and Wales for the purposes of the Charity Act 2011.

2. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2014 and in accordance with Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention.

The financial statements have been prepared under the going concern concept that the Board considers to be still appropriate. They have reached this conclusion based on a number of factors. In assessing viability, the Board considered the position presented in the budget which was approved by them in July 2021. As part of the board's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of sensitivities have been reviewed. These include estimated impacts primarily based on a reduction in tuition fees and other income. The scenarios modelled, effectively stress-tested fee income, research income and costs together with a combination of all three

scenarios occurring to determine the estimated impact of more severe student number reductions on that income. Even at these levels the University would still be able to meet its liabilities, and with its budgeted contingencies, can comply with its financial covenants and operate sufficiently to deliver a first-class educational experience to its students for the foreseeable future and at least until December 2022. Under each scenario, mitigating actions are all within management control, can be initiated quickly where they relate to discretionary spend, and do not impact the ability to meet teaching and research requirements. These actions include areas such as reduced travel.

In order to give further assurance that the University would be able to continue to operate even under severe income restrictions, it has access to revolving credit facilities of £20m together with an overdraft facility of £5m. The facilities would be only used for working capital purposes. Present forecasts indicate that these will not be utilised at any time in the next eighteen months at least.

3. Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University, its wholly-owned subsidiaries and those entities it exercises control or significant influence over for their financial year ended 31 July 2021. Intra-group sales and profits are eliminated on consolidation. The consolidated financial statements do not include those of the Bournemouth University Students' Union as it is separately constituted and the University does not exercise control or significant influence over the Union.

3. Fixed assets

As a consequence of the Education Reform Act 1988, the freehold interest in the land and buildings occupied by the University was transferred from Dorset County Council with effect from 1 April 1989. On 1 April 1989, the inherited property was valued at £17.2m by a firm of chartered surveyors using the depreciated replacement cost basis. The land was valued at transferred debt. The property is recorded in the financial statements at these values, as adjusted for subsequent disposals.

The de minimis threshold for the capitalisation of fixed assets is £5,000.

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition.

Assets under construction are accounted for at cost, based on the value of direct costs incurred to 31 July. As these assets become complete and operational, they are transferred to the appropriate asset category. They are not depreciated until the accounting period in

which they are brought into use. Depreciation is not provided on freehold land. On other assets it is provided on cost or revalued amounts in equal annual instalments over the estimated useful life of the assets. The rates of depreciation are as follows:

Freehold buildings	Between 15 and 50 years
Leasehold improvements	25 years (or period of lease if shorter)
Computers	5 years
Other equipment	Between 5 and 15 years (the majority of other equipment is depreciated over 5 years unless the economic life is substantially different).

Where fixed assets are acquired with the aid of specific grants they are capitalised and depreciated as above.

5. Negative goodwill

Negative goodwill relates to the freehold purchase of Chapel Gate sports site. Negative goodwill has been recognised on the basis that the fair value of the assets acquired exceeded the consideration paid. Future investment in the site will be netted off against the negative goodwill in the financial year that the investment is incurred.

6. Investments

Listed investments held as fixed assets or endowment assets are stated at market value or cost where no market value is available.

7. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

8. Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

9. Finance leases and operating leases

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of the lease payments over the recorded obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to the Consolidated Statement of Comprehensive Income and Expenditure in equal annual amounts over the periods of the leases.

10. Taxation

The institution is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993), and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and, therefore, it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

11. Foreign currencies

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the Consolidated Statement of Comprehensive Income and Expenditure.

12. Maintenance of premises

The University charges long-term maintenance costs to the Consolidated Statement of Comprehensive Income and Expenditure as they are incurred.

13. Donations

Non exchange transactions without performance conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in 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 in income when the University is entitled to the funds.

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

- a. a. restricted donations: the donor has specified that the donation must be used for a particular objective.

- b. 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 the University.
- c. 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.
- d. 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.

14. Grant funding

Government revenue grants, including funding council block grant and research grants are recognised in income over the period in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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.

15. Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

16. Recognition of income

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors. Any bursaries granted by the University are included as expenditure in Note 7.

Income from contracts and other services rendered is included to the extent of the completion of the contract or services rendered.

All income from short-term deposits is credited to the Consolidated Statement of Comprehensive Income and Expenditure in the period in which it is earned.

17. Pension schemes

Retirement schemes to employees of the University are provided by the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) Dorset County Council Pension Fund. These are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified actuaries.

The USS is a multi-employer hybrid pension scheme which provides defined benefits (for all members) as well as defined contribution benefits. It is not possible to identify the assets and liabilities to University members, due to the mutual nature of the scheme and, therefore,

this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded in provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in

return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

18. Employment benefits

Short-term employment benefits, such as salaries and compensated absences, are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement. Redundancy costs paid to employees predominately represent cash redundancy payments, pension contributions and payments in lieu of notice which are charged to the Income and Expenditure Account when the redundancy is confirmed with the employee.

19. Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

20. Hedge accounting

The University has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective; movements in its fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in the Statement of Comprehensive Income and Expenditure for the period.

21. Provision

A provision is recognised in the financial statements when a present legal or constructive obligation arising from past events exists and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

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 of uncertain future events not wholly within the control of the University.

