



Bournemouth  
Univer





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Prof Richard Conder (Chair)

Mr Nicholas Beal

Mr Alistair Brien

Mr Jonathan Clark

Mrs Sheila Collins

Ms Annette D'Abreo

Mr David Furniss

Prof Timothy Irish (to 30 June 2018)

Mr Stuart Jones

Mr David N1FTJp(t)11 2 (2.2) Jep 45 (ro)35 Tmm0 0 m99.055 0 LS 0 0 1 9t)11(orV1MBDC 0 0Bq1 0 0( )Tja)40hune 2018)ld( )Tj1 23 Td( (6 0 0 1 951d99.055 0 LS 0 0 niss )Tjde1 (o) 0 Tw)5 (ernal.013 95 (l)ut from 7)54TjJul( )Tj.2J Jep 45 (ro)(Dr1 Dav22 aw

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2017-18 was the final year of the BU2018 strategic plan and another year of success. Financial performance remained strong with the University achieving an underlying operating surplus of £8.6m. BU continued to improve facilities on our campus with construction commencing on two new buildings. The Bournemouth Gateway Building which will accommodate our Faculty of Health & Social Sciences and the Poole Gateway Building, providing high-quality technical facilities that support undergraduate and postgraduate courses as well as research.

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.

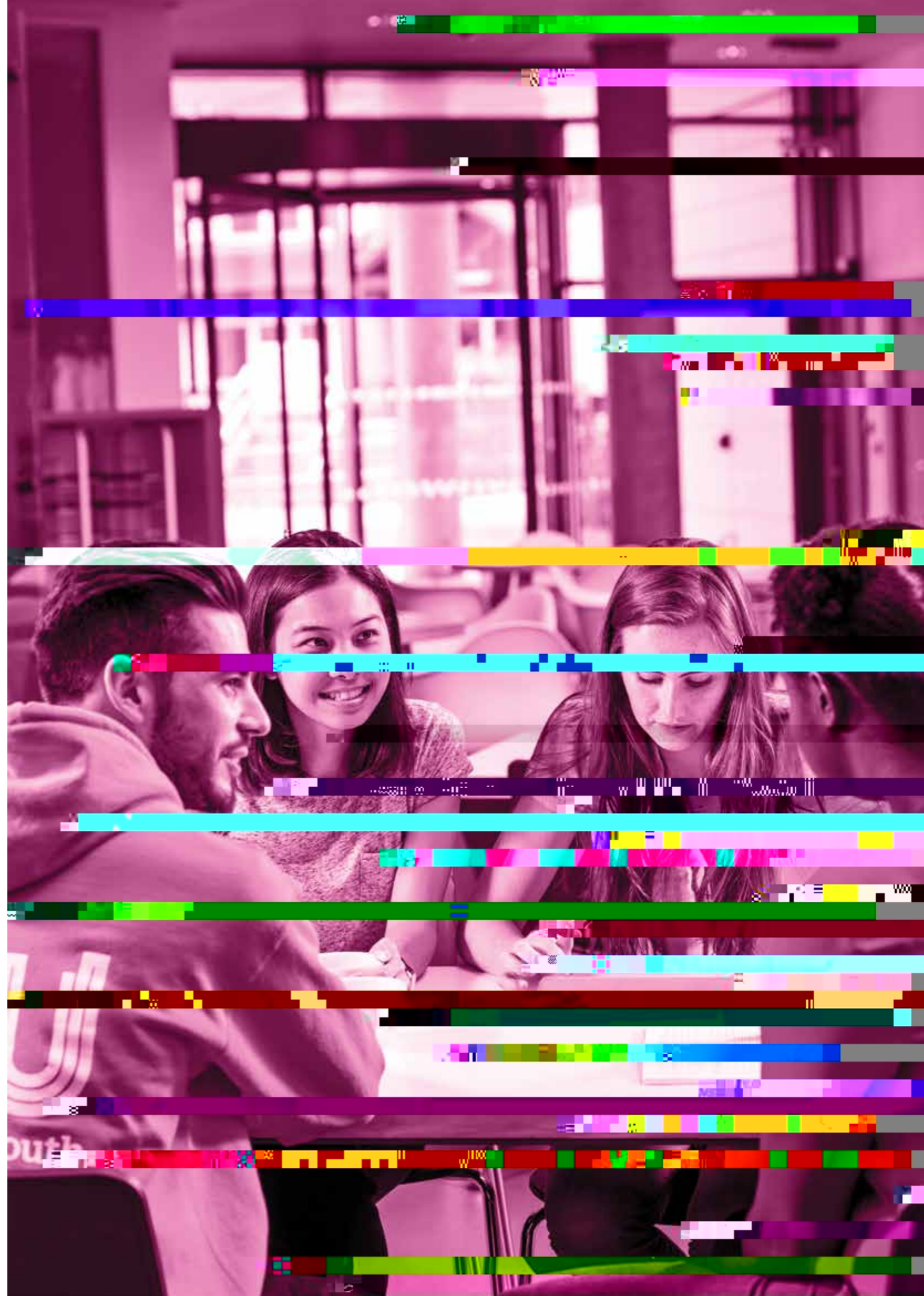
We have defined what BU will be like in 2025, and developed a strategic plan to enable us to achieve those outcomes and our BU2025 vision.

