



Bournemouth
University

Bournemouth University Higher Education Corporation

**Report and financial statements
for the year ended 31 July 2013**

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

BOARD MEMBERS AND ADVISERS

Board Members (External)

Ms Sue Sutherland
Mr Chris Appleton
Dr Peter Barnwell (to April 2013)
Mr Ian Carter (to July 2013)
Mr Jonathan Clark (appointed March 2013)
Mrs Sheila Collins (appointed March 2013)
Prof Richard Conder
Ms Joanna Dawson (to July 2013)
Mr Julian Francis (to November 2012)
Mr James Granger
Prof Christine Hallett (to October 2012)
Mr David Hines
Dr John Knowles
Mr Tim Lee (Deputy Chair)
Dr Fiona McMillan (re-appointed March 2013)
Mr Donald McQueen
Dr Peter Rawlinson
Dr Chris Shaw (appointed July 2013)
Mr Roy Spragg
Ms Caroline Troy (appointed July 2013)

Board Members (Internal)

Mr Jim Andrews
Ms Mandi Barron
Prof Matthew Bennett
Ms Louise Bryant (to July 2013)
Ms Marian Mayer
Prof Tim McIntyre-Bhatty
Mr Andy Riggs (to May 2013)
Prof Elizabeth Rosser
Mr Murray Simpson (appointed July 2013)
Prof John Vinney

Auditors

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
Hants
S014 3TL

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

REPORT OF THE BOARD OF GOVERNORS

Scope and format of the financial statements

We are pleased to present the University's financial statements, including the Operating and Financial Review for 2013. The financial statements comprise the consolidated results of the University and its wholly-owned subsidiaries, Bournemouth University Limited (BUL), BU Innovations Limited (BUIL), BU Enterprise Ltd (BUEL) and The Bournemouth University Foundation. BUL, BUEL and BUIL donate the bulk of their profits to the University using gift aid. The subsidiary companies undertake activities which, for legal and commercial reasons, are more appropriately channelled through limited companies. The Bournemouth University Foundation exists to receive future legacies. BUL was dissolved in July 2013.

The financial statements adopt the provisions of the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions 2007.

Results for the year

The University's consolidated income, expenditure and results for the year ended 31 July 2013 are summarised as follows:

	<u>2013</u>	<u>2012</u>
	£000	£000
Income	120,424	117,145
Expenditure	120,265	115,569
Surplus for the year	<u>159</u>	<u>1,576</u>
FRS17 pension adjustment	2,699	1,986
Surplus for the year excluding FRS17 adjustment	<u>2,858</u>	<u>3,562</u>

Accounting for pensions under FRS17 has resulted in an additional staff pension cost of £1,952k (2012: £1,133k) and an additional finance cost of £747k (2012: £853k). The total impact of the FRS17 adjustment on the surplus for the year is £2,699k (2012: £1,986k). The notes to the accounts disclose all the relevant information concerning the movements in the pension liability.

The FRS17 adjustments arise from those members of staff who are members of the Dorset County Superannuation Scheme (DCSS) - essentially the non-academic staff of the University. The DCSS is a defined benefit scheme and the assets and liabilities relating to University staff are identifiable. The majority of academic members of staff belong to the Teachers Pension Scheme. This is also a defined benefit scheme but as the assets and liabilities of the Scheme are not separately identifiable the University is not required to adjust its accounts to reflect its share of them.

The opening 2012 balance sheet was restated to include an additional FRS17 adjustment of £1,072k in respect of pension enhancement payments. These are payments the University expects to pay directly to beneficiaries in respect of previous members of staff who took early retirement under enhanced terms and conditions applicable at the date of their retirement.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

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Operating and Financial Review

Introduction

It has been an exciting year of academic collaboration and community engagement at BU and our hard work has culminated in BU becoming the first university to be commended by the Quality Assurance Agency (QAA) for the quality of our student learning opportunities.

Across BU, students and staff have embraced BU's bold new vision of BU2018: Creating, Sharing and Inspiring, working without barriers in shared learning spaces, and forging even greater academic links to deliver innovative and ground breaking research projects that continue to positively impact lives outside the university.

The £3m budgeted to have been spent in support of the various initiatives under the Fusion project has helped in this process and has enabled staff to support each other, and a range of stakeholders, in activities that drive forward the fusion agenda, both here in the UK and abroad.

It has also been a year of continued community engagement with key events like the BU Festival of Learning, our volunteering programme and aspireBU (formerly Aimhigher with BU) – all ensuring we have a major impact socially, economically and educationally beyond the campus.

What is important now is to maintain this momentum and continue to build on our reputation for inspirational teaching, world-class research and professional practice.

Legal Status

Bournemouth University is a Higher Education Corporation set up under the Higher & Further Education Act 1992. The University is a Charity under Statute, also known as an 'exempt charity'. Following changes in charity legislation, from 1 June 2010 the Higher Education Funding Council for England (HEFCE) became the 'principal regulator' for Higher Education Institutions (HEIs) in England that are exempt charities.

Mission

Creating the most stimulating, challenging, and rewarding university experience in a world-class learning community by sharing our unique fusion of excellent education, research and professional practice and inspiring our students, graduates and staff to enrich the world.

Strategic Plan

BU's new Vision & Values, BU2018: Creating, Sharing, Inspiring is based around four key themes: Creating, Sharing, Inspiring; Finance; People; and Environment.

The key points of the plan are:

- At the heart of BU will be a powerful fusion of research, education and professional practice, creating a unique academic experience where the sum is greater than the component parts. Fusion will be the key differentiator of BU, and this will inform and shape our marketing strategy.
- We will invest in the delivery of Fusion through the establishment of a Fusion Investment Fund. The fund will support a range of practical initiatives that will underpin and deliver Fusion.
- Areas of focus will include encouraging staff and students to work together to co-create and co-produce knowledge and research; driving excellent teaching and pedagogic innovation; improving staff and student mobility and networking; aligning our research themes to societal need; and increasing our share of the de-regulated higher education.

The University measures progress against the Strategic Plan 2012-18 through a Performance Management Framework consisting of 14 Key Performance Indicators (KPIs).

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Future Developments

The University has a five year forecast plan that ensures sufficient surpluses are generated for investment in developing strategies and physical and technological infrastructure. A number of new developments were announced during the financial year.

Work commenced on a new £10.5m Student Centre at our Talbot Campus in June 2013. The new Centre will provide a high quality space where students can engage in social learning and study activities. It will also provide the Student Union at Bournemouth University with a much larger presence on Campus. The new Student Centre is scheduled to open in April 2015.

During 2012 the University embarked on a £6m Student Journey Project. The project is concentrated on the services that the University delivers to students as they journey through their studies. The project will ensure that the University provides an excellent service to its students and will provide improved IT capability for both staff and students. The project is expected to run for the next two years.

Design and planning has commenced on the delivery of a new 5,600m² flag ship building at the Talbot Campus. The new building will act as a strategic enabler of 'Fusion', the key concept which underlies the BU2018 strategy. The building will also facilitate the continued development of the campus as outlined in the Estates Development Framework. The building is scheduled to be completed by July 2016.

Financial Strategy

The University Financial Strategy has been developed to help and support the delivery of the University's overall strategic goals and aims as outlined in our Vision and Values BU 2018 strategy.

It incorporates the five principles of strategic financial and resource management as stated in HEFCE's good practice guidance.

It also incorporates the University's own financial risk assessment. As a consequence the financial strategy can be implemented within the bounds of a number of set control criteria that will be reviewed and monitored on an on-going basis.

The following criteria have been proposed to be used by the University to control and monitor its overall financial risks. All are before any adjustment for FRS17.

- Gearing – defined as the ratio of bank borrowings to total assets less current liabilities. The maximum gearing percentage will be 35%.
Gearing increased from 19.2% in 2012 to 23.1% in 2013. The increase was the result of an additional £5.7m draw down of the University loan facility.
- Contribution – defined as the percentage of net profit to income. The minimum required is 3% with a maximum of 6%.
The University has a budgeted contribution percentage of 2% for 2013/14 increasing to 5% during 2014/15. The University achieved a contribution of 2.4% in 2013.
- Reserves – the magnitude of retained reserves. A minimum of £60m will be achieved by July 2016.
Reserves excluding the pension reserve increased from £44m in 2012 to £47.3 in 2013. The University target of £60m by 2016 is still forecast to be achieved.
- Debt service cover – defined as the percentage of net debt service cost to income, after netting off any interest earned. Capital repayments are excluded. This will be capped at a maximum of 4%.
Debt service cover was 1.1% in 2013, an increase of 0.1% from 2012.
- Current ratio – the ratio of current assets to current liabilities. This should always be at least 1:1 with a desired level of 1.2:1.
The current ratio was 2.1:1 in 2013.
- Debt to income ratio – the percentage of total bank debt / borrowings to income.
The maximum will be 20%.
Debt to income ratio increased from 16.5% in 2012 to 20.7% in 2013.

