Bournemouth University,
Higher Education Corporation

Report of the Board of Governors

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Independent auditors' report to the Board of Governors of Bournemouth University

Opinion on the financial statements

In our opinion, the nancial statements:

- gi e a true and fair ie of the state of the Groups and of the Uni ersit s a airs as at 31 Jul 2023 and of the Groups and the Uni ersit s income and e penditure, gains and losses, changes in reser es and of the Groups and the Uni ersit s cash o s for the ear then ended; and
- ha e been properl prepared in accordance ith United Kingdom Generall Accepted Accounting Practice.

We ha e audited the nancial statements of Bournemouth Uni ersit (the Uni ersit) and its subsidiaries (the Group) for the ear ended 31 Jul 2023 hich comprise the Consolidated and Uni ersit Statement of Comprehensi e Income and E penditure, the Consolidated and Uni ersit Statement of Changes in Reser es, the Consolidated and Uni ersit Balance Sheet, the Consolidated Statement of Cash Flo s and notes to the nancial statements, including a summar of signi cant accounting policies. The nancial reporting frame ork that has been applied in their preparation is applicable la and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generall Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance ith International Standards on Auditing (UK) (ISAs (UK)) and applicable la . Our responsibilities under those standards are further described in the Auditor s responsibilities for the audit of the nancial statements section of our report. We belie e that the audit e idence e ha e obtained is su cient and appropriate to pro ide a basis for our opinion.

Independence

We are independent of the Group and the Uni ersit in accordance ith the ethical requirements that are rele ant to our audit of the nancial statements in the UK, including the FRC s Ethical Standard, and e ha e ful lled our other ethical responsibilities in accordance ith these requirements.

Conclusions relating to going concern

In auditing the nancial statements, e ha e concluded that the Uni ersit s Board of Go ernors use of the going concern basis of accounting in the preparation of the nancial statements is appropriate.

Based on the ork e ha e performed, e ha e not identi ed an material uncertainties relating to e ents or conditions that, indi iduall or collecti el , ma cast signi cant doubt on the Group and the Uni ersit s abilit to continue as a going concern for a period of at least t el e months from hen the nancial statements are authorised for issue.

Our responsibilities and the responsibilities of the Uni ersit s Board of Go ernors ith respect to going concern are described in the rele ant sections of this report.

Other information

The Uni ersit s Board of Go ernors is responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the nancial statements and our auditor s report thereon. Our opinion on the nancial statements does not co er the other information and e do not e press an form of assurance conclusion thereon.

Our responsibilit is to read the other information and, in doing so, consider hether the other information is materiall inconsistent ith the nancial statements or our kno ledge obtained in the audit or other ise appears to be materiall misstated. If e identif such material inconsistencies or apparent material misstatements, e are required to determine hether there is a material misstatement in the nancial statements or a material misstatement of the other information. If, based on the ork e ha e performed, e conclude that there is a material misstatement of this other information e are required to report that fact.

We ha e nothing to report in this regard.

Opinion on other matters required by the O ce for Students ("OfS"), Education and Skills Funding Agency ("ESFA"), the Department for Education and UK Research and Innovation (including Research England)

In our opinion, in all material respects:

- Funds from hate er source administered b the Uni ersit for speci c purposes ha e been properl applied to those purposes and managed in accordance ith rele ant legislation.
- Funds pro ided b the OfS, UK Research and Inno ation (including Research England), the Education and Skills Funding Agenc and the Department for Education ha e been applied in accordance ith the rele ant terms and conditions.
- The requirements of the OfS s Accounts Direction (OfS 2019.41) ha e been met.

We ha e nothing to report in respect of the follo ing matters in relation to hich the OfS requires us to report to ou if, in our opinion:

- The Uni ersit s grant and fee income, as disclosed in note 4 to the accounts, has been materiall misstated.
- The Uni ersit s e penditure on access and participation acti ities for the nancial ear, as has been disclosed in note 11 to the accounts, has been materiall misstated.

Responsibilities of the University's Board of Governors

As e plained more full in the Responsibilities of the Uni ersit Board, the members of the go erning bod are responsible for the preparation of the nancial statements and for being satis ed that the gi e a true and fair ie , and for such internal control as the Uni ersit s Board of Go ernors determine is necessar to enable the preparation of nancial statements that are free from material misstatement, hether due to fraud or error.

