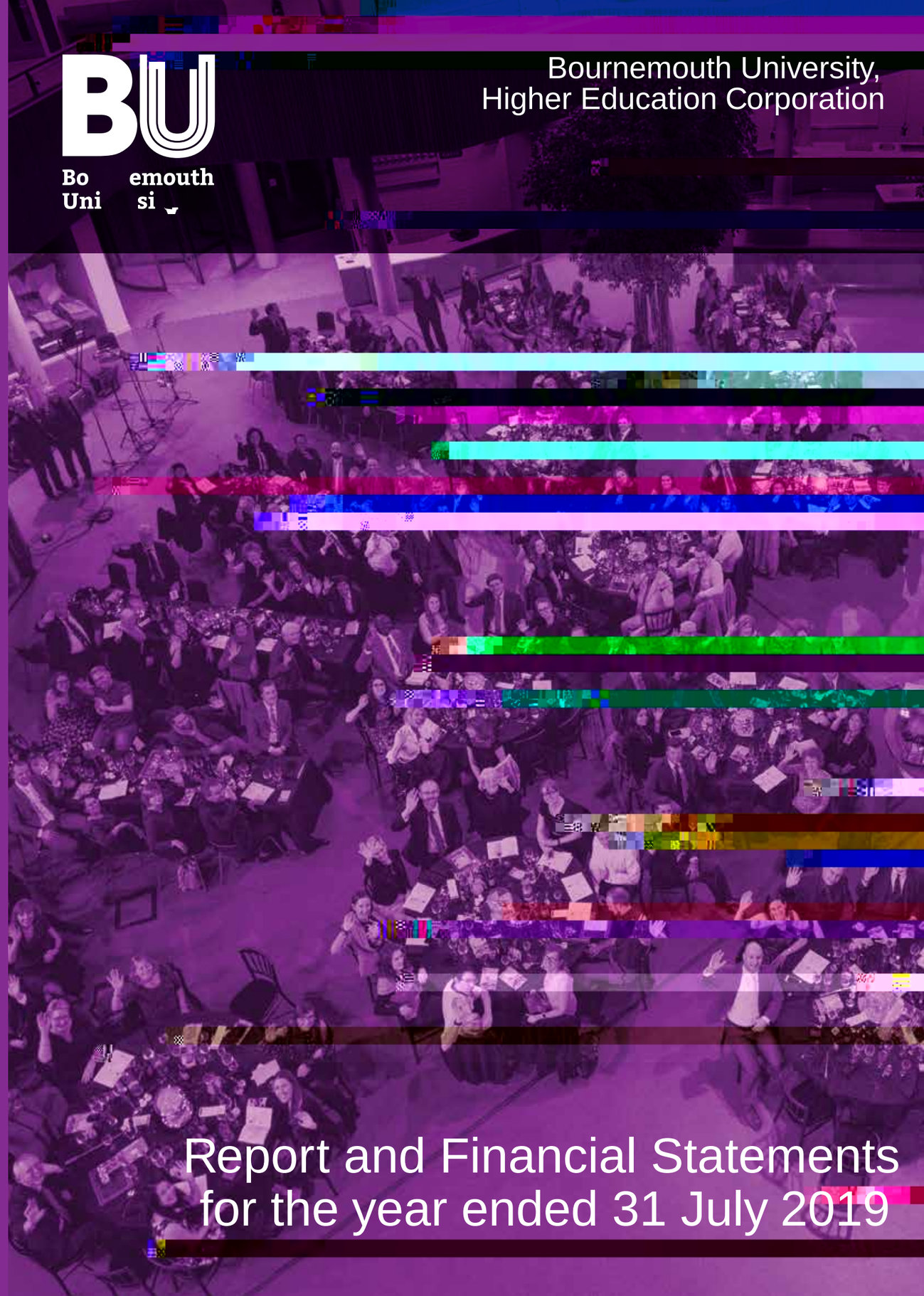
Bournemouth University,
Higher Education Corporation



Report and Financial Statements for the year ended 31 July 2019

10336-11/19

is compliant with, the CUC Higher Education Senior Sta 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.

d. 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 e ectively.

e. The Development Funding Committee is responsible on behalf of the University Board for the stewardship of funds donated to the University (including assets and liabilities transferred from the BU Foundation) and any related policies and procedures. Following a review, and on the recommendation of the Audit, Risk & Governance Committee, the University Board approved a proposal in July 2019 that the Development Funding Committee be disbanded as it had completed its original objectives and the volume of residual activity did not justify a separate Committee. Appropriate Board level oversight for fundraising and sponsorship activity will be achieved through direct reporting to the Board and approval of relevant policies and procedures by Audit, Risk and Governance Committee.