It is recognised that some of the above will need to be achieved over a period of time however it is intended that all will be targeted to be realised preferably by 2015.

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Financial Performance Indicators

The University measures progress against the Strategic Plan 2012-18 through a Performance Management Framework consisting of 14 Key Performance Indicators (KPIs). The KPIs are directly linked to the strategic objectives and each strategic objective has at least one specific assigned Performance Indicator (PI). Where possible KPI targets have been developed using external benchmarks such as league table indicators and HESA Performance Indicators. The financial indicators are derived from the University financial model.

Full reporting against the KPIs started in the new academic year (2012-13) and KPIs are reviewed at every Board meeting. The PIs are reviewed along with the KPIs by the University Executive Team on a regular basis. In addition to the financial performance indicators the Performance Management Framework monitors academic excellence, graduate employability, student and staff satisfaction and league tables.

The University achieved or exceeded all 2012-13 financial performance indicator targets in 2012-13.

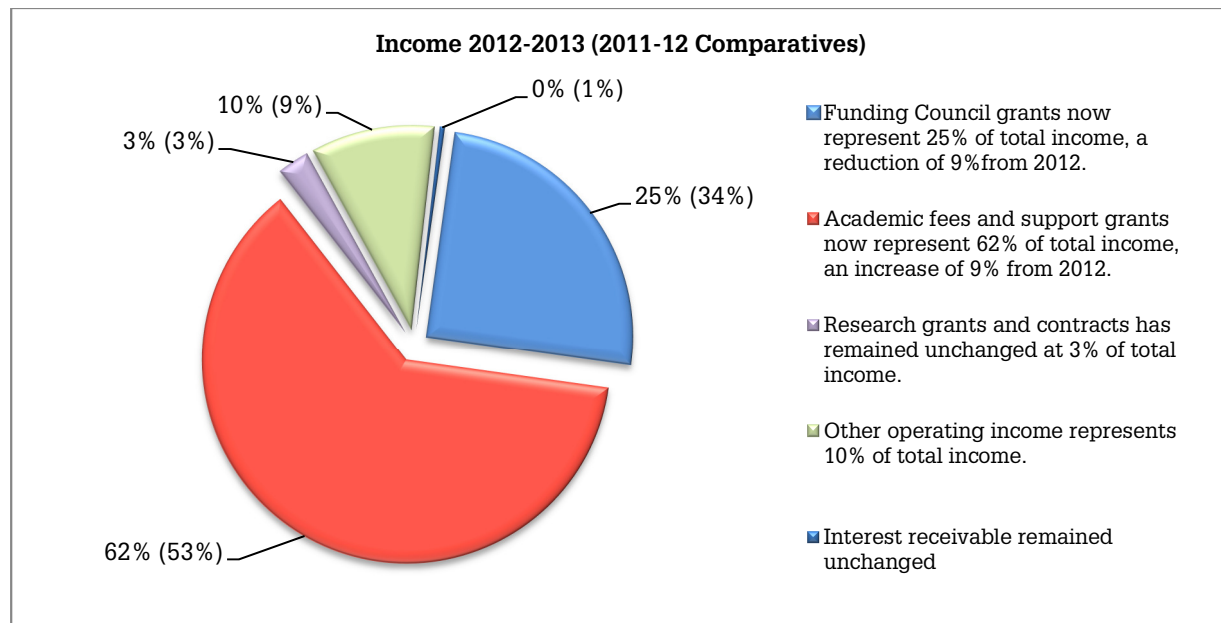
Financial Performance Indicators 2012-13	2012-13 Actual	2012-13 Target	BU 2018 Target
Current Ratio	2.1:1	1.3:1	1.3:1
Annual contribution %	2.4%	-2%	6%
Total reserves f.m	47	47	88
Gearing %	23%	24%	29%

Financial Highlights of the Year

Income

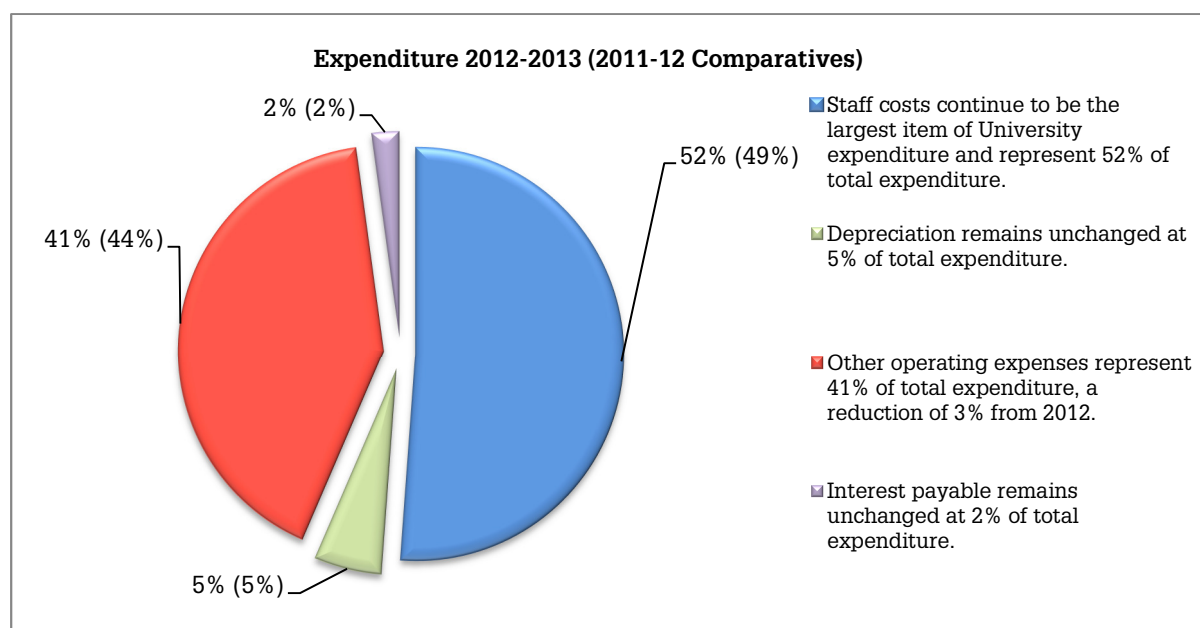
- Total income increased by £3m from £117m in 2012 to £120m in 2013, this represents an increase of 2.5%. The University is still reliant on funding body grants although the proportion of its HEFCE recurrent funding reduced by £10.8m from £38.5m in 2012 to £27.7m in 2013. HEFCE recurrent funding now represents 23% of total income, a reduction of 10% from 2012.
- Income from Funding Council grants reduced by £10.2m (25.4%) from £40.3m in 2012 to £30.1m in 2013 due to in year recurrent grant funding reductions.
- Income from tuition fees and education contracts increased by £12.7m (20.5%) from £62.2m in 2012 to £74.9m in 2013 predominately due to the first year effect of the change in the fee regime. Income from full-time students increased by 32% whilst income from overseas students remained unchanged.
- Income from Research grants and contracts remained steady at £3m and represents 2.6% of income.
- Other operating income increased by £0.8m (7%) from £11m in 2012 to £11.8m in 2013.
- Endowment and investment income reduced by £0.1m (22%).

(Financial Highlights continued)



Expenditure

- Total expenditure increased by £4.7m (4.1%) from £115.6m in 2012 to £120.3 in 2013.
- Staff costs increased by £5.2m from £56.3m in 2012 to £61.5m in 2013. When removing the effect of the FRS17 pension adjustment, the underlying staff cost increase was £4.4m. In line with the Strategic Plan, BU has invested in Academic staff over the past year, increasing headcount by 53. In addition, focused investment has gone into student facing support staff as part of the drive to improving student experience.
- Depreciation increased by 9% £0.5m from £5.9m in 2012 to £6.4m in 2013.
- Other operating expenses reduced £1.2m from £50.9m in 2012 to £49.7m in 2013, a reduction of 2.4%.
- Interest payable increased by £0.1m.



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(Financial Highlights continued)

Balance sheet

Overall the University has a strong balance sheet with net assets of £44.1m at 31 July 2013. Current assets reduced by £5.2m from £41.7m in 2012 to £36.5m in 2013. Short-term deposits reduced by £5.3m whilst debtors increased by £0.8m. Cash at bank and in hand reduced by £0.7m. Short-term creditors reduced by £1.5m giving net current assets of £18.7m, a reduction of £3.7m from 2012. Long term debt increased by £4.7m due to an additional drawdown of the University long term loan facility offset by loan capital payments. The pension liability reduced by £6.7m from £36.7m in 2012 to £30m in 2013 (see note 21). A prior year adjustment in respect of pension enhancements has resulted in an increase in the pension liability of £1.072m in the 2012 opening balance sheet (see note 22). Retained surpluses increased by £3.3m from £44m in 2012 to £47.3m in 2013.