We will focus on our ongoing implementation of Fusion across BU, and our investment in areas of academic excellence. We have identified a number of areas which we intend to invest in over the next plan period, to build academic excellence that builds on our existing strengths, for example in medical science, and animation, visualisation and simulation.

We will build our impact in education, research and practice, to enrich society, and enhance our position as a sustainable organisation. We are proud of our work in this area, which is described in more detail below. We will continue to develop our networks externally and build our reputation worldwide.

In order to achieve these objectives, we have put in place plans to ensure that we continue to attract, develop and retain the right people and teams, embedding our values and delivering on our commitment to equality, diversity and inclusivity. We will measure ourselves against a set of metrics and performance indicators that we have developed using external benchmarks, and we will continue to focus on maintaining financial resilience.

The Financial Strategy has been developed to support the delivery of the University's Strategic Plan. The main aims of the financial strategy are the efficient use of resources to secure key and strategic priorities and ensuring overall financial sustainability by embedding value for money, increasing productive capacity and ensuring that investment is focused on delivering our Vision. The University manages financial stability within a financial risk model which defines the controls in which it operates.





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This year the University's application for registration with the Office for Students (OfS) was accepted in accordance with the Higher Education & Research Act 2017 (HERA). On the basis of its assessment, the OfS decided that the initial conditions of registration were satisfied and no specific ongoing conditions were imposed. The University is now responsible for ensuring that it satisfies all ongoing general conditions of registration.

The University maps its current practice against all its obligations under the CUC Code and the Audit, Risk and Governance Committee annually reviews that compliance report. The University has adopted and applied the CUC Code in full. This year the CUC also published its Higher Education Senior Staff Remuneration Code to which the University has had due regard, and is compliant with, the Code. In accordance with the OfS Accounts Direction, additional 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. Elected staff members serve three year terms subject to remaining in an appropriate post at the University and may be elected for a maximum of two terms. The elected President of the Students' Union is an





12. 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.