In preparing the nancial statements, the Uni ersit s Board of Go ernors are responsible for assessing the Group and the Uni ersit s abilit to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Uni ersit s Board of Go ernors either intends to liquidate the Group or the Uni ersit or to cease operations, or ha e no realistic alternati e but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objecti es are to obtain reasonable assurance about hether the nancial statements as a hole are free from material misstatement, hether due to fraud or error, and to issue an auditor s report that includes our opinion. Reasonable assurance is a high le el of assurance but is not a guarantee that an audit conducted in accordance ith ISAs (UK) ill al a s detect a material misstatement hen it e ists. Misstatements can arise from fraud or error and are considered material if, indi iduall or in the aggregate, the could reasonabl be e pected to in uence the economic decisions of users taken on the basis of these nancial statements.

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

Irregularities, including fraud, are instances of non-compliance ith la s and regulations. We design procedures in line ith our responsibilities, outlined abo e, to detect material misstatements in respect of irregularities, including fraud. The e tent to hich our procedures are capable of detecting irregularities, including fraud is detailed belo :

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and Uni ersit and the sector in hich it operates;
- Discussion ith management and those charged ith go ernance and the Audit, Risk and Go ernance Committee:
- Obtaining and understanding of the Groups and Uni ersit s policies and procedures regarding compliance ith la s and regulations;
- Direct representation from the Accountable Sr te ARreporg0 02, on tSisstatemele oRcedderPe C t Accoludin(ct)11 (Fuepor)-30hethE(onentati s ahe) T a hethE(onentati(FEHE SORP)4ke, ahe a la s and regulatient re8 (ahe) T t cd ref non-complianccouhe instances of non-compliance ith la s and regulations;
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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 Uni ersit as created as a higher education corporation b an order of the Pri Council dated 26 April 1993 and deri es its po ers from section 123A and 123B of the Education Reform Act 1988 as amended b the Higher Education and Research Act 2017. The Uni ersit is an e empt charit established in England and Wales for the purposes of the Charit Act 2011.

2. Basis of preparation

These nancial statements ha e been prepared in accordance ith the Statement of Recommended Practice (SORP): the Further and Higher Education SORP 2019 (SORP 2019) and in accordance ith Financial Reporting Standards (FRS102). The Uni ersit is a public bene t entit and therefore has applied the rele ant public bene t requirement of FRS102. The nancial statements are prepared in accordance ith the historical cost conention.

Going concern

The nancial statements ha e been prepared under the going concern concept that the Board considers to be appropriate. As part of the Board s consideration of the appropriateness of adopting the going concern basis in preparing the nancial statements, a range of scenarios and sensitiities ere applied to the appro ed Budget for 2023/24 and the indicati e budget for 2024-25. These scenarios included a reduction in student numbers impacting tuition fee, accommodation and other income and, here applicable, associated sa ings in o erseas scholarships and agents commissions, ith possible operating cost reduction mitigation, coupled ith further reductions in research income (associated ith dela s in project deli er costs) and the impact of increases in both pa , pensions and non-pa in ation. The scenarios modelled e ecti el stress-tested each sensiti it , assessing likel orst and best case for each together ith a combination of all scenarios to assess the aggregate impact of all the risks considered. Under the plausible scenarios, the Uni ersit ould still be able to meet its obligations, can compl ith its nancial co enants and continue to operate for the foreseeable future and at least until Jul 2025. In order to gi e further assurance that the Uni ersit ould remain as a going concern should the impact of an of the sensitiities modelled be understated, it has access to re ol ing credit facilities of 20m together ith an o erdraft facilit of 5m. All of the going concern scenarios indicate that these ill not be utilised at an time in the foreseeable future and at least until Jul 2025.

3. Basis of consolidation

The consolidated nancial statements sho the position of the Uni ersit and all its holl o ned subsidiar undertakings for the nancial ear ended 31 Jul 2023. Intra-group sales and pro ts are eliminated on consolidation. The consolidated nancial statements do not include those of the Bournemouth Uni ersit Students Union as it is separatel constituted, and the Uni ersit does not e ercise control or signi cant in uence o er the Union.