Cash flow and treasury management

Net cash inflow from operating activities for the year was £6.8m (2012: £9.6m). Receipts from capital grants and donations totalled £0.7m (2012 £0.5m) whilst proceeds from sale of fixed assets totalled £1.7m. In year cash outflows in respect of capital expenditure amounted to £18.6m an increase of £10.5m from 2012. Short-term deposits reduced by £5.3m from £35.5m in 2012 to £30.2m in 2013. Net funds reduced by £10.7m in the year due to the reduction in the short term deposits and an additional draw down of the University loan facility used to fund the University Estates Strategy, resulting in net debt at year end of £4.1m.

Liquidity

Bank loan debt increased by £5.2m from £19.2m in 2012 to £24.4m in 2013, this represents 20.3% of income, an increase of 3.9% from 2012. The increase was due to an additional loan drawdown of £5.7m offset by capital loan repayments of £0.2m.

During the financial year the University's £40m 5 year loan facility term was completed with £25.1m of the available £40m facility drawn down. The University agreed a new £20m four year revolving credit facility in January 2013, the full £20m facility was available for draw down at 31 July 2013.

Capital Investment

During the period to 2018, the University is embarking on an extensive capital investment programme.

The aim of future development is to:

- Improve the overall student experience
- Provide high quality academic buildings
- Provide a bridge between communities
- Respect local residents
- Create a strong network of routes
- Provide high quality external spaces

During the financial year 2013 capital investment in Estates buildings and IT infrastructure amounted to £18m implementing numerous elements of the Estates and IT Strategy. The more significant projects included:

- Enhancement to the University Sports Provision
- Poole House Courtyard improvements
- Cranborne House student accommodation renovation.

In addition there has been significant financial commitment in Information Technology at Bournemouth University including investment in a new HR/Payroll system.

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Principal risks and uncertainties

The University Board has identified a number of high level risks that it monitors on a regular basis. The BU Risk Register is reviewed by the Risk Management Steering Group and the University Leadership Team before submission to the Audit, Risk and Governance Committee.

The University has identified the following significant risks:

- The University fails to ensure financial stability and viability of the University within an agreed financial risk model. The impact may be that the University is unable to afford to implement the Strategic Plan.
- The University fails to achieve student recruitment targets. The impact may be that BU's financial position weakens significantly.
- The University fails to capitalise on the opportunity to re-profile and exploit the BU reputation under changing student market conditions as per BU2018. This may result in the University being unable to attract high quality applicants and unable to deliver on the BU2018 vision.

The University has taken a number of important actions to mitigate these risks. These include:

- Ensuring BU's financial risk appetite is subject to periodic review.
- Review of the Financial Model, and in particular the affordability of the capital plans to 2018. Because of the relative uncertainty around the recruitment of students especially in the first two or three years of the plan it is proposed that a number of identified savings are formulated which if implemented would reduce the financial risk exposure. These would be based upon those discretionary areas that the executive have direct control over and can be implemented without major short term impact. It is recognised, however, that such actions would delay the full roll out of the plan and would only be implemented if absolutely necessary to protect the financial stability of the University
- Maintain overview of tariff points.
- Monitor closely recruitment, conversion and clearing activity (weekly application updates and monthly marketing and recruitment updates during clearing period).
- Develop appropriate international partnerships and maintain increased resource levels and focus on international recruitment.
- A range of business intelligence including market research, sector data, policy and political monitoring is being used to identify changing student market conditions. Intelligence from sector reports and investigations into student behaviour in the new fees environment has been analysed and circulated to key members of the Board, and integrated into the strategic marketing review.

Stakeholder Relationships

The University recognises the importance of stakeholder relationships and adopts a strategic approach to service excellence, recognising the varied nature of our stakeholder groups and their needs. The University will deliver excellent service to all stakeholders, through all our activities at all times.

Research and Knowledge Exchange

Research activity has continued to grow year-on-year and income has increased by 25.3% since 2008-09. During the last year there have been significant increases in research income from UK Research Councils (95%). Research income from EU government and other EU sources continues to increase rapidly (increase of 306.1% since 2008-09) and reflects our growing portfolio of EU funded projects.

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(Research and Knowledge Exchange continued)

Table 1

Research income by category by year, 2008-09 to 2012-13	2008-09 £000	2009-10 £000	2010-11 £000	2011-12 £000	2012-13 £000	% change 08-09 to 12-13
Research Councils	514	511	828	479	934	81.6%
UK based charities	599	590	463	348	231	-61.5%
UK government, health and hospital authorities	845	1,387	1,034	1,061	677	-19.9%
UK industry, commerce & public corporations	212	157	206	333	295	39.3%
EU government and other	209	101	475	670	849	306.1%
Other sources	75	31	109	99	90	20.9%
Totals	2,454	2,777	3,115	2,990	3,076	25.3%

Income from knowledge exchange activities reduced by 9% in the last year, to £2.2m. There has been a significant increase in income from overseas sources (151.2%) which reflects our growing links with international organisations. There has also been an increase in income from UK industry and business (7.9%), primarily through consultancy contracts and Knowledge Transfer Partnerships to create and exchange knowledge between universities and businesses.

Table 2

Knowledge exchange income by year, 2008-09 to 2012-13	2008-09 £000	2009-10 £000	2010-11 £000	2011-12 £000	2012-13 £000	% change 08-09 to 12-13
Knowledge exchange income	2,460	2,267	2,417	2,483	2,239	-9%

Highlights and Achievements

BU Graduate employment rates are consistently high at over 90% and BU has more students on work placement than any other university in England.

The Media School at Bournemouth University has been designated as the only Centre for Excellence in Media Practice (CEMP) in the UK by the Higher Education Funding Council for England (HEFCE) and is home to the National Centre for Computer Animation (NCCA). Our School of Tourism has been designated as a Centre of Excellence in Tourism by the World Tourism Organisation. Our School of Health and Social Care now includes the new National Centre for Post-Qualifying Social Work which will help health and social care professionals develop further skills and qualifications. The School is leading high profile research in the condition prosopagnosia, commonly known as face blindness. BU continues to be the number one research centre in the world for fish biology. In addition, the BU Disaster Management Centre (BUDMC) enjoys a global reputation for disaster management. That's why the centre (along with BU's International Centre for Tourism & Hospitality Research) has been selected by the United Nations World Tourism Organisation (UNTWO) to undertake vital research into global disaster management.

In 2012 BU was awarded The Queen's Anniversary Prize for Higher and Further Education for its contribution to world-leading excellence and pioneering development in computer animation.

With BU's Lansdowne Campus near the centre of Bournemouth and Talbot Campus three miles inland on the boundary of Bournemouth and Poole, BU is an important player in the local economy and is widely involved in enriching the local community as well as its students.

In 2012 BU received a first class honours (The Guardian newspaper, the People and Planet Green league table) for the third year running for its commitment to environmental and ethical improvement. The first class award reflects a comprehensive environmental programme that is underway at BU, including an EcoCampus award for BU's environmental management systems, a challenging carbon reduction target with over 20 projects completed to date and the roll out of a food waste recycling scheme.

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(Highlights and Achievements continued)

Following in the steps of NCCA graduate Andy Lockley who won an Oscar in 2011 for his visual effects work on the film Inception, over 80 BU graduates were involved in four out of the five animated films nominated for the Visual Effects & Animation Oscar in 2012; 2013 saw NCCA graduates celebrate Oscar and BAFTA success with their work on the Life of Pi, The Hobbit, Snow White and the Huntsman, Les Misérables and Skyfall.

Environmental Responsibility

Our commitment

Bournemouth University recognises that its activities impact upon the environment at local, regional, national and global levels and acknowledges a responsibility for the protection of the environment and the health of its members and the community.

The University is strongly committed to improving its environmental performance and is undertaking initiatives across a range of areas to ensure it is working towards a more environmentally responsible low carbon future.

Green League 2013

BU was named the eleventh greenest University in the UK in the People & Planet Green League in 2013. Published in the Guardian, this extremely competitive national league table ranked 143 institutions across the UK on their environmental and ethical performance. This year BU earned a 'First Class' degree-style rating for the fourth year running.

BU was rated excellent in key areas such as Environmental Policy, Environmental Auditing and Management Systems, Sustainable Food, and Education & Learning.

In 2013, BU was awarded the AIBEAAT Earth Charter Award for Engagement in Sustainability.