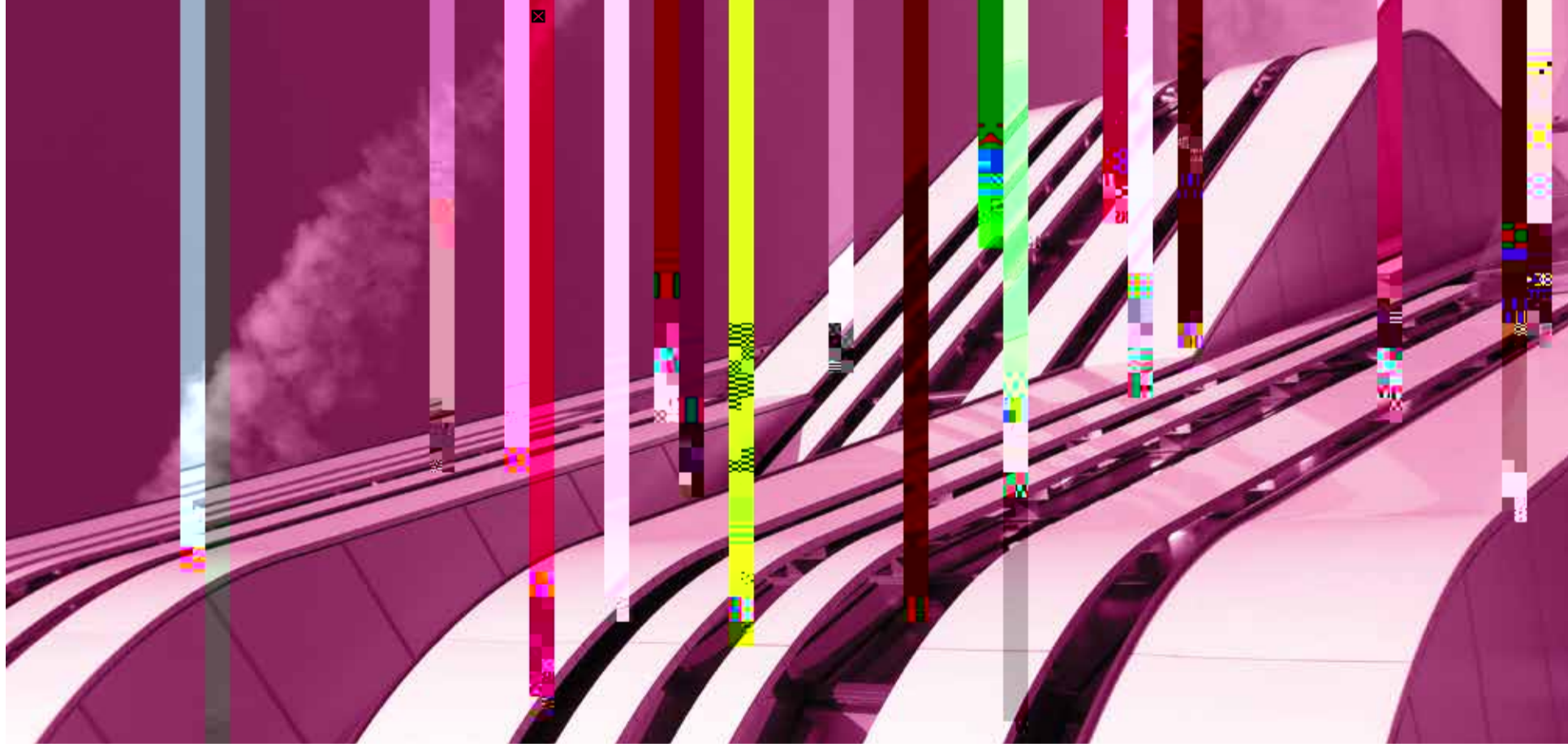
13. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.

14. To receive assurance that adequate provision has been made for the general welfare of students.

15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.

16. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

Chair of the Board  
23 November 2018



We have audited the financial statements of Bournemouth University (the University) and its subsidiaries (the Group) for the year ended 31 July 2018 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Cash Flow Statement and 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).

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 2018 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; have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the Board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Board are responsible for the other information. Other information comprises the information included in the report of the Board of Governors other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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, Statement of Corporate Governance and 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.

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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 and Research England have been applied in accordance with the Terms and Conditions of Funding and any other terms and conditions attached to them;
- the requirements of the OfS accounts direction have been met.

As explained more fully in the Board members' responsibilities statement set out on page 13, the Board 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 Board members 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 Board 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 Board either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

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.

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](http://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 from the Office for Students and Research England.

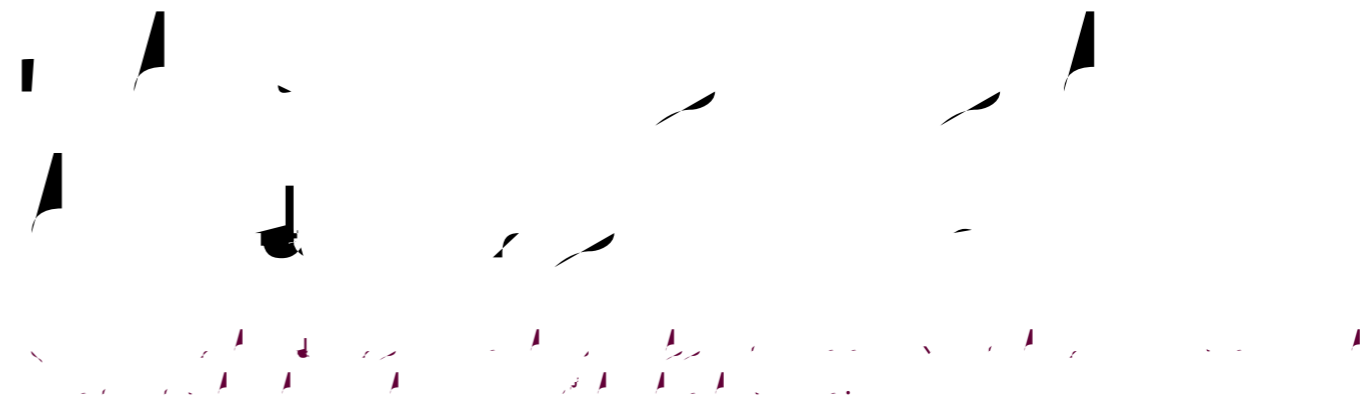
This report is made solely to the University Board, as a body, in accordance with Paragraph 124B of the Education Reform Act 1988 Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the University's Board of Governors those matters we are required to state 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 Board members as a body, for our audit work, for this report, or for the opinions we have formed