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. As chief executive, the Vice-Chancellor exercises considerable in uence upon the development of institutional strategy, the identi cation and planning of new developments, and shaping of the institutional ethos. The other members of the University Executive Team and members of the University Leadership Team all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the University Board.

8. 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.

9. 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.

10. 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 2018-19, a total of £6,947 (2017-18 £6,643) was paid in respect of claims for travel and subsistence expenses incurred in connection with their duties as trustees by 10 Board members. A record of expenses paid to members of the University Executive is also published on the University's website quarterly.

Statement of Internal Control

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Responsibilities of the University Board

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

In preparing the nancial 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 nancial 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 nancial position of the University, and which enable it to ensure that the nancial 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 nancial 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, e cient and e ective management of the University's resources and expenditure, so that the bene ts that should be derived from the application of public funds are not put at risk.

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 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 e ectiveness of the institution against the 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, nancial), am 3i(o ad)]TJ T* (asd strat)1u0gnt 2.

Consolidated statement of cash ows for the year ended 31 July 2019

	2019 £'000	2018 £'000
Cash ow from operating activities		
(De cit)/Surplus for year	(3,796)	11,024
Adjustment for non-cash items		
Depreciation	10,413	10,129
Decrease in stock	1	1
Decrease in debtors	(1,994)	(751)
Increase in creditors	5,531	4,435
Pension costs less contributions payable	9,772	9,409
	19,927	34,247
Adjustment for investing or nance activities		
Investment income	(269)	(276)
Financial expenses	1,665	1,471
Pro t on sale of xed assets	-	(11,875)
Capital grant income	(1,094)	(1,910)
Net cash from operating activities	20,229	21,657
Cash ows from investing activities		
Proceeds from sale of xed assets	248	26,799
Investment income	269	276
Intangible assets	908	-
Purchase of xed assets	(49,726)	(27,425)
Capital grant income	1,094	1,910
	(47,207)	1,560
Cash ows from nancing activities		
Interest paid	(1,665)	(1,471)
New secured loans	15,000	30,000
Loans repaid	(1,786)	(11,140)
	11,549	17,389
(Decrease)/increase in cash equivalents in year	(15,429)	40,606
Cash and cash equivalents at beginning of year	44,318	3,712
Cash and cash equivalents at end of year	28,889	44,318
Cash and cash equivalents comprise:		
Cash and cash equivalent	30,219	44,950
Bank overdrafts	(1,330)	(632)
	28,889	44,318

The notes on pages 27 to 44 form part of these accounts.

Notes to the accounts

	2019 Consolidated £'000	2019 University £'000	2018 Consolidated £'000	2018 University £'000
1. Funding body grants				
HEFCE recurrent grant	-	-	6,705	6,705
OfS recurrent grant	6,269	6,269	1,676	1,676
Research England recurrent grant	3,166	3,166	1,091	1,091
Non-recurrent speci c grant	593	593	607	607
Capital grant release	1,094	1,094	1,910	1,910
	11,122	11,122	11,989	11,989
2. Tuition fees and education contracts				
Full-time students	101,638	101,638	96,744	96,744
Full-time students charged overseas fees	14,172	14,172	13,593	13,593
Part-time fees	2,330	2,330		
Short course fees				
Other teaching contract course fees				
3. Research grants and contracts				
Research Council				
UK based charities				
European commission				
Other grants and contracts				
4. Other operating income				
Residences				
Other services rendered				
Other income				
5. Sta				
Sta costs:				
Salaries and wages				
Social security costs				
The nancial e ects of LGPS pension scheme				
Other pension costs				
Redundancy and associated pension costs				

5. Sta (continued)

	2019	2018
a)		