Environmental Programme

The University has a comprehensive environmental programme, which includes objectives and targets across seven key areas; energy and carbon management, waste and recycling, water consumption, travel plan, sustainable construction, sustainable procurement, and biodiversity management. The University's environmental management system is certified to EcoCampus Gold standard.

Carbon Management Plan

In January 2010, the University Board approved a Carbon Management Plan, which committed the University to a challenging target to reduce emissions by 30 per cent from a 2005/6 baseline by 2015/16.

Progress on planned projects has been excellent, with 36 completed to date. Major projects this year have included completion of the Poole House biomass project, a capital investment of £766k with expected annual net savings of £41.8k and 259 tonnes of carbon; the conversion of the Cranborne House heating from electricity to gas (as part of a wider refurbishment project); and the Voltage Optimisation Project, a capital investment of up to £150k with expected annual net savings of £15k and 94 tonnes of carbon.

The University continues to operate the HEFCE/Salix Revolving Green Fund for smaller scale energy efficiency projects and has completed a series of these during 2013.

Carbon Reduction Commitment

The University is a mandated participant in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, which introduced carbon reporting from July 2011 and an annual carbon tax starting at £12 per tonne of carbon in phase 1 (based on energy consumption) from July 2012. The cost of purchasing carbon allowances in 2013 will be £85,332 in 2013, compared to £91,920, in 2012. This reflects a reduction in our CRC emissions.

Travel Plan 2013-2018

The University Travel Plan has undergone a comprehensive review in 2013, culminating in the publication of the Travel Plan 2013-2018, with a wide range of proposed measures to encourage sustainable travel choices. External funding has been secured from Bournemouth Borough Council (approximately £88k) to make improvements to cycle facilities and services, and through partnership working with Bournemouth Borough Council and the Borough of Poole, significant improvements to Fern Barrow have been funded through the Better Bus Fund.

Diversity and Equality

The University is committed to ensuring Bournemouth University is an institution that is open and accessible to all, and that values people for what they bring as individuals. The Diversity and Equality team works closely with staff and students, develops and initiates projects and co-ordinates training and events, all with the aim of supporting individuals, increasing knowledge and understanding of

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Diversity and Equality (continued)

diversity and equality issues, and embedding diversity and equality into areas of the working and learning environment. To promote and support the University's strategic commitment to Dignity, Diversity and Equality (DDE) a number of student and staff networks, groups, clubs and societies have been established. The University has successfully achieved the 'Disability two ticks status'. This quality mark is awarded by the Department of Work and Pensions for positive commitment regarding the employment, retention, training and career development of disabled employees.

Staff

The University recognises that staff are its key resource and is seeking to establish itself as an employer of choice by recruiting and retaining excellent staff.

The expertise, skills and commitment of staff will enable the University to achieve its objectives. Staff development is therefore crucial to the University in helping to meet its strategic and operational standards and in adding value by raising individual and organisational performance levels. The University also recognises the potential of individual members of staff and aims to provide opportunities for staff to develop personally as well as professionally, which in turn can enhance job satisfaction.

For these reasons the University is committed to supporting staff development and to investment in those activities which underpin the achievement of the Corporate and Strategic Plans.

As a University with a global outlook, we value creativity, innovation, partnership and enterprise. These values are reflected in our staff who ensure that our academic, business and student services are delivered in an environment that is friendly, professional, inclusive and supportive.

Our academic staff inspire our students through their knowledge and the enthusiasm they have for their subjects gained through their engagement in education, research, enterprise and professional practice.

Bournemouth University and Public Benefit

Bournemouth University is an exempt charity under the terms of Schedule 2 of the Charities Act 1993 and is responsible to HEFCE as its principal regulator. The University is required to demonstrate how it meets its responsibilities as a charity and that its activities are of 'public benefit'. University Board Members are aware of their duties with regard to acting for the public benefit and have had regard to the Charity Commission's guidance in this area.

The University was created as a higher education corporation by an order of the Privy Council dated 26 April 1993 and derives its powers from section 124 of the Education Reform Act 1988. Under this section, a higher education corporation has the power to provide higher and further education and to carry out research and to publish the results of the research or any other material arising out of or connected with it in such manner as the corporation thinks fit.

Education and Widening Access

The education programme of the University benefits students and their families by enhancing the career prospects of students. BU has a community of almost 17,000 students from over 100 different countries, while 5,982 students graduated from BU in 2012 alone.

The education programme can also provide a wider public benefit, for example:

- The School of Health & Social Care is teaching the next generation of healthcare professionals including nurses, midwives, physiotherapists and social workers.
- The School of Applied Sciences students embark on a supported journey of learning and self-development to become professional employees, developing skills that are transferable into a range of career options.
- Design, Engineering and Computing students are taught in an innovative environment and are well equipped with the latest skills and knowledge to meet the changing technological environment.

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(Bournemouth University and Public Benefit continued)

- The Business School provides an inspirational and challenging academic environment in-step with the University's plan to produce self-motivated, independent, life-long learners who are readily employable in graduate-level posts.
- The School of Tourism has a unique focus on the social, economic, environmental and cultural impacts affecting the contemporary tourism sector and are internationally recognised as a leading provider of courses in events, hospitality, leisure, retail, sport and tourism
- The Media School graduates are highly employable. A report published by NESTA (National Endowment for Science, Technology and Art) in February 2011 showed that nearly 50% of graduates working in the film, visual effects or video games industries come from Bournemouth University.

At Bournemouth University we are committed to the recruitment of students from our region and to increase its appeal to students both nationally and internationally. We are committed to the development of our students as self-motivated, independent, lifelong learners, empowered to make significant contributions in their chosen careers.

Our new vision states:

We will focus our investment in activity that raises aspirations in society to engage in higher education and seek ways to ensure that the benefits are clearly visible and quantifiable.

We will invest in outreach activity with schools and colleges, including amongst young people at an early age in their secondary education where interventions have been proven to be effective in raising aspirations.

We will invest in financial support for those for whom affordability may be an obstacle to studying at BU.

The University's key ambitions are:

- To deliver a successful outreach programme which is fully integrated within the University's Schools and Colleges Liaison function.
- To extend the outreach programme into new territories including: collaborations beyond the local region; an enhanced focus on specific target groups (e.g. Care Leavers); the provision of impartial HE guidance to those students in target schools and colleges who would benefit from this; and extensive use of our own BU students as ambassadors and mentors.
- To develop the use of contextual data in our admissions decisions to ensure that we recruit talented students from all walks of life who have the capability to succeed in Higher Education.
- To ensure that our students have the support that they need to stay on course and to succeed in their studies, through the delivery of an integrative and innovative programme to support student retention and success, GROW@BU.
- To offer a highly targeted, high impact, simple, transparent and clearly communicated programme of financial support, based solely on need.

BU will continue to work towards the Strategic Objectives set out in our Widening Participation Strategic Assessment:

- Achieve two of our three national benchmark targets for widening participation.
- Continue to offer a range of progression opportunities into and through Higher Education including the award of Foundation Degrees.
- Maintain effective relationships within the region, and investigate new collaborations further afield.
- Strengthen lines of accountability within the University's Academic Schools to ensure effective widening participation strategies are integrated into core business.
- Strengthen the central coordination of our widening participation activities.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

REPORT OF THE BOARD OF GOVERNORS

(Bournemouth University and Public Benefit continued)

Research

The University also benefits the public at large through its research programme. Bournemouth University is proud of its academic research and aims to maximise the benefits of research by advancing fundamental knowledge and contributing to better public policy, economic prosperity, social cohesion, international development, community identity and quality of life.