*LLP KDO*

For and on behalf of BDO LLP, Statutory Auditor Southampton

Date: 29 November 2018

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



1.

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.

2.

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 years ended 31 July 2018. 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.


As a consequence of the Education Reform Act 1988, the freehold interest in the land and buildings occupied by the University was

The institution is an exempt charity

Foreign currency transactions

b. Unrestricted permanent endowments: the donor has specified that the fund is to be

1 . Capital grants are recognised

A liability is recorded in provisions for any contractual commitment to fund past deficits within

is limited to the extent to which the University is able to recover general fund income from other

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.

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

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Balance at 1 August 2016	¥000	¥000	¥000
Surplus from the income and expenditure statement	1,500	2,679	4,179
Other comprehensive income		1,636	1,636
Balance at 31 July 2017	1,500	5,293	6,793
Balance at 1 August 2017	1,500	5,293	6,793
Surplus from the income and expenditure statement		11,024	11,024
Other comprehensive income		24,380	24,380
Balance at 31 July 2018	1,500	40,697	42,197
Balance at 1 August 2016	¥000	¥000	¥000
Surplus from the income and expenditure statement	1,500	2,663	4,163
Other comprehensive income		1,615	1,615
Balance at 31 July 2017	1,500	5,256	6,756
Balance at 1 August 2017	1,500	5,256	6,756
Surplus from the income and expenditure statement		11,015	11,015
Other comprehensive income		24,380	24,380
Balance at 31 July 2018	1,500	40,651	42,151

Tangible assets  
Investments

Stocks  
Investments

Trade and other receivables  
Cash and cash equivalents

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31 July 201

	201 '000	201 '000
Surplus for year	11,024	1,636
Depreciation	10,129	10,850
Decrease/(increase in stock)	1	(2)
(Increase)/decrease in debtors	(751)	833
Increase/(decrease in creditors)	4,435	(3,205)
Pension costs less contributions payable	9,409	6,597
	<u>34,247</u>	<u>16,709</u>
Investment income	(276)	(285)
Financial expenses	1,471	1,192
Profit on sale of fixed assets	(11,875)	
Capital grant income	(1,910)	(1,259)
	<u>21,657</u>	<u>16,357</u>
Proceeds from sale of fixed assets	26,799	39
Investment income	276	285
Purchase of fixed assets	(27,425)	(16,009)
Capital grant income	1,910	1,259
	<u>1,560</u>	<u>(14,426)</u>
Interest paid	(1,471)	(1,192)
New secured loans	30,000	5,000
Loans repaid	(11,140)	(10,495)
	<u>17,389</u>	<u>(6,687)</u>
( )	<u>40,606</u>	<u>(4,756)</u>
Cash and cash equivalents at beginning of year	3,712	8,468
Cash and cash equivalents at end of year	<u>44,318</u>	<u>3,712</u>
Cash and cash equivalent	44,950	5,805
Bank overdrafts	(632)	(2,093)
	<u>44,318</u>	<u>3,712</u>

	201 Consolidated '000	201 University '000	201 Consolidated '000	201 University '000
1. HEFCE recurrent grant	6,705	6,705	10,050	10,050
OfS recurrent grant	1,676	1,676		
Research England recurrent grant	1,091	1,091		
Non-recurrent specific grant	607	607	645	645
Capital grant release	1,910	1,910	1,259	1,259
	<u>11,989</u>	<u>11,989</u>	<u>11,954</u>	<u>11,954</u>
2. Full-time students	96,744	96,744	91,582	91,582
Full-time students charged overseas fees	13,593	13,593	13,115	13,115
Part-time fees	2,598	2,598	2,370	2,370
Short course fees	2,377	2,377	2,337	2,337
Other teaching contract course fees	11,809	11,809	14,725	14,725
	<u>127,021</u>	<u>127,021</u>	<u>112,139</u>	<u>112,139</u>
Research Council				
UK based charities				
European commission				
Other grants and contracts				
Residences				
Other services rendered				
Other income				
Salaries and wages				
Social security costs				
The financial effects of LGPS pension scheme				
Other pension costs				
Redundancy and associated pension costs				