Consolidated statement of comprehensive income and expenditure

	Note	2021 Consolidated £'000	2021 University £'000	2020 Consolidated £'000	2020 University £'000
Income					
Funding body grants	1	13,237	13,237	11,745	11,745
Tuition fees and education contracts	2	134,269	134,269	132,974	132,974
Research grants and contracts	3	4,539	4,539	5,440	5,440
Other operating income	5	9,947	9,924	13,989	13,982
Endowment and investment income		416	416	272	272
Total income		162,408	162,385	164,420	164,413
Expenditure					
Staff costs	6	96,226	96,226	95,289	95,289
Depreciation	11	13,040	13,040	11,522	11,522
Other operating expenses	7	54,076	54,042	57,822	57,822
Interest and other finance costs	9	3,799	3,799	3,753	3,753
Total expenditure		167,141	167,107	168,386	168,386
Deficit before other gains		(4,733)	(4,722)	(3,966)	(3,973)
Gain on disposal of fixed assets	24	1,465	1,465	-	-
Deficit before tax		(3,268)	(3,257)	(3,966)	(3,973)
Taxation		-	-	-	-
Deficit for year		(3,268)	(3,257)	(3,966)	(3,973)
Fair value gain/(loss) in respect of cash flow hedge	15	744	744	(1,161)	(1,161)
Actuarial loss in respect of pension scheme	20	(12,410)	(12,410)	(45,335)	(45,335)
Total comprehensive loss for year		(14,934)	(14,923)	(50,462)	(50,469)

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

22. Research & Development
Research & development expenditure is written off in the year incurred.

23. Agency arrangements
Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income and Expenditure where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

24. 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.

25. Financial assets
Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

26. Financial liabilities
Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

27. Judgements in applying accounting policies and key sources of estimation uncertainty
In preparing these financial statements, the University has made the following judgements:

a. Determine whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

b. Determine whether there are indicators of impairment of the University's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

c. The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

d. The underlying assumptions in relation to the estimate of the present value of the obligation in respect of the funding deficit plan for the USS pension scheme such as the salary inflation over the period of the funding deficit plan and the discount rate to be used.

e. Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

f. Compensated absences accrual (see Note 14). An estimate is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured as the undiscounted salary cost of the future holiday entitlement as accrued at the balance sheet date.

g. The bad debt provision is calculated based on an individual debtor basis.

h. A dilapidation provision liability has been calculated with reference to a professional property consultant estimation.

All amounts relate to continuing activities.

The notes on pages 31 to 52 form part of these accounts.

Consolidated and University changes in reserves for the year ended 31 July 2021

Consolidated	Income and expenditure reserve		Total £'000
	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2019	1,500	40,290	41,790
Deficit from the income and expenditure statement	-	(3,966)	(3,966)
Other comprehensive income/(loss)	-	(46,496)	(46,496)
Balance at 31 July 2020	1,500	(10,172)	(8,672)
Balance at 1 August 2020	1,500	(10,172)	(8,672)
Surplus/(deficit) from the income and expenditure statement	350	(3,618)	(3,268)
Other comprehensive income	-	(11,666)	(11,666)
Balance at 31 July 2021	1,850	(25,456)	(23,606)
University	Income and expenditure reserve		Total £'000
	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2019	1,500	40,232	41,732
Deficit from the income and expenditure statement	-	(3,973)	(3,973)
Other comprehensive income	-	(46,496)	(46,496)
Balance at 31 July 2020	1,500	(10,237)	(8,737)
Balance at 1 August 2020	1,500	(10,237)	(8,737)
Surplus/(deficit) from the income and expenditure statement	350	(3,607)	(3,257)
Other comprehensive income	-	(11,666)	(11,666)
Balance at 31 July 2021	1,850	(25,510)	(23,660)

The notes on pages 31 to 52 form part of these accounts.

Consolidated and University balance sheet as at 31 July 2021

	Note	2021 £'000		2020 £'000	
		Consolidated	University	Consolidated	University
Non-current assets					
Intangible assets and goodwill	10	(86)	(86)	(872)	(872)
Tangible assets	11	184,830	184,830	190,299	190,299
Investments	11	28	28	28	28
		184,772	184,772	189,455	189,455
Current assets					
Stocks	12	5	5	5	5
Investments	11	43	43	49	49
Trade and other receivables	13	9,190	9,166	10,260	10,230
Cash and cash equivalents		28,231	28,092	20,115	19,995
		37,469	37,306	30,429	30,279
Creditors: Amounts falling due within one year					
Net current asset/(liabilities)	14	(31,230)	(31,121)	(35,862)	(35,776)
		6,239	6,185	(5,433)	(5,497)
Total assets less current liabilities		191,011	190,957	184,022	183,957
Creditors: Amounts falling due after more than one year					
Pension provision	15	(52,923)	(52,923)	(56,276)	(56,276)
Other provisions	20	(160,644)	(160,644)	(136,418)	(136,418)
	23	(1,050)	(1,050)	-	-
Total Net Liabilities		(23,606)	(23,660)	(8,672)	(8,737)
Reserves					
Restricted reserve		1,850	1,850	1,500	1,500
Unrestricted reserve		(25,456)	(25,510)	(10,172)	(10,237)
Total reserves		(23,606)	(23,660)	(8,672)	(8,737)

The notes on pages 31 to 52 form part of these accounts.