Recent notable achievements include:

- In June 2013 the University held the inaugural Festival of Learning which saw the institution offer more than 100 free to attend activities over a two week period aimed at the general public across the region. Attracting *c.* 4,000 visits, the Festival included events based on BU's research covering a diverse range of subjects such as nutrition, healthcare, archaeology, technology and learning, creative writing, and TV production, amongst many others. In doing so, the Festival offered thousands of free opportunities for professional development, lifelong learning and entertainment. The response from the general public to the Festival has been extremely positive; with the majority of Festival attendees surveyed stating their experience of attending was either very good or excellent. The University will run the Festival again in June 2014.
- Epidurals: Permanent harm from epidurals ranges from 3.1 to 6.1 in 100,000 patients. Researchers in the School of Design, Engineering and Computing have produced two medical devices that can improve safety of the procedure. They have undertaken a pilot trial on a porcine cadaver (pig) and are now conducting clinical trials on obstetric patients.
- CIPPM: Research by the Centre for Intellectual Property and Policy Management has become an increasingly important resource in the legislative process. In 2013 this has included providing the evidence base for the proposed copyright exception for parody and for an Open Standards policy in Government IT Procurement.
- Solent housing project: In 2013 ecology researchers in the School of Applied Sciences applied their bird feeding modelling techniques to the Solent region to assess the disturbance on birds. This was applied to the project to minimise risk and endorsed by Natural England.
- Economics: Business School research into competitiveness in international trade and attracting inward foreign direct investment was applied by the Central Bank of Namibia to safeguard \$700 million annually in shared customs revenue.
- Bournemouth University Dementia Institute (BUDI): This summer saw BUDI celebrating its first birthday. Among a range of new projects in 2013, BUDI is researching dementia-friendly environments, to help sufferers with navigation and understanding of built environments. The Institute is a model of cross-collaboration with experts in health, social care, psychology, business, retail, and even a maritime archaeologist, working together to explore innovative, multi-disciplinary ways to support those with dementia and their families and carers.
- 2012 Olympic Games: Research in the School of Tourism into the net economic impacts of the Games initially led to a strengthening of support for the London 2012 bid, but more recently to the efforts to spread the benefits of the Olympics around the UK.
- PQSW: 2013 figures show 10,515 professionals have undertaken the Centre for Post Qualifying Social Work's research-based CPD. This is 25% of the social work workforce. In the last five years the team have worked with 28 NHS Trusts, 96 Local Authorities and 39 independent, voluntary and private sector organisations. This incorporates working inclusively with clinicians in hospitals.
- The 6th Transport project: Researchers in the School of Tourism are examining how behavioural change in transport habits can be facilitated through 'transport networks'. The team developed a campsite app, which puts tourists staying at the campsite into a social network to facilitate travel collaboration.

The University Board recognises that any private benefit to the University from research must be incidental to the public benefit of the research. The University has policies and procedures in place so that all research contracts are checked with a view to ensuring the results of the research can be used by the University for future public benefit. The University encourages the dissemination of research results

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

REPORT OF THE BOARD OF GOVERNORS

(Bournemouth University and Public Benefit continued)

to those who will benefit from them most and its institutional repository, Bournemouth University Research Online (BURO), is open to anyone to search online.

Community Engagement

Bournemouth University engages with the local and wider global community in a number of ways.

Aimhigher with BU provides outreach activity with schools and colleges as part of Bournemouth University's Fair Access Agreement. The work is diverse and dynamic, bringing together a range of activities related to widening participation, fair access and community.

All of our sports facilities, services and programmes are open to the community. Community sport gives us the chance to engage with the community through the sports we all love. SportBU runs popular sports camps over the Easter and summer periods. The sports camps are for children aged 8 to 14 years old and for all interests and abilities.

BU Music offers a wide range of musical opportunities to students, staff and members of the local community and we cater for all levels of ability and musical interests. The University is gaining a strong reputation for musical excellence through its exceptional range of activities, supported by the Students' Union at Bournemouth University (SUBU).

In conclusion

Bournemouth University remained in sound financial health during the academic period 2012-13. Despite the challenges of adapting to the new student fees regime, BU continued to invest in its Estate, the development of staff and the embedding of the Fusion philosophy. The University recorded an annual operating surplus of £2.9m (excluding the impact of accounting for pensions under FRS17) and invested £18.6m in the Estate.

Disclosure of information to auditors

The University Board Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each University Board Member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.



MS S SUTHERLAND
Chair of the Board
29 November 2013

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

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) Governance Code of Practice and Principles.

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.

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 funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues.

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, evaluation 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 are also provided on an ad hoc basis.

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. There is a clear division of responsibility in that the roles of the Chairman and Vice-Chancellor are separate.

Independent members of the Board are appointed for an initial 3 year term of office. Independent members do not normally serve more than 2 consecutive terms. Elected staff members serve three year terms subject to remaining in an appropriate post at the University. The elected President of the Students' Union is an ex officio member of the Board and may serve a maximum of two, one-year terms.

1. Further to the above the following statements are provided to enable readers of the annual report and accounts to obtain a better understanding of the Institution's specific governance and legal structure.
2. The institution endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the Guidance to Institutions of Higher Education from the Committee of University Chairmen in its "Guide for Members of HE Governing Bodies in the UK".
3. The institution is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Articles of Government which were approved by the Privy Council in 1996 and remain unchanged.
4. The Articles of Government at the University require the institution to have a governing body (the University Board) and an academic board (Senate), each with clearly defined functions and responsibilities, to oversee and manage its activities.
 - a. The University Board is the executive governing body, responsible for matters including the finance, property and staffing of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction.

In accordance with the requirements set out in the University's Articles of Government, the University Board has a majority of independent members. The Chair is elected from among those independent members. There is also provision for the appointment of co-opted members, and representatives of the academic and professional service staff, and the student body. Members of the Board receive no payment other than expenses reasonably incurred for the work they do for that body.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

CORPORATE GOVERNANCE

- b. Subject to the overall responsibility of the governing body and to responsibilities of the Vice-Chancellor, Senate has oversight of the academic affairs of the institution and draws its membership from the staff and the students of the institution plus the Principal of the Anglo-European College of Chiropractic (a partner institution of the University). It is particularly concerned with general issues relating to the learning, teaching and research work of the institution.
5. The Vice-Chancellor is the Chief Executive Officer and is the head of the institution with a general responsibility to the University Board for the organisation, direction and management of the institution. Under the terms of the formal Financial Memorandum between the institution and the Higher Education Funding Council for England, the Vice-Chancellor is the accountable officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.
6. Although the University Board meets at least four times each academic year, much of its detailed work is initially handled by sub-committees. In addition to these sub-committees the Board establishes fixed term ad-hoc Task Groups in order to consider particular issues. In 2012/13 these have comprised an Honorary Awards Task Group which met in March 2013. The activities of these committees and Task Groups are formally reported to the governing body.
 - a. Audit, Risk and Governance Committee is responsible for overseeing the University's management of risk: monitoring the effectiveness of the University's governance arrangements; and advising the Board on the University's audit strategy. The Committee meets, at least three times a year, with the external auditors to discuss audit findings; and with the internal auditors at least three times a year to consider detailed internal audit reports and recommendations for the improvement of the University's system of internal control, together with management's response and implementation plans. The Committee also receives and considers reports from the Higher Education Funding Council for England and other external bodies as they affect the University's business and monitors adherence with regulatory requirements. It also has oversight of Health & Safety on behalf of the University Board. Audit, Risk and Governance Committee considers in detail the University's annual accounts and makes appropriate recommendations to the Board. The Committee also gains assurance over the quality of data submitted within institutional returns via the established data optimisation review process. University senior executives attend meetings of Audit, Risk and Governance Committee but are not members of the Committee. During the course of the year the Committee has undertaken a review of its own effectiveness in accordance with best practice guidelines, and subsequently introduced some administrative improvements.
 - b. Finance and Resources Committee takes a long term view of the University's overall development and advises the Board on the development of the Strategic Plan and major projects. It receives the management accounts of the University and additional performance reports. The Committee also advises the Board on the effectiveness and efficiency of estates and physical resource provision within the University as well as matters relating to Human Resources.
 - c. Remuneration Committee determines the pay and conditions of service of 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 set by the Finance & Resources Committee.
 - d. The Development Funding Committee was established in 2012 and is responsible on behalf of the University Board for the stewardship of funds donated to Bournemouth University (including assets and liabilities transferred from the BU Foundation) and any related policies and procedures.
 - e. The University Board is also represented on the following Senate Committees: Academic Standards Committee, Education and Student Experience Committee, Research & Knowledge Exchange Committee and the University's Research Ethics Committee.
7. A significant proportion of the membership of these committees consists of independent and co-opted members of the governing body. Co-opted student and staff members may also be eligible to serve on some of these committees, subject to the provisions of the articles. The chairs are selected from the co-opted and independent members.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

CORPORATE GOVERNANCE

8. As chief executive, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The other members of the University Executive Team and members of the University Leadership Team all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the University Board.
9. The institution maintains a register of interests of members of the University Board and University Leadership Team which may be consulted by arrangement with the Clerk. A hospitality register is also maintained in accordance with anti-bribery legislation.
10. 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.