4. Revenue Recognition

Fee income is stated gross of an e penditure hich is not a discount or fee ai er and credited to the Consolidated Statement of Comprehensi e Income and E penditure. Bursaries and scholarships are accounted for gross as e penditure and not deducted from income.

Income from the sale of goods or ser ices is credited to the Consolidated Statement of Comprehensi e Income and E penditure hen the goods or ser ices are supplied to the e ternal customer, or the terms of the contract ha e been satis ed.

In estment income is credited to the Consolidated Statement of Comprehensi e Income and E penditure on a recei able basis.

Funds the Uni ersit recei es and disburses as pa ing agent on behalf of a funding bod are e cluded from the income and e penditure of the Uni ersit here the Uni ersit is e posed to minimal risk or enjo s minimal economic bene t related to the transaction.

5. Grant funding

Go ernment re enue grants, including funding council block grant and research grants are recognised in income o er the period in hich the Uni ersit recognises the related costs for hich the grant is intended to compensate. Where part of a go ernment grant is deferred it is recognised as deferred income ithin creditors and allocated bet een creditors due ithin one ear and due after more than one ear, as appropriate.

Grants (including research grants) from non-go ernment sources are recognised in income hen the Uni ersit is entitled to the income and performance related conditions ha e been met. Income recei ed in ad ance of performance related conditions being met is recognised as deferred income ithin creditors on the balance sheet and released to income as the conditions are met.

6. Capital grants

Capital grants are recognised as income hen the Uni ersit is entitled to the funds subject to an performance related conditions being met.

7. Donations and endowments

Donations and endo ments are non-e change transactions ith no performance-related conditions. All donation and endo ment income (restricted or other ise) is recognised in the Statement of Comprehensi e Income (and E penditure) hen the Uni ersit is entitled to the funds. All donation and endo ment income, here the donor states that the fund is to be used for a speci c acti it or purpose, is identi ed, and retained in separate Restricted reser es until such time that the are utilised (e pended), at hich point the restricted income reser e is released (transferred) to the unrestricted (general) reser e.

In estment income and mo ements in fair alue of endo ments are recorded as income in the ear in hich the arise, according to the terms and nature of the endo ment.

There are three main t pes of donations and endo ments identi ed ithin reser es:

1. Restricted donations - the donor has speci ed that the donation must be used for a particular objecti e.
2. Restricted e pendable endo ments - the donor has speci ed a particular objecti e other than the purchase or construction of tangible ed assets, and the Uni ersit has the po er to use the capital.
3. Restricted permanent endo ments - the donor has speci ed that the fund is to be permanentl in ested to generate an income stream to be applied to a particular objecti e.

8. Research & Development

Research & de elopment e penditure is ritten o in the ear incurred.

9 Maintenance of premises

The Uni ersit charges maintenance costs to the Consolidated Statement of Comprehensi e Income and E penditure as the are incurred.

10. Borrowing costs

Borro ing costs are recognised in the Consolidated Statement of Comprehensi e Income and E penditure in the period in hich the are incurred.

11. Foreign currencies

Foreign currenc transactions are translated into sterling at the rates ruling hen the occurred. Foreign currenc monetar assets and liabilities are translated at the rates ruling at the balance sheet dates. An di erences are taken to the Consolidated Statement of Comprehensi e Income and E penditure.

12. Hedge accounting

The Uni ersit has entered into ariable to ed rate interest s ap to manage its e posure to interest rate cash o risk on its ariable rate debt. The deri ati e is measured at fair alue at each reporting date. To the e tent the hedge is e ecti e; mo ement in its fair alue is recognised in other comprehensi e income. An ine ecti e portions of those mo ements are recognised in the Consolidated Statement of Comprehensi e Income and E penditure for the period.

13. Tangible assets

As a consequence of the Education Reform Act 1988, the freehold interest in the land and buildings occupied b the Uni ersit as transferred from Dorset Count Council ith e ect from 1 April 1989. On 1 April 1989, the inherited propert as alued at 17.2m b a rm of chartered sur e ors using the depreciated replacement cost basis. The land as alued at transferred debt. The propert is recorded in the nancial statements at these alues, as adjusted for subsequent disposals.