Approved and authorised for issue by the University Board on 26 November 2021



PROFESSOR RICHARD CONDER
Chair of the Board



PROFESSOR J VINNEY
Vice-Chancellor and Chief Executive

Consolidated statement of cash flows for the year ended 31 July 2021

	2021 £'000	2020 £'000
Cash flow from operating activities		
Deficit for year	(3,268)	(3,966)
Adjustment for non-cash items		
Depreciation	13,040	11,522
(Increase)/Decrease in stock	-	(1)
Decrease/(Increase) in debtors	1,090	1,631
(Decrease)/Increase in creditors	1,381	(755)
Gain/(loss) on investments	6	-
Increase in pension provision	11,816	8,111
Increase in other provisions	1,050	-
	<u>25,115</u>	<u>16,542</u>
(Loss)/profit on disposal of fixed assets	(610)	96
Investment income	(495)	(270)
Interest payable	1,932	2,043
Capital grant income	(1,869)	(996)
Net cash from operating activities	<u>24,073</u>	<u>17,415</u>
Cashflows from investing activities		
Proceeds from sale of fixed assets	3,380	-
Investment income	495	270
Payments made to acquire intangible assets	(786)	(36)
Payments made to acquire tangible assets	(10,341)	(28,885)
Capital grant income	1,869	996
Net cash from investing activities	<u>(5,383)</u>	<u>(27,655)</u>
Cashflows from financing activities		
Interest paid	(1,932)	(2,043)
New secured loans	-	5,000
Repayments of amounts borrowed	(7,577)	(2,556)
Net cash from financing activities	<u>(9,509)</u>	<u>401</u>
Increase/(Decrease) in cash equivalents in year	<u>9,181</u>	<u>(9,839)</u>
Cash and cash equivalents at beginning of year	19,050	28,889
Cash and cash equivalents at end of year	28,231	19,050
Cash and cash equivalents comprise:		
Cash and cash equivalent	28,231	20,115
Bank overdrafts	-	(1,065)
	<u>28,231</u>	<u>19,050</u>

The notes on pages 31 to 52 form part of these accounts

Notes to the accounts

	2021 Consolidated £'000	2021 University £'000	2020 Consolidated £'000	2020 University £'000
1. Funding body grants				
OfS recurrent grant	5,839	5,839	6,555	6,555
Research England recurrent grant	3,726	3,726	3,460	3,460
Non-recurrent specific grant	1,803	1,803	734	734
Capital grant release	1,869	1,869	996	996
	<u>13,237</u>	<u>13,237</u>	<u>11,745</u>	<u>11,745</u>
2. Tuition fees and education contracts				
Full-time students	110,942	110,942	104,979	104,979
Full-time students charged overseas fees	18,505	18,505	21,630	21,630
Part-time fees	1,842	1,842	1,988	1,988
Short course fees	785	785	1,723	1,723
Other teaching contract course fees	2,195	2,195	2,654	2,654
	<u>134,269</u>	<u>134,269</u>	<u>132,974</u>	<u>132,974</u>
3. Research grants and contracts				
Research Council	948	948	864	864
UK based charities	149	149	660	660
European commission	1,766	1,766	1,360	1,360
Other grants and contracts	1,676	1,676	2,556	2,556
	<u>4,539</u>	<u>4,539</u>	<u>5,440</u>	<u>5,440</u>
4. Grant and fee income				
Grant income from the OfS	8,615	8,615	7,342	7,342
Grant income from other bodies	9,642	9,642	9,844	9,844
Fee income for taught awards (exclusive of VAT)	131,832	131,832	129,573	129,573
Fee income for research awards (exclusive of VAT)	1,256	1,256	1,281	1,281
Fee income from non-qualifying courses (exclusive of VAT)	1,181	1,181	2,119	2,119
	<u>152,526</u>	<u>152,526</u>	<u>150,159</u>	<u>150,159</u>
5. Other operating income				
Residences	5,683	5,683	8,112	8,112
Other services rendered	20	20	50	50
Other income	4,244	4,221	5,827	5,820
	<u>9,947</u>	<u>9,924</u>	<u>13,989</u>	<u>13,982</u>

6. Staff

Staff costs:

Salaries and wages	65,809	65,809	67,043	67,043
Social security costs	6,915	6,915	7,051	7,051
The financial effects of LGPS pension scheme	10,028	10,028	6,868	6,868
Other pension costs	12,456	12,456	11,770	11,770
Redundancy and associated pension costs	1,018	1,018	2,557	2,557
	96,226	96,226	95,289	95,289

Redundancy and associated pension costs related to the University’s Voluntary Severance Scheme and the disclosed total cost related to 39 members of staff.

	2021	2020
	£’000	£’000
a) Emoluments of the Vice-Chancellor:		
Remuneration	275	277
Performance related pay	-	-
Benefits in kind	3	3
	278	280
Pension contributions	65	64
	343	344

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. The University’s pension contributions on behalf of the Vice-Chancellor are paid at the same rate as for other academic staff. The benefit in kind for the Vice-Chancellor relates to membership of a corporate healthcare scheme. No independent governors received remuneration apart from reimbursement of expenses incurred in the course of their duties.

The head of the provider’s basic salary is 7.5 times (2020: 7.5 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of the provider’s total remuneration is 7.8 times (2020: 8.0 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 provider of its staff.

Justification for the total remuneration package for the Vice-Chancellor

Context in which the University operates

The University operates in a highly competitive national and international market and retention of effective and successful leadership is key to the University’s continued success. Our vision is that by 2025 BU will be recognised worldwide as a leading university for inspiring learning, advancing knowledge and enriching society through the fusion of education, research and practice.

Value and performance delivered by the Vice-Chancellor

The University has benefited from the VC’s continued work to deliver the next stage of the BU2025 strategy during 2020-21 with a focus particularly on strengthening leadership, delivery planning, and building capacity and capability. During this challenging year the VC has realigned and reprioritised as necessary, successfully leading the University through a second year of an unprecedented pandemic.

The University remains largely on track to deliver its BU2025 outcomes, as demonstrated through its KPIs. The outcomes for students were evidenced by strong performance in graduate outcomes and graduate salary surveys. The University has also increased its financial strength. KPIs for cash reserves, cash flows and surpluses are positive to ensure financial sustainability. Looking ahead, the need to focus on improvements to the student experience as measured by the National Student Survey has been recognised as a priority for the coming year and the VC is leading on this by, for example, leading on the establishment of new forms of student engagement and the review of structures and processes to address this crucial area of the University’s mission.

The VC has continued to raise the profile of the University through stakeholder engagement and networking. Under the VC’s leadership student recruitment has again remained strong despite the uncertainties of the external environment.