Statement of Internal Control

1. The University Board is responsible for the establishment and monitoring of systems of internal control. These control systems are firmly based 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. They are subject to review by Internal Audit which is carried out by the Internal Audit Consortium, Kingston City Group (KCG). The University is a member institution of the KCG Consortium – a Higher Education shared services organisation for the provision of Internal Audit services to member institutions.
2. The University Executive delegates the detailed assessment of risk to the Risk Management Steering Group which reports to the University Leadership Team. The Group maintains a comprehensive Risk Register which encompasses all risk types, including financial, operational, reputational and other risks. 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 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. It is a key element in informing the Internal Auditor's work programme. The Deputy Vice-Chancellor Chairs the Risk Management Steering Group and attends Audit, Risk and Governance Committee meetings. 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.
4. The Audit, Risk and Governance Committee is also responsible for providing assurance to the Board and 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, data quality, internal and external audit reports, emergency planning and other internal control processes.
5. The Board periodically contracts with appropriate consultants to conduct a review of its own effectiveness and governance arrangements. Pending the next full independent review, the Board undertook its own interim review of effectiveness during 2012/13. This comprised a self-assessment survey for completion by all Members and resulted in several process improvements. Board Members also participate in an annual one to one development review process which helps to identify development requirements and any areas where additional support is needed.
6. There have been no material internal control issues to report during the year to 31 July 2013.



MS S SUTHERLAND
Chair of the Board
29 November 2013



PROFESSOR J VINNEY
Vice-Chancellor and Chief Executive

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

RESPONSIBILITIES OF THE UNIVERSITY BOARD

The University Board are required to present audited financial statements for each financial year.

In preparing the financial statements, the University Board, ensure that:-

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- the going concern basis is used unless it is inappropriate to presume that University will continue in operation for the foreseeable future.

The University Board is also required to prepare a Report of the Board of Governors which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The University Board is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the University, and which enable it to ensure that the financial 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 maintenance and integrity of the University website is the responsibility of the University Board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The University Board is responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. The University Board must ensure that there are appropriate financial 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, efficient and effective management of the University's resources and expenditure, so that the benefits that should be derived from the application of public funds are not put at risk.

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 Chairmen.

1. To approve the mission and strategic vision 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 delegate authority to the head of the institution (known as the Vice-Chancellor), as chief executive, for the academic, corporate, financial, estate and personnel 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.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest. The Audit, Risk and Governance Committee receives a report at each of its meetings on the major risks facing the University. Any matters of concern are reported to the Board.
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of the University Board itself. To ensure that similar processes are in place to monitor and evaluate the performance and effectiveness of Senate.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

RESPONSIBILITIES OF THE UNIVERSITY BOARD

6. 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.
7. To safeguard the good name and values of the institution.
8. To appoint the Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. 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.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. 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 University's assets, property and estate.
12. 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.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.
16. To prepare the annual financial statements, ensuring that:-
 - suitable accounting policies are selected and applied consistently
 - judgements and estimates are made that are reasonable and prudent
 - applicable Accounting Standards have been followed
 - the going concern basis is used unless it is inappropriate to presume that University will continue in operation for the foreseeable future.



MS S SUTHERLAND
Chair of the Board
29 November 2013

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF BOURNEMOUTH UNIVERSITY

Independent Auditors' Report to the Governors of Bournemouth University

We have audited the financial statements of Bournemouth University for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Historical Cost Surpluses, the Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the University's Governing Body and Auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 Financial Memorandum with the Higher Education Funding Council for England.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2013 and of the Group's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";

Opinion on other matters required by the Higher Education Funding Council for England Audit Code of Practice

In our opinion, in all material respects:

- income from the Higher Education Funding Council for England, Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and
- income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF BOURNEMOUTH UNIVERSITY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- The statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the Group and the University.

BDO LLP

BDO LLP
Statutory Auditor
Southampton
United Kingdom
Date:

2 December, 2013

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

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

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. Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and equipment transferred to the University from Dorset County Council upon incorporation, and in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007, the accounts direction handbook 2011/12 published jointly by the SFA and EFA, and applicable Accounting Standards.

2. Basis of consolidation

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 2013. Intra-group sales and profits are eliminated on consolidation and all income and expenditure figures relate to external transactions only. 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.

3. Fixed assets

As a consequence of the Education Reform Act 1988, the freehold interest in the land and buildings occupied by the University was transferred from the local County Council with effect from 1 April 1989. On 1 April 1989 the inherited property was valued at £17,170k, by a firm of chartered surveyors, using the depreciated replacement cost basis. The land was valued at transferred debt. The property is recorded in the financial statements at these values, as adjusted for subsequent disposals. It is the University's policy to recognise a related revaluation reserve in respect of this property.

The threshold for the capitalisation of fixed assets is £5k.

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition.

Assets under construction are accounted for at cost, based on the value of direct costs incurred to 31 July. As these assets become complete and operational they are transferred to the appropriate asset category. They are not depreciated until the accounting period in which they are brought into use. Depreciation is not provided on freehold land. On other assets it is provided on cost or revalued amounts in equal annual instalments over the estimated useful life of the assets. The rates of depreciation are as follows:

Freehold buildings	Between 2.0% and 5.0% p.a.
Leasehold improvements	4.0% p.a. (or period of lease if shorter)
Computers	20.0% p.a.
Other equipment	20.0% p.a.

Where fixed assets are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the assets.

The transitional rules set out in FRS15 Tangible Fixed Assets were applied on implementing FRS15. Accordingly the book values at implementation have been retained, subject to annual testing for indicators of impairment under FRS11.

4. Investments

Listed investments held as fixed assets or endowment assets are stated at market value or cost where no market value is available. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

5. Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

6. Finance leases and operating leases

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of the lease payments over the recorded obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the periods of the leases.

7. Taxation

The Institution is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993), and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

8. Foreign currencies

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the income and expenditure account.

9. Liquid resources

For the purpose of the cash flow statement, liquid resources are defined as current asset investments and short-term deposits that are not repayable on demand within 24 hours without penalty.

10. Maintenance of premises

The University charges long-term maintenance costs to the income and expenditure account as they are incurred.

11. Donations

Donations received towards the construction of a specific building or the acquisition of a substantial piece of equipment are credited to deferred capital grants in the balance sheet. The amount is released to the credit of the Income and Expenditure account over the same estimated useful life that is used to determine the depreciation charge. Restricted donations are treated as endowments. All other donations are recognised as income on receipt.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

12. Recognition of income

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors. Any bursaries granted by the University are included as expenditure in note 6.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or services rendered.

Non recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

All income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account for specific endowments.

Income receivable from HEFCE is recognised in line with the latest estimates of grant receivable for an academic year. The final grant allocation is determined in the subsequent February, following an audit of the University's activity.

13. Pension schemes

Retirement schemes to employees of the University are provided by the Teachers Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) – Dorset County Council Pension Fund. These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Schemes (SERPS).

Contributions to the Schemes are charged to the Income and Expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LGPS and quinquennial valuations using prospective benefit method for the TPS.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality unit bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the schemes assets and the increase during the period of the present value of the scheme's liabilities arising from the passage of time are included in the pension finance costs.

The difference between the fair value of the University's share of the assets held in the LGPS defined benefit pension scheme and the University's share of the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's balance sheet as a pension scheme asset or liability as appropriate.

Changes in the defined benefit pension scheme asset or liability arising from factors other than the cash contribution by the University are charged to the Income and Expenditure account or the Statement of Recognised Surpluses and Deficits in accordance with FRS17 Retirement Benefits.

The calculation of the cost of early retirement provisions charged to the Income and Expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 3.5% in excess of price inflation. The provision will be released against the cost to the University of enhanced entitlements over the estimated life expectancy of each relevant scheme member.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

14. Provision

A provision is recognised in the financial statements when a present legal or constructive obligation arising from past events exists and it is probable that an outflow of economic benefits will be required to settle the obligation.

15. Research & Development

Research & development expenditure is written off in the year incurred.

16. Agency arrangements

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the Income and Expenditure account where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Note	<u>2013</u> £000	<u>2012</u> £000
INCOME			
Funding body grants	1	30,094	40,319
Tuition fees and education contracts	2	74,933	62,195
Research grants and contracts	3	3,076	2,990
Other operating income	4	11,832	11,012
Endowment and investment income		489	629
		<u>120,424</u>	<u>117,145</u>
EXPENDITURE			
Staff costs	5	61,531	56,293
Depreciation	8	6,398	5,871
Other operating expenses	6	49,735	50,877
Interest payable	7	2,601	2,528
		<u>120,265</u>	<u>115,569</u>
Surplus for the year after depreciation of assets at valuation and taxation		<u>159</u>	<u>1,576</u>

All amounts relate to continuing activities.