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

The initial cost recognition of a tangible asset is its purchase cost plus an directl attributable costs to bring the asset to it intended operating location and condition.

Assets under construction are accounted for at cost, based on the alue of direct costs incurred to 31 Jul . As these assets become complete and operational, the are transferred to the appropriate asset categor . The are not depreciated until the accounting period in

Consolidated and University statements of changes in reserves for the year ended 31 July 2023

Consolidated	Income and expenditure account			
	Endowment £'000	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 1 August 2021	–	1,850	(29,611)	(27,761)
De cit from income and expenditure statement	–	–	(5,954)	(5,954)
Other comprehensive income	–	–	127,004	127,004
Total comprehensive surplus for the year	–	–	121,050	121,050
Balance at 31 July 2022	–	1,850	91,439	93,289
Surplus from income and expenditure statement	54	(1,741)	5,851	4,164
Other comprehensive income	–	–	40,441	40,441
Total comprehensive surplus for the year	54	(1,741)	46,292	44,605
Balance as at 31 July 2023	54	109	137,731	137,894

University	Income and expenditure account			
	Endowment £'000	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 1 August 2021				

	2023 Consolidated £'000	2023 University £'000	2022 Consolidated £'000	2022 University £'000
6. Donations and endowments				
Endowments	71	71	-	-
Donations with restrictions	336	336	-	-
Unrestricted donations	38	38	90	90
	445	445	90	90
7. Investment income				
Income from investments	1,204	1,204	79	79
Income from endowment investments	7	7	-	-
	1,211	1,211	79	79
8. Sta costs				
Salaries and wages	72,262	72,262	67,830	67,830
Social security costs	7,824	7,824	7,357	7,357
Other pension costs	14,282	14,282	13,053	13,053
The nancial e ects of LGPS and USS pension scheme provision	3,432	3,432	12,503	12,503
Redundancy costs	373	373	140	140
	98,173	98,173	100,883	100,883

Compensation for the loss of o ce:

Compensation paid for the loss of o ce in the nancial year was £373k (2022: £140k) relating to 27 (2022: 17) members of sta .

	2023	2022
Group and University average sta numbers by major category (full-time equivalent)		
Academic (excluding part-time lecturers)	697	697
Administrative, professional, technical and clerical sta	858	851
Manual and maintenance sta	27	27
Total average number of sta	1,582	1,575

Key management personnel compensation

The University considers that key management personnel are the 6 individuals (Full Time Equivalent 4.7) (2022: 5 individuals, Full Time Equivalent of 4.0) who serve as members of the University Executive Team having authority and responsibility for planning, directing, and controlling the activities of the Institution. Total compensation includes basic salary, all taxable bene ts, employer's national insurance contributions and employer's pension costs. No performance bonuses were paid in the nancial year.

	2023 £'000	2022 £'000
Key management personnel compensation	1,193	1,087
Emoluments of the Vice Chancellor		
Basic salary	293	285
Bene ts-in-kind	4	3
	297	288
Pension contributions	-	45
Payments in lieu of pension contributions	57	19
	354	352

The remuneration of the Vice-Chancellor is set by the Remuneration Committee, which comprises independent lay members of Council who possess relevant knowledge and expertise. The Vice-Chancellor is not in attendance for, and does not play any part in, the discussions and decisions of his own remuneration.

The bene t in kind for the Vice-Chancellor relates to membership of a corporate healthcare schemeetT Tff 0 Tso8 >>BDC Eeu (v

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	2023 Consolidated £'000	2023 University £'000	2022 Consolidated £'000	2022 University £'000
14. Stocks				
Stock	3	3	3	3

	Treasury Gilts £'000	Total £'000
15. Current investments		
As 1 August 2022	43	43
Transfer	(23)	(23)
At 31 July 2023	20	20

The University holds unrestricted Treasury 2.5% Index Linked Gilts, redeemable on 14 July 2024.

