o emouth
Universıt

10935-01/21

Balance sheet

also accommodates new animation, games and music and PC laboratories, equipped

f. There is a risk that BU does not fulfil its reserves policy or, if in breach, has

To put this commitment into practice we will continue our membership of

g. As a result of University initiatives, over 1000 students have engaged with

Our students are key beneficiaries of

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 autumn meeting of the Committee for the consideration of the annual Financial Statements.

c. 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.

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 effectively.

e. 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.

f. 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 2019-20, a total of £5,248 (2018-19 £6,947) was paid in respect of claims for travel and subsistence expenses incurred in connection with their duties as trustees by 9 Board members. 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 this year, 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.

6. 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 external review is currently in progress and will report to the Board in early 2021. In addition, the Board's committees periodically review their own effectiveness and the Finance and Resources Committee undertook such a review this year, resulting in changes to processes which gave the Committee a greater level of engagement with the auditors on relevant matters. Board Members,

Changes in equity for the year ended 31 July 2020

Consolidated	Income and expenditure reserve		
	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 1 August 2018	1,500	40,697	42,197
Surplus/(de cit) from the income and expenditure statement	–	(3,796)	(3,796)
Other comprehensive income	–	3,389	3,389
Balance at 31 July 2019	1,500	40,290	41,790
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)

University	Income and expenditure reserve		
	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 1 August 2018	1,500	40,651	42,151
Surplus/(de cit) from the income and expenditure statement	–	(3,808)	(3,808)
Other comprehensive income	–	3,389	3,389
Balance at 31 July 2019	1,500	40,232	41,732
Balance at 1 August 2019	1,500	40,232	41,732
De cit from the income and expenditure statement	–	(3,973)	(3,973)
Other comprehensive income/(loss)	–	(46,496)	(46,496)
Balance at 31 July 2020	1,500	(10,237)	(8,737)

Consolidated and University balance sheet as at 31 July 2020

Non-current assets		
Intangible assets and goodwill		
Tangible assets		
Investments		
Current assets		
Stocks		
Investments		
Trade and other receivables		
Cash and cash equivalents		
Creditors: Amounts falling due within one year		
Net current (Liabilities)/Assets		
Total assets less current liabilities		
Creditors: Amounts falling due after more than one year		
Pension provision		
RLia		
Restriive		
RLia		

d) S a n mber empl oed

Academic sta (excluding part-time visiting lecturers)		
Administrative, professional, technical and clerical sta		
Manual and maintenance sta		
	1,561	1,586

2020

7. O her opera ing e pen e

14. Creditors: amounts falling due within one year

	2020		2019	
	Group £'000	University £'000	Group £'000	University £'000
Bank loans	7,577	7,577	2,557	2,557
Bank overdraft	1,065	1,065	1,330	1,330
Trade payables	1,959	1,959	747	747
Other creditors	2,365	2,365	2,046	2,046
Amounts owed to Funding Body	–	–	556	556
Social security and other taxation payable	6,242	6,238	1,866	1,866
Accruals and deferred income	16,654	16,572	22,389	22,388
	35,862	35,776	31,491	31,490

Accruals and deferred income include £7.1m (2019: £7.2m) 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	2020 £'000	2019 £'000
Bank loans	54,915	57,491
Other creditor	200	200
Interest rate cash ow hedge	1,161	–
	56,276	57,691

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:

	2020 £'000	2019 £'000
Repayable within 1 year	7,577	2,557
Repayable within 2-5 years	10,588	10,490
Repayable after 5 years	44,327	47,000
	62,492	60,047

16. Financial Instruments

19. Operating lease and Capital commitments

At 31 July 2020, the University was committed to making the following payments during the next year in respect of operating leases:

	2020		2019	
	Land and Buildings £'000	Other	Land and Buildings	Other

20. Pensions (Continued)

Pension increases (CPI)	Terms dependent rates in line with the difference between the Fixed Interest and Index	6

20. Pensions (Continued)

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 2020 is estimated to be -3%. The actual return on Fund assets over the year may be di erent.

The estimated asset allocation for Bournemouth University as at 31 July 2020 is as follows.

Asset class	Asset allocation 31 July 2020 £'000	%	Asset allocation 31 July 2019 £'000	%
Equities	65,192	52%	65,472	51%
Other Bonds	10,038	8%	9,135	7%
Diversi ed Growth Fund	7,241	6%	7,490	6%
Property	12,542	10%	13,378	10%
Cash	1,309	1%	3,335	3%
Liability Driven Investment	15,230	12%	16,797	13%
Infrastructure	8,583	7%	6,761	5%
Secured Income Funds	681	1%	–	n/a
Multi Asset Credit	5,714	5%	5,886	5%
Total	126,530	100%	128,254	100%

Based on the above, the Employer's share of the assets of the Fund is approximately 4%.

Reconciliation of DCSS LGPS pension liability recognised in balance sheet

Net pension de cit as at	31 July 2020 £'000	31 July 2019 £'000
Present value of funded obligation	(261,283)	(209,102)
Fair value of scheme assets	126,530	128,254
Net liability	(134,753)	(80,848)
Present value of unfunded obligation	(137)	(146)
Pension liability in balance sheet	(134,890)	(80,994)

The amounts recognised in the income and expenditure statement are:

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
Service cost:	11,727	11,619
Net interest on de ned liability Service cogtrligatiee cxsesets		

20. Pensions (Continued)

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

	Year to 31 July 2020 £'000	Year to 31 July 2019 £'000
De cit at beginning of the year	(80,994)	(75,248)
Service cost	(11,344)	(10,330)
Employer contributions	4,930	4,535
Unfunded pension payments	12	12
Past Service Costs		

Bournemouth University **Higher Education Corporation**

22. Analysis of net debt

	At 1 August 2019 £000	Cash flow £000	Other non-cash movement £000	At 31 July 2020 £000
Cash at bank and in hand	30,219	(10,104)	–	20,115
Bank overdraft	(1,330)	265	–	(1,065)
Bank loans	(60,048)	(2,444)	–	(62,492)
Interest rate swap	–	–	(1,161)	(1,161)
Net debt at end of year	(31,159)	(12,283)	(1,161)	(44,603)

23. Post balance sheet event

Banking facilities

On 27 November 2020 the University entered into a new £10m Revolving Credit Facility with Barclays providing additional facilities to the University if required. The facility is unsecured and has been provided for an initial three years from the date of signing. The University can request a 12 month extension of the facility before the 3rd anniversary and again, if extended, a second 12 month extension before the 4th anniversary. Barclays have the option to agree to the extension or not.