The notes on pages 31 to 48 form part of these accounts.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>2013</u> £000	<u>2012</u> £000
Surplus for the financial year	159	1,576
Actuarial gain/(loss) in respect of the pension scheme	9,410	(9,140)
Total recognised gains and losses relating to the financial year	<u>9,569</u>	<u>(7,564)</u>
Prior year adjustment		
Pension enhancement liability not recognised in prior year	(1,072)	
	<u>8,497</u>	
RESERVES RECONCILIATION		
Opening reserves as previously stated	14,497	
Prior year adjustment	22	(1,072)
Opening reserves as restated	<u>13,425</u>	
Surplus for the year	159	
Actuarial gain recognised in pension scheme	9,410	
Closing reserves	<u>22,994</u>	

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

**CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES & DEFICITS FOR THE YEAR ENDED
31 JULY 2013**

	<u>2013</u> £000	<u>2012</u> £000
Surplus for the financial year	159	1,576
Difference between historical cost depreciation charge and actual depreciation charge on revalued fixed assets	401	401
	-----	-----
Historical cost surplus after taxation	560	1,977
	-----	-----

The notes on pages 31 to 48 form part of these accounts.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2013

	Note	2013 £000	2012 Restated £000
Fixed assets			
Tangible assets	8	88,942	78,054
Investments	8	79	116
		<u>89,021</u>	<u>78,170</u>
Current assets			
Stocks	9	5	8
Investments	8	60	61
Debtors	10	5,205	4,412
Short-term deposits	18	30,169	35,501
Cash at bank and in hand	18	1,022	1,713
		<u>36,461</u>	<u>41,695</u>
Creditors: Amounts falling due within one year	11	<u>(17,759)</u>	<u>(19,258)</u>
Net current assets		18,702	22,437
Total assets less current liabilities		<u>107,723</u>	<u>100,607</u>
Creditors: Amounts falling due after more than one year	12	(33,666)	(28,929)
Pension liability	21	(29,975)	(36,686)
NET ASSETS		<u>44,082</u>	<u>34,992</u>
Deferred capital grants	13	21,088	21,567
Reserves			
Revaluation	14	5,716	6,117
Revenue excluding pension reserve		47,253	43,994
Pension reserve	21	(29,975)	(36,686)
Revenue including pension reserve	15	<u>17,278</u>	<u>7,308</u>
Total reserves		22,994	13,425
TOTAL		<u>44,082</u>	<u>34,992</u>

The notes on pages 31 to 48 form part of these accounts.

Approved and authorised for issue by the University Board on 29 November 2013



MS S SUTHERLAND
Chair of the Board



PROFESSOR J VINNEY
Vice-Chancellor and Chief Executive

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

UNIVERSITY BALANCE SHEET AS AT 31 JULY 2013

	Note	2013 £000	2012 Restated £000
Fixed assets			
Tangible assets	8	88,942	78,054
Investments	8	79	116
		<u>89,021</u>	<u>78,170</u>
Current assets			
Stocks	9	5	8
Investments		60	-
Debtors	10	5,203	4,349
Short-term deposits		30,169	35,501
Cash at bank and in hand		1,010	463
		<u>36,447</u>	<u>40,321</u>
Creditors: Amounts falling due within one year	11	<u>(17,754)</u>	<u>(19,153)</u>
Net current assets		18,693	21,168
Total assets less current liabilities		<u>107,714</u>	<u>99,338</u>
Creditors: Amounts falling due after more than one year	12	(33,666)	(28,929)
Pension liability	21	(29,975)	(36,686)
NET ASSETS		<u>44,073</u>	<u>33,723</u>
Deferred capital grants	13	21,088	21,567
Reserves			
Revaluation	14	5,716	6,117
Revenue excluding pension reserve		47,244	42,725
Pension Reserve	21	(29,975)	(36,686)
Revenue including pension reserve	15	<u>17,269</u>	<u>6,039</u>
Total reserves		22,985	12,156
TOTAL		<u>44,073</u>	<u>33,723</u>

The notes on pages 31 to 48 form part of these accounts.

Approved and authorised for issue by the University Board on 29 November 2013



MS S SUTHERLAND
Chair of the Board



PROFESSOR J VINNEY
Vice-Chancellor and Chief Executive

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2013

	Note	<u>2013</u> £000	<u>2012</u> £000
Net cash inflow from operating activities	16	6,835	9,593
Returns on investments and servicing of finance			
Interest received		535	369
Interest element of bank loan		(868)	(665)
Interest element of finance lease payment		(986)	(1,010)
		<u>(1,319)</u>	<u>(1,306)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets (excluding leased assets)		(18,641)	(8,111)
Proceeds from sale of fixed assets		1,718	
Deferred capital grant received		683	492
		<u>(16,240)</u>	<u>(7,619)</u>
Cash (outflow)/inflow before use of liquid resources and financing		<u>(10,724)</u>	<u>668</u>
Management of liquid resources	18	5,332	(7,070)
Financing	17	5,090	5,976
(Decrease)/Increase in cash	18	<u>(302)</u>	<u>(426)</u>
Reconciliation of net cash flow to movement in net debt			
		<u>2013</u> £000	<u>2012</u> £000
Decrease in cash in the year		(302)	(426)
(Decrease)/Increase in short term deposits	18	(5,332)	7,070
Net increase in debt	18	(5,090)	(5,976)
Change in net funds		<u>(10,724)</u>	<u>668</u>
Net funds at beginning of year	18	6,666	5,998
Net (debt)/funds at end of year	18	<u>(4,058)</u>	<u>6,666</u>

The notes on pages 31 to 48 form part of these accounts.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

	<u>2013</u> £000	<u>2012</u> £000
1. Funding body grants		
HEFCE recurrent grant	27,708	38,526
HEFCE non-recurrent specific grant	1,224	586
Deferred capital grants released (see note 13)		
- Buildings	1,034	1,050
- Equipment	128	157
	<u>30,094</u>	<u>40,319</u>
2. Tuition fees and education contracts		
Full-time students	45,258	34,309
Full-time students charged overseas fees	11,293	11,295
Part-time fees	2,342	2,229
Short course fees	1,344	1,363
Other teaching contract course fees	14,696	12,999
	<u>74,933</u>	<u>62,195</u>
3. Research grants and contracts		
Research Council	934	479
UK based charities	230	348
European commission	814	627
Other grants and contracts	1,098	1,536
	<u>3,076</u>	<u>2,990</u>
4. Other operating income		
Residences	5,908	6,244
Other services rendered	45	94
Other income including conferences	5,879	4,674
	<u>11,832</u>	<u>11,012</u>
5. Staff		
• Staff costs:		
Salaries and wages	48,901	45,260
Social security costs	4,149	3,793
Other pension costs	8,024	6,622
Redundancy and associated pension costs	457	618
	<u>61,531</u>	<u>56,293</u>
• Emoluments of the Vice-Chancellor		
Remuneration	211	178
Benefits in kind	3	3
Pension contributions	30	25
	<u>244</u>	<u>206</u>

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

5. Staff (continued)

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions on behalf of the Vice-Chancellor are paid at the same rate as for other academic staff. No governors received remuneration apart from reimbursement of expenses incurred in the course of their duties.

	<u>2013</u> £000	<u>2012</u> £000
• Emoluments of senior post holders		
Remuneration	819	632
Benefits in kind	13	5
Pension contributions	93	89
	<u>925</u>	<u>726</u>

Emoluments of senior post holders related to 6 members of staff in 2013 (2012: 6 members of staff)

	<u>2013</u> Number	<u>2012</u> Number
• Remuneration of other higher paid staff, including employer's national insurance and excluding employer's pension contributions.		
£100,000 to £110,000	1	1
£110,000 to £120,000	-	1
£120,000 to £130,000	1	2
£140,000 to £150,000	3	-
£200,000 to £210,000	-	1
£230,000 to £240,000	1	-
	<u>1,389</u>	<u>1,299</u>
• Average staff numbers employed:		
Academic staff (excluding part-time visiting lecturers)	584	546
Administrative, professional, technical and clerical staff	780	725
Manual and maintenance staff	25	28
	<u>1,389</u>	<u>1,299</u>

6. Other operating expenses

	<u>2013</u> £000	<u>2012</u> £000
Staff development	1,090	1,115
External Agencies and staff secondments	3,602	4,632
Other staff costs	532	479
Travel costs	1,523	1,479
Consumables and laboratory costs	395	499
Franchise costs paid to partner colleges	7,882	9,825
Student union grant	500	500
Student welfare	2,881	2,339
Office expenses	989	1,331
Books, periodicals and information services	1,894	1,697
Non capitalised equipment	3,159	4,140
Audit - External auditors remuneration – audit fees	33	49
- Auditors remuneration – other fees	23	15
- Taxation advisory services	69	-
- Internal auditors remuneration	58	53
Legal and professional	3,104	2,858
Bursaries	3,895	3,277

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

6. Other operating expenses (continued)

Promotions costs	1,873	1,798
Rent and rates	7,009	4,901
Heat, light, water and power	2,010	2,116
Repairs, refurbishment and scheduled maintenance	1,806	2,364
Insurance	343	400
Other expenses	5,065	5,010
	<u>49,735</u>	<u>50,877</u>