Process for judging performance of the Vice-Chancellor

Objectives are developed for the Vice-Chancellor by the Chair of the University Board based on the agreed strategic plan. The objectives are based on delivering the strategy (and the relevant KPIs) and contain both short (one year) and long term (multiple year) objectives. Performance is assessed annually against delivery of these objectives using performance definitions for the Vice-Chancellor approved by the Remuneration Committee. A summary performance report is presented to Remuneration Committee by the Chair of the Board.

Processes and oversight arrangements involved in making remuneration decisions

Remuneration Committee has delegated authority on behalf of the Board to approve the total remuneration package for the Vice-Chancellor. The Remuneration Committee operates within the Board approved Terms of Reference and an Operating Framework which sets out the comparative data that must be considered and the key comparator institutions as well as the principles underlying remuneration decisions. The Remuneration Committee also has due regard to the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC) and applies it in full.

Further details about Remuneration Committee decisions and processes are published in the Annual Remuneration Reports for 2017/18 to 2020/21 which are available on the University website here <https://www.bournemouth.ac.uk/about/governance/transparency> .

Justification of level of remuneration and total remuneration package

The Vice-Chancellor’s remuneration package is bench-marked against the UCEA all institutions remuneration data and the CUC survey of Vice-Chancellor’s remuneration, including the more detailed analysis of the comparator set of institutions. The Remuneration Committee also considers the wider context of pay ratio data and the cost of living awards to other staff. In 2019 the Committee also commissioned an external review of the bench-marking of the Vice-Chancellor’s remuneration which concluded that the bench-marking adopted by the Committee was appropriate. The Committee has confirmed that it will undertake this external review of bench- marking every three years. The Vice-Chancellor’s salary is in line with the comparator set and in the range agreed by the Committee as applicable based on the UCEA all institutions data, his long experience and high performance. The Committee has decided to maintain this market-positioning as a reflection of the importance of retaining the Vice-Chancellor’s leadership to the delivery of BU2025.

The Committee previously awarded the VC a basic salary of £280,265 from 1st August 2019. On 1st December 2019 the VC voluntarily surrendered the increase from 1st December 2019 to 31st July 2020 and the salary reverted to the previous salary of £275,309. The salary was due to revert to £280,265 from 1st August 2020 but the VC voluntarily surrendered the increase for a further 12 months. The increase would now be paid with effect from 1st August 2021.

The Vice-Chancellor is entitled to health insurance (or the equivalent value) and is entitled to participate in the Teachers’ Pension Scheme as for all other academic staff.

b) Remuneration of other higher paid staff	2021	2020
	Number	Number
£100,000 to £104,999	2	3
£105,000 to £109,999	4	4
£130,000 to £134,999	-	-
£135,000 to £139,999	-	1
£140,000 to £144,999	-	1
£145,000 to £149,999	-	-
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
£160,000 to £164,999	2	2
£215,000 to £220,000	1	-
£275,000 to £280,000	1	1

Remuneration of other higher paid staff includes the emoluments of the Vice-Chancellor. Remuneration of other higher paid staff includes basic salary, performance bonuses and all taxable benefits in kind but excludes employer’s national insurance and employer’s pension costs.

This reporting reflects the fact that, as noted in the Remuneration Committee’s Annual Report to the Board, the Interim Director of Finance is on different terms of appointment as approved by the Committee on a fixed term interim basis. In approving this position the Committee took account of the market position for interims and the critical nature of the role in the current financial circumstances.

6. Staff (continued)

c) Key management personnel include a number of senior managers across the institution who together have authority and responsibility for planning, directing and controlling activities of the institution. The total compensation paid to key management personnel for services provided to the group was £1.053m (2020: £1.144m). Total compensation includes basic salary, performance bonuses, all taxable benefits, employer's national insurance and employer's pension costs.

	2021 Number	2021 Number
d) Staff numbers employed:		
Academic staff (excluding part-time visiting lecturers)	655	715
Administrative, professional, technical and clerical staff	835	814
Manual and maintenance staff	30	32
	1,520	1,561

7. Other operating expenses	2021 Consolidated £'000	2021 University £'000	2020 Consolidated £'000	2020 University £'000
Staff development	298	298	471	471
External Agencies and staff secondments	2,766	2,766	3,148	3,148
Other staff costs	128	128	157	157
Travel costs	80	80	1,014	1,014
Consumables and laboratory costs	345	345	558	558
Franchise costs paid to partner colleges	895	895	1,245	1,245
Student union grant	1,073	1,073	1,229	1,229
Student welfare	3,115	3,115	2,917	2,917
Office expenses	104	104	205	205
Books, periodicals and information services	2,007	2,007	2,213	2,213
Non capitalised equipment and software	5,199	5,199	4,953	4,953
Audit:				
- External auditors remuneration – audit fees	58	58	53	53
- Auditors remuneration – other fees	15	15	14	14
- Internal Auditors remuneration	101	101	103	103
Legal and professional	3,058	3,058	3,086	3,086
Bursaries and scholarships	7,588	7,588	8,338	8,338
Promotions costs	1,602	1,602	1,770	1,770
Rent and rates	9,323	9,323	11,786	11,786
Heat, light, water and power	1,840	1,840	1,803	1,803
Repairs, refurbishment and scheduled maintenance	3,831	3,831	1,455	1,455
Insurance	482	482	413	413
Research and Development	2,437	2,437	3,224	3,224
Other expenses	7,731	7,697	7,667	7,667
	54,076	54,042	57,822	57,822

Other operating expenses include	2021 Consolidated £'000	2021 University £'000	2020 Consolidated £'000	2020 University £'000
Independent governors' expenses	-	-	5	5
Hire of other assets – operating leases	29	29	33	33
There were no Independent governors' expenses committed in 2021 due to all meetings taking place remotely.				

