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.