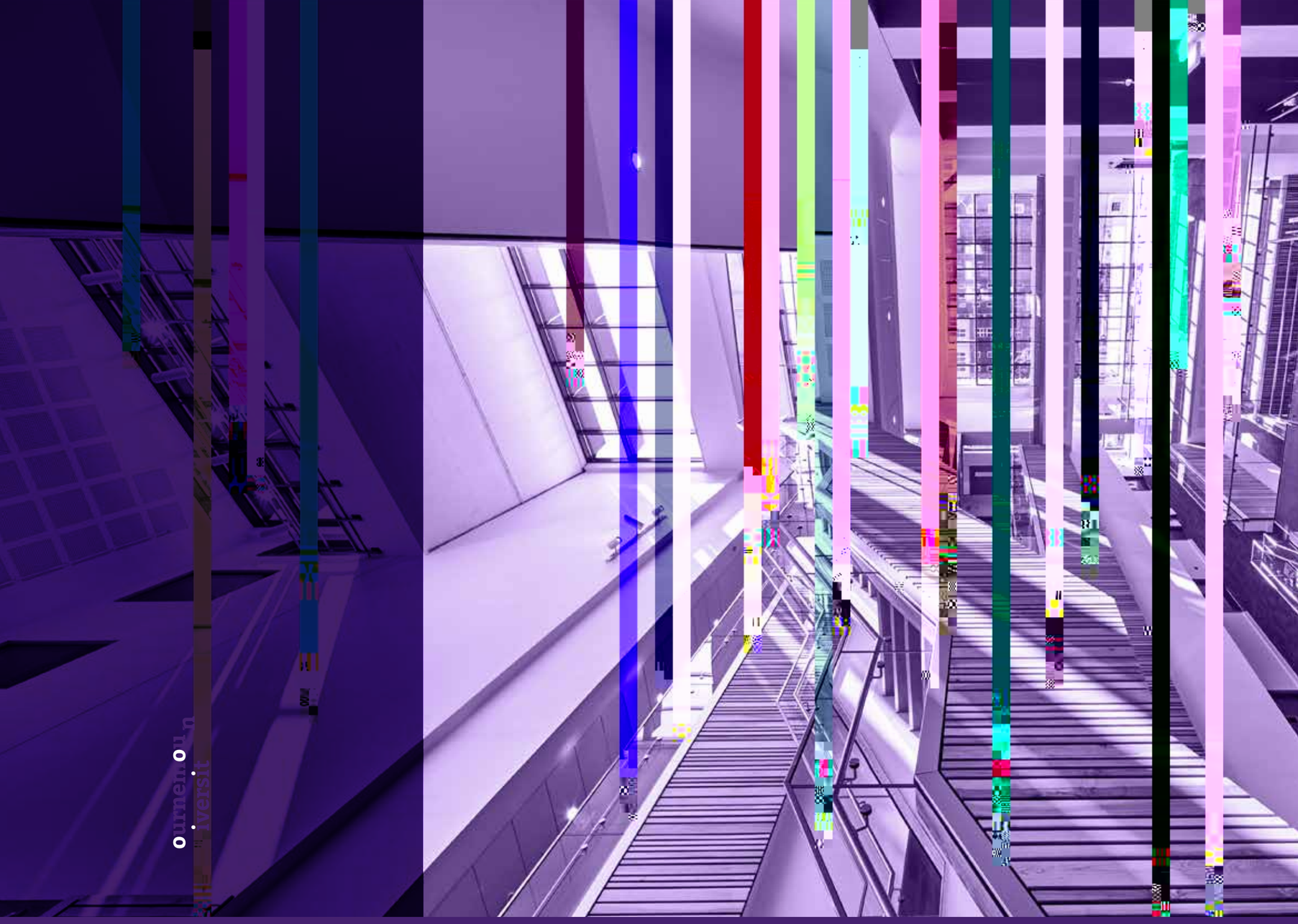

Financial highlights of the year

Five-year nancial summary excluding pension adjustment, gain on disposal of xed 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 xed 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	-	-
(De cit)/Surplus before other gains	(4.7)	(4.0)	(3.8)	(0.9)	1.6
Operating surplus excluding gain on disposal of xed 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 nancial 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 de cit of £4.7m. A gain on the disposal of xed assets £1.5m, an actuarial loss on the LGPS of £12.4m, and a positive move34 -5 anoharge)
in 2020-21 was 5.0%. Total operating incIC /sn <</MCID 13nT0 9.5 427.5633s (otal ope5sd, I1 was05.0%0TJ T* [(8.2mul(c)23.1 (ount(ements al(v)11 (e34.)108.9preh8 (ating inge) T)128 (otal e)23 (xpenditure-21 was 5.0%.4 (e.(118.8)Tj E(s operatinID 48 >>B0ed)C TD23 (ala0.)10

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 O ce for Students (OfS) and is responsible for ensuring that it satis es 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 Sta 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 bene t; 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 O ce 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 nancial 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. Brie ngs 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 Con icts 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 o ce. Re-appointment is not automatic and is subject to the appuision ocSpublishd ferem24 (h.)1o the apt is not auely providedh
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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.

The University has a number of mechanisms in place that it uses to ensure compliance with its obligations when utilising public funds, speci cally around regularity and propriety. It has in place a set of nancial regulations that all sta must comply with, that includes provisions covering procurement; use of funds for the means they have been provided for; value for money considerations and nancial controls. The latter includes schemes of delegation and nancial 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 e cient and e ective 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 nancial 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 speci c 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 e ectiveness 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, nancial, 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 re ects the University's vision and values.
5. In accordance with the O ce 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 o cer as the 'accountable o cer' who has the responsibilities set out by the OfS for an accountable o cer from time to time.
6. To ensure the establishment and monitoring of systems of control and accountability, including nancial and operational controls and risk assessment, value for money arrangements and procedures for handling internal grievances and for managing con icts of interest.
7. To establish processes to monitor and evaluate the performance and e ectiveness of the University Board itself. To receive assurance that appropriate processes are in place to monitor and evaluate the performance and e ectiveness 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 sta in the institution and to be responsible for establishing a human resources strategy.
13. To be the principal nancial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and nancial 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 in uence.

Professor Richard Conder
Chair of the Board

Our audit procedures were designed to respond to risks of material misstatement in the nancial 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 re ected in the nancial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the nancial 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 speci c 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.

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

Consolidated	Income and expenditure reserve		
	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 1 August 2019	1,500	40,290	41,790
De cit 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/(de cit) from the income	350	(3,618)	(3,268)i1j 700.5reDtEMC /P<</MCID1p50

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

Cash ow from operating activities

De cit for year

Adjustment for non-cash items

Depreciation

(Increase)/Decrease in stock

Decrease/(Increase) in debtors

(Decrease)/Increase in creditors

Gain/(loss) on investments

Increase in pension provision

Increase in other provisions

(Loss)/pro t on disposal of xed assets

Investment income

Interest payable

Capital grant income

Net cash from operating activities

Cash ows from investing activities

Proce inc

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Cash ows from inv /P nancities

6. Sta

Sta costs:				
Salaries and wages	65,809	65,809	67,043	67,043
Social security costs	6,915	6,915	7,051	7,051
The nancial e ects 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 sta .

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

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6. Sta (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 bene ts, employer's national insurance and employer's pension costs.

	2021 Number	2021 Number

d) Sta numbers emplo

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 Aug22000					

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 ow 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 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:

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

17. Analysis of changes in consolidated nancing during the year

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

20. Pensions (Continued)

Life expectancy from age 65 (years)	2021	2020

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	
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	Modi ed 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	-	-	

Modi ed 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	