8. Access and participation expenditure	2021 £'000	2020 £'000
Access investment	540	559
Financial support provided to students	3,541	4,364
Support for disabled students	974	1,153
Research and evaluation expenditure	254	257
	5,309	6,333

Expenditure on financial support provided to students was in line with forecast although expenditure on bursaries was 10% above forecast whilst hardship funding was below forecast. Hardship funding was below forecast due to much of the hardship forecast spend being delivered from additional funding provided by the Office for Students. Access expenditure was lower than forecast due to the forecast being based on the pre-pandemic model for Outreach activity. Support for disabled students was below forecast predominately due to a reduction in Additional Learning Support through staff reductions and support being provided more efficiently online during the pandemic. Research and evaluation expenditure was below forecast due to a reduction in pay costs attributed against this category.

9. Interest and other finance costs	2021 Consolidated £'000	2021 University £'000	2020 Consolidated £'000	2020 University £'000
Pension scheme finance costs	1,867	1,867	1,710	1,710
Loan interest	1,932	1,932	2,043	2,043
	3,799	3,799	3,753	3,753

10. Negative Goodwill	2021 £'000
Cost	
As at 1 August 2020	(872)
Amortisation charge for year	786
Net book value	
As at 31 July 2021	(86)

Negative goodwill arose in 2018-19 when the University completed the freehold purchase of Chapel Gate sports site for £0.8m, the site had a fair market value of £2.0m. Future investment in the site will be netted off against the negative goodwill in the financial year that the investment is incurred. In 2020-21 £786k capital expenditure was incurred reducing the negative goodwill from £872k to £86k.

11. Tangible assets: University and its Subsidiary Company

Tangible Fixed Assets					
	Freehold and Leasehold Land and Buildings £'000	Leasehold Improvements £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost/valuation					
At 1 August 2020	188,668	1,891	71,775	52,409	314,743
Additions	5,893	–	2,828	1,620	10,341
Transfers	43,828	–	3,073	(46,901)	-
Disposals	(8,833)	–	(1,113)	–	(9,946)
31 July 2021	229,556	1,891	76,563	7,128	315,138
Depreciation					
At 1 August 2020	70,016	1,168	53,260	–	124,444
Charge for the year	6,570	113	6,357	–	13,040
Disposals	(6,065)	-	(1,111)	–	(7,176)
31 July 2021	70,521	1,281	58,506	–	130,308
Net book value					
31 July 2021	159,035	610	18,057	7,128	184,830
31 July 2020	118,652	723	18,515	52,409	190,299

As a result of the Education Reform Act 1988, the interests in properties occupied by the University, previously held by Dorset County Council (DCC), were formally transferred, under the direction of the Education Assets Board (EAB), to the University itself with effect from 1 April 1989. Similarly, the University also acquired unrestricted title to those moveable assets acquired from funds previously paid by the DCC.

The cost/valuation of Land and Buildings comprises:		2021 £'000	2020 £'000
Freeholds			
Assets inherited upon incorporation:			
Property, valued at depreciated replacement cost		17,170	17,170
Land, valued at transferred debt		122	122
		17,292	17,292
Assets valued on an open market basis in 1990		150	150
Assets stated at cost		212,117	171,226
		229,559	188,668

Investments		Cost at 31 July 2021	Cost at 31 July 2020
Investments - University		£	£
Shares in CVCP Properties plc		28,097	28,097
		28,100	28,100
Subsidiary Company		Cost at 31 July 2021	Cost at 31 July 2020
BU Innovations Limited		2	2
BU Community Business Ltd		1	1
		3	3

The University is the beneficial owner of the entire issued share capital of the subsidiary companies, BU Innovations Limited and BU Community Business Limited, which are registered in England. The subsidiary companies undertake activities which, for legal and commercial reasons, are more appropriately channelled through limited companies.

BU Community Business Limited was incorporated on 15th May 2019. The company was incorporated to run Chapel Gate, a 65 acres site of established sports facilities.

The consolidated accounts also include the results of the Bournemouth University Foundation as the University is able to exercise control over its operating policies. The results of the Bournemouth University Foundation are set out in Note 21. During 2012, it was decided that the work of the Foundation could be carried out more effectively as an integral part of the University. It was resolved that the assets and liabilities of the Foundation be transferred to the University, but that the Foundation would remain a wholly owned subsidiary of the University to receive future legacies.

CVCP Properties plc
The University is a shareholder in CVCP Properties plc together with other University members of Universities UK, CVCP Properties plc's principal asset is Universities UK's headquarters, Woburn House.

12. Stocks		2021		2020	
		Group £'000	University £'000	Group £'000	University £'000
Stock		5	5	5	5

13. Trade and other receivables due within one year		2021		2020	
		Group £'000	University £'000	Group £'000	University £'000
Other trade receivables		2,750	2,728	3,138	3,091
Amounts owed by group companies		-	75	-	24
Prepayments and accrued income		6,440	6,363	7,122	7,115
		9,190	9,166	10,260	10,230

14. Creditors: amounts falling due within one year

	2021		2020	
	Group £'000	University £'000	Group £'000	University £'000
Bank loans	2,609	2,609	7,557	7,557
Bank overdraft	-	-	1,065	1,065
Trade payables	4,287	4,287	1,959	1,959
Other creditors	2,873	2,873	2,365	2,365
Social security and other taxation payable	2,147	2,147	6,242	6,238
Accruals and deferred income	19,314	19,205	16,654	16,572
	31,230	31,121	35,862	35,776

Accruals and deferred income include £8.6m (2020: £7.1m) of income received in advance in connection with teaching and consultancy work.

15. Creditors: amounts falling due after more than one year

Group and University	2021 £'000	2020 £'000
Bank loans	52,306	54,915
Other creditor	200	200
Interest rate cash flow hedge	417	1,161
	52,923	56,276

Loan Summary

Bank loans are represented in the below table, the loan amount represents the original amount drawn.