	Consolidated4 £'0040	2023 University4 £'005	2023 Consolidated4 £'005	20222 University4
16. Trade and other receivables due within one year				
Trade receivables before impairment				
Impairment				
Amounts owed by Group companies				
Other receivables				
Prepayments				
Accrued income				
Interest rate cash ow hedge				

17. Cash and cash equivalents	
Cash	
Cash equivalents	
Short-term deposits	
Money market funds	

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

Group and University

25. Endowment reserve

Group and University	Restricted Permanent £'000	Restricted Permanent £'000	2023 Total Endowment Reserves £'000	2022 Total Endowment Reserves £'000
As 1 August – Capital	–	–	–	–
Accumulative income	–	–	–	–
New endowments				

26. Pensions (continued)

The total cost charged to the statement of comprehensive income is £90k (2021-22 £873k).

De cit recovery contributions due within one for the institution are £87,328 (2021-22 £80,530)

The latest available complete actuarial valuation of the Scheme is as at 31 March 2020 (the valuation date), and was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (de ned bene t) assets and liabilities, the following disclosures re ect those relevant for those assets and liabilities as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-speci c funding regime introduced by the Pensions Act 2004, which requires schemes to have su cient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key nancial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-fundingprinciples)

CPI assumption	Terms dependent rates in line with the di erence between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term di erence of 0.1% p.a. from 2040.
Pension increases (subject to a oor of 0%)	CPI assumption plus 0.05%.
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post-retirement: 1.00% p.a.

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 2020 actuarial valuation. The mortality assumptions used in these gures are as follows:

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2109 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% p.a. for males and 1.6& p.a. for females

The current life expectancies on retirement at age 65 (years) are:	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	

26. Pensions (continued)

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the de ned bene t 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%	Base	-0.1%
Present value of total obligation	173,212	176,633	180,154
Projected service cost	4,790	4,977	5,171
Adjustment to long term salary increase	+0.1%	Base	-0.1%
Present value of total obligation	176,913	176,633	176,355
Projected service cost	4,981	4,977	4,974
Adjustment to pension revaluation	+0.1%	Base	-0.1%
Present value of total obligation	179,953	176,633	173,407
Projected service cost	5,174	4,977	4,786
Adjustment to life expectancy	+1 year	Base	-1 year
Present value of total obligation	181,482	176,633	171,920
Projected service cost	5,149	4,977	4,810

Projected pension expense for the year to 31 July 2024	£'000
Service cost	4,977
Net interest on de ned liability/(asset)	599
Administration expenses	105
Total cost	5,681
Employer Contribution	5,951

27. Operating lease obligations

As at 31 July 2023, the University was committed to making the following payments during the forthcoming years in respect of operating leases:

Future minimum lease payments due:	Land and buildings £'000	Other £'000	Total 2023 £'000	Land and buildings £'000	Other £'000	Total 2022 £'000
Within one year	6,044	34	6,078	6,065	31	6,096
Between one and ve years	13,596	9	13,605	17,540	19	17,559
More than ve years	181	-	181	4,731	-	4,731
Total lease payments due	19,821	43	19,864	28,336	50	28,386

28. Capital Commitments

Group and University

Provision has not been made for the following capital commitments at 31 July 2023

Capital commitments	2022 £'000	2023 £'000
Commitments contracted for	4,868	2,537

29. Related Party Transactions

The University has taken advantage of the exemption within FRS102 Section 33 (Related Party disclosures) and has not disclosed transactions with wholly owned subsidiary companies.

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. During the year ended 31 July 2023 the University gave Bournemouth University Students Union a block grant and payments for services totalling £1.19m (2021-22: £1.19m).

All transactions involving organisations in which a member of the Board may have an interest are conducted in accordance with the University's nancial regulations and normal procurement procedures.

The University maintains a Register of Interests of members of the Board and senior o cers. The list below represents the trading transactions and year-end close balances with organisations of which the relevant Board member or senior o cer holds a position of in uence in both the related party and the Institution.

Related Parties Disclosure		Income £'000's	Expenditure £'000's	Debtor £'000's	Creditor £'000's
Bournemouth University Community Business Limited	Mr J Andrews Mr S Jones	332	–	105	–
Bournemouth University Students' Union	Mr C Dike	–	1,067	–	–
Dorset Local Enterprise Partnership	Mr J Andrews	739	–	62	–
University Hospital Dorset NHS Foundation Trust	Prof J Vinney	414	110	–	–

30. Federal Loans program

The Uni ersit has an obligation as part of our participation in the US Federal Loans program to include Supplemental Information