6. Other operating expenses

	2019 Consolidated £'000	2019 University £'000	2018 Consolidated £'000	2018 University £'000
Sta development	1,010	1,010	847	847
External Agencies and sta secondments	3,366	3,366	3,763	3,763
Other sta costs	193	193	147	147
Travel costs	1,592	1,592	2,012	2,012
Consumables and laboratory costs	683	683	666	666
Franchise costs paid to partner colleges	1,785	1,785	2,380	2,380
Student union grant	1,190	1,190	1,190	1,190
Student welfare	2,735	2,735	3,051	3,051
O ce expenses	331	331	425	425
Books, periodicals and information services	2,177	2,177	2,106	2,106
Non capitalised equipment and software	5,428	5,428	5,129	5,129
Audit:				
- External auditors remuneration – audit fees	44	44	40	40
- Auditors remuneration – other fees	14	14	5	5
- Taxation advisory services	–	–	–	–
- Internal Auditors remuneration	74	74	65	65
Legal and professional	2,219	2,219	2,159	2,159
Bursaries and scholarships	6,175	6,175	6,513	6,513
Promotions costs	2,030	2,030	2,172	2,172
Rent and rates	11,284	11,284	10,781	10,781
Heat, light, water and power	2,030	2,030	1,947	1,947
Repairs, refurbishment and scheduled maintenance	1,676	1,676	2,162	2,162
Insurance	386	386	408	408
Research and Development	3,575	3,575	3,893	3,893
Other expenses	7,223	7,223	6,724	6,724
	57,220	57,220	58,585	58,585

Other operating expenses include	2019 Consolidated £'000	2019 University £'000	2018 Consolidated £'000	2018 University £'000
Independent governors' expenses	7	7	8	8
Hire of other assets – operating leases	52	52	38	38

During the year to 31 July 2019, the University paid a block grant of £1,190,000 to the Union (2018: £1,190,000).

7. Interest and other nance costs

Pension scheme nance costs		
Loan interest		

8. Negative Goodwill

Cost/valuation	
As at 1 August 2018	
Additions	
Amortisation charge for year	
Net book value	

12. Creditors: amounts falling due within one year

	2019		2018	
	Group £'000	University £'000	Group £'000	University £'000
Bank loans	2,557	2,557	1,786	1,786
Bank overdraft	1,330	1,330	631	631
Trade payables	747	747	962	962
Other creditors	2,046	2,046	1,684	1,684
Amounts owed to Funding Body	556	556	453	453
Social security and other taxation payable	1,866	1,866	1,815	1,815
Accruals and deferred income	22,389	22,388	17,157	17,157
	31,491	31,490	24,488	24,487

Accruals and deferred income include £7.2m (2018: £5.8m) of income received in advance in connection with teaching and consultancy work.

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

Group and University	2019 £'000	2018 £'000
Bank loans	57,491	45,048
Other creditor	200	200
	57,691	45,248

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 oating to xed interest rate swaps with a xed 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:

	2019 £'000	2018 £'000
Repayable within 1 year	2,557	1,786
Repayable within 2-5 years	10,490	7,376
Repayable after 5 years	47,000	37,672
	60,047	46,834

14. Financial Instruments

	Consolidated		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost	36,533	50,245	36,474	50,198
Financial liabilities measured at amortised cost	(78,435)	(60,508)	(78,435)	(60,508)

Financial assets measured at amortised cost comprise cash, trade receivables, research grant receivables and other receivables.

Financial liabilities measured at amortised cost comprise secured loans, unsecured loans, nance leases, trade payables, salaries and wages, accruals and other payables.

During the year, the group and company borrowed funds from its bankers under a term loan of £15.0m which is repayable by 2039.

To hedge the potential volatility in future interest cash ows arising from movements in LIBOR, the group has entered into oating and xed rate swaps with a nominal value equal to that of the initial borrowings. These result in the group paying 1.042% and receiving GBP 3 Month LIBOR and e ectively x the total interest cost on the loan and interest rates swaps at 1.042% per annum.

15. Analysis of changes in consolidated nancing during the year

	Bank loans £'000
At 1 August	46,834
New loans	15,000
Capital repayments	(1,787)
At 31 July	60,047

18. Pensions (Continued)

18. Pensions (Continued)

Reconciliation of opening & closing balances of the net pension de cit

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
De cit at beginning of the year	(75,248)	(90,092)
Service cost	(10,330)	(11,339)
Employer contributions	4,535	4,312
Unfunded pension payments	12	12
Past Service Costs	(1,289)	(59)
Other nance costs	(1,972)	(2,376)
Actuarial gain	3,389	
Administration expenses	(91)	

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