Loan Type	Loan amount £'000	Interest Rate %	Repayable
Fixed	5,000	5.3	2043
Fixed	5,000	4.9	2043
Fixed	3,000	4.2	2043
Fixed	6,400	3.6	2043
Fixed	5,700	3.5	2043
Fixed	25,000	2.9	2037
Fixed	15,000	Base rate + 1.52%	2039

In respect of the £15.0m loan with an interest rate of base +1.52%, the Group has entered into floating to fixed interest rate swaps with a fixed leg of 1.042% and a variable rate leg GBP 3 Month LIBOR.

The other creditor is represented by a repayable grant received for the Revolving Green Fund and a carbon reduction initiative of £0.2m.

An analysis of the capital debt by due date of repayment on the bank loan is set out below:

	2021 £'000	2020 £'000
Repayable within 1 year	2,609	7,577
Repayable within 2-5 years	10,508	10,588
Repayable after 5 years	41,798	44,327
	54,915	62,492

16. Financial Instruments

	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets that are debt instruments measured at amortised cost	33,078	26,170	32,992	26,027
Financial liabilities measured at amortised cost	(71,076)	(76,391)	(71,076)	(76,391)
Derivative financial instruments designated as hedges of variable interest rate risk	(417)	(1,161)	(417)	(1,161)

Financial assets measured at amortised cost comprise cash, trade receivables, amounts owed by group companies and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, bank overdraft, other creditors and accruals.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

17. Analysis of changes in consolidated financing during the year

	Bank loans £'000
At 1 August	62,492
New loans	-
Capital repayments	(7,577)
At 31 July	54,915

18. Contingent liabilities

Nomination agreements

The University has entered into an arrangement with UNITE for the supply of additional student accommodation in two buildings, Purbeck House a 519 bed facility and Corfe House, a 308 bed facility. The buildings are owned and managed by UNITE but the University has a nomination agreement in place such that it guarantees a certain occupation level by its students (for which they pay full costs). If there were insufficient occupants, the University would be liable to pay up to the guaranteed amount. In 2020-21 £494k was payable to UNITE under the nomination’s agreement for Corfe House.

The University has entered into an arrangement with Campus Living Villages (CLV) for the supply of student accommodation in four buildings, Okeford House a 94 bed facility, Lyme Regis House, a 400 bed facility, Chesil House, a 210 bed facility and Cranborne House a 497 bed facility. The buildings are owned and managed by CLV but the University has a nomination agreement in place such that it guarantees a certain occupation level by its students. The nominations agreement provides a minimum income guarantee for the provider in circumstances where there are too few students nominated; and, to date, this has not been called upon. In 2020-21 £151k was payable to CLV for Okeford House and £150k was payable to CLV for Chesil House under their respective nomination agreements.

19. Operating lease and Capital commitments

At 31 July 2021, the University was committed to making the following payments during the next year in respect of operating leases:

	2021		2020	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases:				
Expiring within one year	6,075	46	6,691	51
Expiring within two and five years	18,855	34	20,606	72
Expiring within six and thirty years	5,073	–	9,509	–
	30,003	80	36,806	123

In 1990, the University entered into a 30-year operating lease on the Talbot Student Village, a 278 room student accommodation facility. The rental is subject to triennial review. The lease has now been extended to September 2022. The Talbot Student Village remains the property of the Talbot Village Trust and at no time can the University take title to it.

In 2008, the University entered into a 16-year operating lease on the Executive Business Centre which is home to the Faculty of Management. The lease had a break clause in October 2014 and had a further break clause in October 2019. The rental was subject to review in 2019.

In 2012, the University entered into a 7-year operating lease on Dorchester House, a 540 bed facility purpose built student accommodation block. The lease on Dorchester House has now been extended to 2027.

Provision has not been made for the following capital commitments at 31 July 2021

Capital commitments	2021 £'000	2020 £'000
Commitments contracted at 31 July	2,253	6,819

20. Pensions

The University’s employees belong to three principal pension schemes, the Teachers’ Pensions Scheme (TPS), the Universities Superannuation Scheme (USS) and the DCSS Local Government Pension Scheme (LGPS). All are defined benefit schemes. The total employer’s pension cost for the year ended 31 July 2021 was £12.5m (2020: £11.8m).

Reconciliation to balance sheet	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000
DCSS LGPS pension liability	159,174	134,890
USS Pension liability	722	703
Pension enhancement pension liability	748	825
	160,644	136,418

Teachers’ Pension Scheme (TPS)

Under the definitions set out in Financial Reporting Standard 102 - Retirement Benefits, the TPS is a multi- employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The employers’ contribution rates for the University’s academic staff were 16.5% of pensionable salaries to 31 August 2019, increasing to 23.6% of pensionable salaries from 1 September 2019 to 31 July 2020.

The Teachers’ Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme, governed by the Teachers’ Pensions Regulations 2010 and the Teachers’ Pension Scheme Regulations 2014. Contributions are credited to the Exchequer on a “pay as you go” basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The Government Actuary’s report of March 19 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £218.1billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £196.1 billion. The assumed real rate of return is 2.8% in excess of prices and 1.25% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed gross rate of return is 5.06%.

Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions’ employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 “Employee benefits”, the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

20. Pensions (Continued)

Pension Costs

The total cost charged to the income and expenditure account is £306,951 (2020: £305,445).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2018 valuation was the fourth valuation for the scheme 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. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme’s technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the statement of Funding Principles.

Pension increases (CPI)	Terms dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3%
Discount rate (forward rates)	Years 1-10: CPI – 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme’s experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 97.6% of SAPS S1NMA “light” for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.87%	2.59%
Pensionable salary growth	3.00%	4.20%

Pension enhancements

Pension enhancements relates to previous members of staff, who receive pension enhancement payments from the University.