	201	201	201	201
( )	'000	'000	'000	'000
- Taxation advisory services			7	7
- Internal Auditors remuneration	65	65	65	65
Legal and professional	2,159	2,159	1,674	1,674
Bursaries and scholarships	6,513	6,513	5,938	5,938
Promotions costs	2,172	2,172	2,030	2,030
Rent and rates	10,781	10,781	8,197	8,197
Heat, light, water and power	1,947	1,947	2,019	2,019
Repairs, refurbishment and scheduled maintenance	2,162	2,162	1,765	1,765
Insurance	408	408	380	380
Research and Development	3,893	3,893	3,870	3,870
Other expenses	6,724	6,724	7,163	7,163
	<u>58,585</u>	<u>58,585</u>	<u>58,220</u>	<u>58,220</u>

	201	201	201	201
	'000	'000	'000	'000
Independent governors' expenses	8	8	6	6
Hire of other assets operating leases	38	38	53	53

	201	201	201	201
	'000	'000	'000	'000
Pension scheme finance costs	2,391	2,391	2,164	2,164
Loan interest	1,471	1,471	1,192	1,192
	<u>3,862</u>	<u>3,862</u>	<u>3,356</u>	<u>3,356</u>

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

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 18. 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.

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.

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	201		201	
	'000	'000	'000	'000
Stock	5	5	6	6
<b>10.</b>				
	201		201	
	'000	'000	'000	'000
Other trade receivables	3,101	3,101	2,919	2,919
Prepayments and accrued income	6,796	6,796	6,227	6,227
	9,897	9,897	9,146	9,146
<b>11.</b>				
	201		201	
	'000	'000	'000	'000
Bank loans	1,786	1,786	5,531	5,531
Bank overdraft	631	631	2,093	2,093
Trade payables	962	962	1,800	1,800
Other creditors	1,684	1,684	1,810	1,810
Amounts owed to Funding Body	453	453		
Social security and other taxation payable	1,815	1,815	1,838	1,838
Accruals and deferred income	17,157	17,156	12,186	12,185
	24,488	24,487	25,258	25,257

Accruals and deferred income include 5.8m (2011: 6.4m) of income received in advance in connection with teaching and consultancy work.

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At 1 August	27,974
New loans	30,000
Capital repayments	<u>(11,140)</u>
At 31 July	<u>46,834</u>

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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. To date, no such claims have been made.

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.

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The return on the Fund (on a bid to bid value basis) for the year to 31 July 2018 is estimated to be 5%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Bournemouth University as at 31 July 2018 is as follows.

	1 201 '000	%	1 201 '000	%
Equities	63,062	55%	58,154	55%
Other Bonds	7,981	7%	11,945	11%
Diversified Growth Fund				
Fund	6,910	6%	4,582	4%
Property	11,708	10%	9,283	9%
Cash	1,078	1%	2,834	3%
Liability Driven Investment	14,459	13%	14,036	13%
Infrastructure	4,911	4%	4,637	4%
Hedge Fund	0	n/a	15	0%
Multi Asset Credit	5,343	5%	n/a	n/a
<b>Total</b>	<b>115,452</b>	<b>100%</b>	<b>105,486</b>	<b>100%</b>

Opening defined benefit obligation

Current service cost

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

	1 201 '000	1 201 '000
Net pension deficit as at		
Present value of funded obligation	(190,542)	(195,405)
Fair value of scheme assets	115,452	105,486
Net liability	(75,090)	(89,919)
Present value of unfunded obligation	(158)	(173)
Pension liability in balance sheet	(75,248)	(90,092)

	1 201 '000	1 201 '000
Service cost:	11,398	8,453
Net interest on the defined liability (asset)	2,376	2,147
Administration expenses	86	69
	<b>13,860</b>	<b>10,669</b>

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	<b>1</b>	<b>1</b>
	<b>201</b>	<b>201</b>
	'000	'000
Debit at beginning of the year	(90,092)	(84,355)
Service cost	(11,339)	(8,164)
Employer contributions	4,312	3,941
Unfunded pension payments	12	13
Past Service Costs	12	12

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