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund’s membership booklet. There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgement and the 2016 cost cap process. The Government has published its consultation on a remedy for the McCloud and Sargeant judgement and at the same time announced the unpausing of the 2016 cost cap process which will take into account the remedy for the McCloud and Sargeant judgement. These are yet to be finalised and therefore it remains uncertain what changes may be made to LGPS benefits as a result.

The administering authority for the Fund is Dorset County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund’s professional advisers.

As administering authority to the Fund, Dorset County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund’s performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer’s withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined pension scheme means that the Employer is exposed to a number of risks:

Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;

Interest rate risk. The Fund’s liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;

Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and

Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Dorset County Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers. All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employer.

The main results of, and assumptions for, the valuation of the scheme based on the projected unit method as prepared by the qualified independent actuaries are as follows:

Assumptions as at	31 July 2021 % p.a	31 July 2020 % p.a	31 July 2019 % p.a
Salary increases	3.0%	2.0%	3.0%
Pension increases	2.7%	1.8%	2.1%
Discount rate	1.75%	1.4%	2.2%

20. Pensions (Continued)

Life expectancy from age 65 (years)	2021	2020
Retiring today		
Males	23.1	23.3
Females	24.6	24.8
Retiring in 20 years		
Males	24.4	24.7
Females	26.1	26.2

Expected return on assets and estimated asset allocation

The return on the Fund (on a bid to bid value basis) for the year to 31 July 2021 is estimated to be 17.3%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Bournemouth University as at 31 July 2021 is as follows.

Asset class	Asset allocation 31 July 2021 £'000	%	Asset allocation 31 July 2020 £'000	%
Equities	82,990	54%	65,192	51%
Other Bonds	8,638	6%	10,038	8%
Diversified Growth Fund	10,256	7%	7,241	6%
Property	13,622	9%	12,542	10%
Cash	2,117	1%	1,309	1%
Liability Driven Investment	17,952	12%	15,230	12%
Infrastructure	9,549	6%	8,583	7%
Secured Income Funds	n/a	n/a	681	1%
Multi Asset Credit	7,291	5%	5,714	4%
Total	152,415	100%	126,530	100%

Based on the above, the Employer's share of the assets of the Fund is approximately 4.23%.

Reconciliation of DCSS LGPS pension liability recognised in balance sheet

	31 July 2021 £'000	31 July 2020 £'000
Net pension deficit as at		
Present value of funded obligation	(311,461)	(261,283)
Fair value of scheme assets	152,415	126,530
Net liability	(159,046)	(134,753)
Present value of unfunded obligation	(128)	(137)
Pension liability in balance sheet	(159,174)	(134,890)

The amounts recognised in the income and expenditure statement are:

	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000
Service cost:	14,805	11,727
Net interest on the defined liability	1,862	1,693
Administration expenses	111	83
Total loss	16,778	13,503

Asset and benefit obligation reconciliations for the year to 31 July 2021

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000
Opening defined benefit obligation	261,420	209,248
Current service cost	14,078	11,344
Interest cost	3,660	4,485
Change in financial assumptions	38,720	26,891
Change in demographic assumptions	(2,964)	(2,368)
Experience (gain)/loss on defined benefit obligation	(2,942)	13,125
Estimated benefits paid net of transfers in	(3,188)	(3,835)
Past service costs, including curtailments	727	383
Contributions by Scheme participants and other employers	2,090	2,159
Unfunded pension payments	(12)	(12)
Closing defined benefit obligation	311,589	261,420

Reconciliation of opening and closing balances of the fair value of Fund assets	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000
Opening fair value of Fund assets	126,530	128,254
Interest on assets	1,798	2,792
Return on assets less interest	20,404	(6,846)
Other actuarial gains/(losses)	-	(841)
Administration expenses	(111)	(83)
Contributions by employer including unfunded	4,904	4,942
Contributions by Scheme participants and other employers	2,090	2,159
Estimated benefits paid plus unfunded net of transfers in	(3,200)	(3,847)
Closing fair value of Fund assets	152,415	126,530

20. Pensions (Continued)

Composition of defined benefit obligation

	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000
Unfunded	128	137
Funded obligations	311,461	261,283
	311,589	261,420

Reconciliation of opening & closing balances of the net pension deficit

	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000
Deficit at beginning of the year	(134,890)	(80,994)
Service cost	(14,078)	(11,344)
Employer contributions	4,892	4,930
Unfunded pension payments	12	12
Past Service Costs	(727)	(383)
Other finance costs	(1,862)	(1,693)
Actuarial (loss)/gain	(12,410)	(45,335)
Administration expenses	(111)	(83)
Deficit at end of the year	(159,174)	(134,890)

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the life expectancy assumption.

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0%	-0.1%
Present value of total obligation	303,735	311,589	319,654
Projected service cost	16,139	16,752	17,385
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	312,430	311,589	310,756
Projected service cost	16,761	16,752	16,743
Adjustment to pension increases and deferred revaluation	+0.1%	0%	-0.1%
Present value of total obligation	318,729	311,589	299,662
Projected service cost	17,378	16,752	16,146
Adjustment to life expectancy assumption	+ 1 year	None	- 1 year
Present value of total obligation	324,001	311,589	299,662
Project service cost	17,454	16,752	16,075

5 Year history

Amounts for the current and previous four periods	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000	Year to 31 July 2017 £'000
Defined benefit obligation	(311,589)	(261,420)	(209,248)	(190,700)	(195,578)
Scheme assets	152,415	126,530	128,254	115,452	105,486
Deficit	(159,174)	(134,890)	(80,994)	(75,248)	(90,092)

Re-measurements in other comprehensive income

Re-measurement of the net defined liability	Year to 31 July 2021 £'000	Year to 31 July 2020 £'000
Return on Fund assets in excess of interest	20,404	(6,846)
Other actuarial gains/(losses) on assets	-	(841)
Change in financial assumptions	(38,720)	(26,891)
Change in demographic assumptions	2,964	2,368
Experience gain/(loss) on defined benefit obligation	2,942	(13,125)
Re-measurement of the net defined liability	(12,410)	(45,335)

Projected pension expense for the year to 31 July 2021

	Year to 31 July 2021 £'000
Service cost	16,752
Net interest on the defined liability (asset)	2,742
Administration expenses	114
Total loss (profit)	19,608

Employer contributions

4,997

21. Related Party Transactions

The Board has taken advantage of the exemptions provided by FRS102 not to disclose transactions with wholly owned subsidiary companies.

No independent governors received payment for their services as a governor. There were no independent governors' expenses paid in the financial year, all meetings took place remotely.

During the year, The Bournemouth University Foundation did not award any grants to Bournemouth University (2020: £0). No amounts were outstanding at the end of the year.

The University has a close working relationship with Bournemouth University Students Union which remains a separate entity. The Bournemouth University Students Union president is a member of the University's Board of Governors. In the financial year to July 2021 the University gave Bournemouth University Students Union a block grant and payments for services totalling £1,073k (2020: £1,227k).

Bournemouth University Foundation	£
Turnover including interest received	
Expenditure	-
Loss on ordinary activities	-
Reserves brought forward	46
Loss for year	-
Reserves carried forward	46

22. Analysis of net debt

	At 1 August 2020	Cashflow	Other non- cash movement	At 31 July 2021
	£000	£000	£000	£000
Cash at bank and in hand	20,115	8,239	-	28,354
Bank overdraft	(1,065)	1,065	-	-
Bank loans	(62,492)	7,577	-	(54,915)
Interest rate swap	(1,161)	-	744	(417)
Net debt at end of year	(44,603)	16,881	744	(26,978)

The non cash movement represents the movement on the fair value of the derivative.

23. Provision for liabilities

In October 2008 the University entered into 16 year lease for an existing office and lecture accommodation building the Executive Business Centre. As at 31 July 2021, the University provided for an estimated future potential dilapidations liability of £1.1m. The valuation was based on a report by a professional property consultant.

24. Gain on disposal of fixed assets

In January 2021, the University disposed of an academic building Bournemouth House. The University received a payment of £3.4m and the net book value of the building at the time of disposal was £1.9m resulting in an overall gain recognised on disposal of £1.5m.

25. Federal Loans program

The University has an obligation as part of our participation in the US Federal Loans program to include Supplemental Information which complies with Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / Rules and Regulations. This data has been prepared using UK GAAP and does not include any adjustments required to comply with US GAAP.

Reference	Expendable Net Assets	2021 £000	2020 £000	Note
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	-25,456	-10,172	
Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	1,850	1,500	
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and unsecured related party receivable	-	-	
Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	-	-	
Statement of Financial Position - Property, Plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	184,830	190,299	11
Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre- implementation	Property, plant and equipment - pre-implementation	145,232	161,042	11
Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation with outstanding debt for original purchase	Property, plant and equipment - post-implementation with outstanding debt for original purchase	-	-	
Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post- implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase	20,277	11,556	11
Note of the Financial Statements - Statement of Financial Position - Construction in progress	Construction in progress	1,620	17,701	11
Statement of Financial Position - Lease right-of-use assets, net	Lease right-of-use asset, net	-	-	
Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-	-	
Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post- implementation	Lease right-of-use asset post-implementation	-	-	
Statement of Financial Position - Goodwill	Intangible assets	-86	-872	10
Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities	160,644	136,418	20

25. Federal Loans program (Continued)

Reference	Expendable Net Assets	2021 £000	2020 £000	Note
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	54,915	62,492	15
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes pre- implementation	54,915	57,492	15
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes post-implementation	-	-	
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process	-	5,000	
Statement of Financial Position - Lease right-of-use asset liability	Lease right-of-use asset liability	-	-	
Statement of Financial Position - Lease right-of-use asset liability pre- implementation	Pre-implementation right-of-use leases	-	-	
Statement of Financial Position - Lease right-of-use asset liability post- implementation	Post-implementation right-of-use leases	-	-	
Statement of Financial Position - Annuities	Annuities with donor restrictions	-	-	
Statement of Financial Position - Term endowments	Term endowments with donor restrictions	-	-	
Statement of Financial Position - Life Income Funds	Life income funds with donor restrictions	-	-	
Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity	1,850	1,500	
Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities	167,141	168,386	
Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)	11,665	46,424	

Reference	Expendable Net Assets	2021 £000	2020 £000	Note
Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Investment income	-1	-72	
Statement of Activities - Pension related changes other than periodic pension	Pension-related changes other than net periodic costs	-	-	
Reference	Modified Net Assets	2021 £000	2020 £000	Note
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	-25,456	-10,172	
Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions	1,850	1,500	
Statement of Financial Position - Goodwill	Intangible assets	-86	-872	10
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	-	-	
Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	-	-	
Modified Assets				
Statement of Financial Position - Total Assets	Total Assets	222,241	219,884	
Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre- implementation	Lease right-of-use asset pre-implementation	-	-	
Statement of Financial Position - Lease right-of-use asset liability pre- implementation	Pre-implementation right-of-use leases	-	-	
Statement of Financial Position - Goodwill	Intangible assets	-86	-872	10
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and unsecured related party receivable	-	-	
Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	-	-	
Net Income Ratio				
Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions	-14,934	-50,462	
Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenue and Gains	163,872	164,348	

26. Events after the reporting period

Universities Superannuation Scheme

The USS 2020 valuation has now been signed and filed with The Pensions Regulator with an effective date of 1 October 2021. The resulting schedule of contributions will see a small increase in contribution rates from the 2018 Valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the Joint Negotiating Committee (JNC) subject to member consultation. The impact on the USS liability is an increase from £0.7m to £2.0m. For the 2020-21 financial year however, potential changes are considered a non-adjusting event.