Other operating expenses include 2013
£'000 2012
£'000

Governors expenses	7	6
Hire of Plant and Machinery – operating leases	15	15
Hire of other assets – operating leases	32	26

7. Interest payable 2013
£000 2012
£000

On finance leases	986	1,010
Pension finance costs	747	853
Interest payable on bank loans: Repayable wholly or partly >5 years	868	665
	<u>2,601</u>	<u>2,528</u>

8. Tangible assets: Group and University

Tangible Fixed Assets

	Freehold and Leasehold Land and Buildings £000	Leasehold Improve- ments £000	Equipment £000	Assets in course of construction £000	Total £000
<i>Cost/valuation</i>					
At 1 August 2012	102,143	1,891	48,401	5,479	157,914
Additions	418	-	2,153	16,070	18,641
Disposals	(2,176)	-	-	-	(2,176)
Transfers	5,113	-	1,040	(6,153)	-
	<u>105,498</u>	<u>1,891</u>	<u>51,594</u>	<u>15,396</u>	<u>174,379</u>
31 July 2013	105,498	1,891	51,594	15,396	174,379
<i>Depreciation</i>					
At 1 August 2012	38,570	529	40,761	-	79,860
Charge for the year	3,733	76	2,589	-	6,398
Disposals	(821)	-	-	-	(821)
	<u>41,482</u>	<u>605</u>	<u>43,350</u>	<u>-</u>	<u>85,437</u>
31 July 2013	41,482	605	43,350	-	85,437
<i>Net book value</i>					
31 July 2013	64,016	1,286	8,244	15,396	88,942
31 July 2012	63,573	1,362	7,640	5,479	78,054

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

8. Tangible assets (continued)

As a result of the Education Reform Act 1988 the interests in properties occupied by the University, previously held by Dorset County Council (DCC), were formally transferred, under the direction of the Education Assets Board (EAB), to the University itself with effect from 1st April 1989. Similarly, the University also acquired unrestricted title to those moveable assets acquired from funds previously paid by the DCC.

The cost/valuation of Land and Buildings comprises:

	<u>2013</u> £000	<u>2012</u> £000
Freeholds		
Assets inherited upon incorporation:		
Property, valued at depreciated replacement cost	17,170	17,170
Land, valued at transferred debt	122	122
	<u>17,292</u>	<u>17,292</u>
Assets valued on an open market basis in 1990	150	150
Assets stated at cost	78,856	75,501
Assets held under finance leases (short leaseholds)	9200	9,200
	<u>105,498</u>	<u>102,143</u>

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at the date of implementation have been retained. In July 2011 freehold property was valued by Webb Valuations, who calculated a Property Insurance Reinstatement value of £234.9m on a Net Book Value of £63.2m.

Land and Buildings with a net book value of £62.9m includes assets held under finance leases with a net book value of £5.5m (2012: £5.8m), on which £0.2m of depreciation was charged during the year.

Exchequer Funded Assets

The net book value of exchequer funded assets at the balance sheet date was £15.3m. Where assets are acquired with the aid of Exchequer funded grants, the related grants are treated as deferred capital grants and released to income over the expected useful life of the assets. (See note 13.)

Investment

	Cost at 31 July 2013	Cost at 31 July 2012
Investments - University	£	£
Shares in group companies	5	5
Shares in CVCP Properties, plc	28,091	28,091
Shares in LeNSE Limited	50,000	50,000
Shares in Talis	-	37,373
Shares in Odstock Medical Ltd	1	1
	<u>78,097</u>	<u>115,470</u>

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

8. Tangible assets (continued)

Group Companies

BU Innovations Limited	2	2
Bournemouth University Limited	-	2
BU Enterprise Limited	1	1
	<hr/>	<hr/>
	3	5
	<hr/>	<hr/>

Group Companies

The University is the beneficial owner of the entire issued share capital of the group companies, all of which are registered in England. The subsidiary companies undertake activities which, for legal and commercial reasons, are more appropriately channelled through limited companies.

Their principal activities are as follows:

BU Innovations Limited purchases and exploits intellectual property rights arising from the work of staff of Bournemouth University.

Bournemouth University Limited provided business incubation services to emerging businesses in the ICT sector. The company was dissolved on 23 July 2013.

BU Enterprise Limited was incorporated on 1 February 2012; the accounting period was extended to 31 July 2013. The company provides business incubation, business acceleration, the creation of a community of practice (COP) and the enhancement of curricula.

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 23. 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.

CVCP Properties plc £28,091

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. The total issued ordinary share capital of CVCP Properties plc is £4,250,000.

LeNSE Limited £50,000

The University, with ten other universities and institutes of higher education in the south eastern area of England, is a founder member of LeNSE Limited. The principal objects of the company are to provide high speed data connections between the partner institutions from the LeNSE network to SuperJANET and to act as a focus for the development of high speed wide area networking for the academic and research community in the south east of England. The capital of the company is 1,000 ordinary £1 shares. 800 shares have been issued at a premium to partner institutions, 100 of which are held by the University.

Other Investments

The shares in Talis were sold during the financial year. The Bournemouth University Foundation had investments valued at £61,000 on 31 July 2012. The investments were transferred to the University in 2012 and were valued at £60,236 on 31 July 2013.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

9. Stocks

	<u>2013</u>		<u>2012</u>	
	Group £000	University £000	Group £000	University £000
Stock	5	5	8	8
	<hr/>	<hr/>	<hr/>	<hr/>

10. Debtors

	<u>2013</u>		<u>2012</u>	
	Group £000	University £000	Group £000	University £000
Debtors	1,745	1,736	1,674	1,571
Amounts owed by group companies	-	9	-	48
Prepayments and accrued income	3,460	3,458	2,738	2,730
	<hr/>	<hr/>	<hr/>	<hr/>
	5,205	5,203	4,412	4,349
	<hr/>	<hr/>	<hr/>	<hr/>

11. Creditors: amounts falling due within one year

	<u>2013</u>		<u>2012</u>	
	Group £000	University £000	Group £000	University £000
Bank loans and overdrafts	1,273	1,273	1,387	1,319
Other loans	125	125	125	125
Obligations under finance leases	385	385	307	307
Trade creditors	2,723	2,723	4,273	4,221
Amounts owed to group companies	-	41	-	32
Other creditors	1,741	1,742	1,716	1,716
Social security and other taxation payable	1,376	1,376	1,299	1,297
Accruals and deferred income	10,136	10,089	10,151	10,136
	<hr/>	<hr/>	<hr/>	<hr/>
	17,759	17,754	19,258	19,153
	<hr/>	<hr/>	<hr/>	<hr/>

Accruals and deferred income include £5.1m (2012: £7m) of income received in advance in connection with teaching and consultancy work.

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

Group and University	<u>2013</u> £000	<u>2012</u> £000
Bank loans	24,408	19,161
Finance leases	8,995	9,380
Other creditor	200	200
Other loans	63	188
	<hr/>	<hr/>
	33,666	28,929
	<hr/>	<hr/>

The bank loan is represented by £5m fixed rate loan repayable by 2043 at an interest rate of 5.285%, a £5m fixed rate loan repayable by 2043 at an interest rate of 4.93% a £3m fixed rate loan repayable by 2043 at an interest rate of 4.215%, a £6.4m fixed rate loan repayable by 2043 at an interest rate of 3.6075% and a £5.7m fixed rate loan repayable by 2043 at an interest rate of 3.45%. The other creditor is represented by a repayable grant received for the Revolving Green

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

12. Creditors: amounts falling due after more than one year (continued)

Fund and a carbon reduction initiative of £200k. The other loan is represented by a repayable grant received for a joint HEFCE and Salix Finance Ltd initiative to reduce greenhouse gases of £313k.

In 1998 the University entered into a twenty six year finance lease on Cranborne House, a 499 bed student accommodation facility, at an initial annual rent of £755,000 which increases annually by 3.65%. After twenty six years the freehold interest in the building will be transferred to the University at no cost. £8,995,000 is outstanding on finance leases due after more than one year.

An analysis of the capital debt by due date of repayment on the finance lease is set out below:

	<u>2013</u> £000	<u>2012</u> £000
Repayable within 1 year	385	307
Repayable within 2-5 years	3,743	2,112
Repayable after 5 years	5,252	7,268
	<u>9,380</u>	<u>9,687</u>

An analysis of the capital debt by due date of repayment on the bank loan is set out below:

	<u>2013</u> £000	<u>2012</u> £000
Repayable within 1 year	435	160
Repayable within 2-5 years	1,492	1,011
Repayable after 5 years	22,916	18,150
	<u>24,843</u>	<u>19,321</u>

An analysis of other loans is set out below:

	<u>2013</u> £000	<u>2012</u> £000
Repayable within 1 year	125	125
Repayable within 2-5 years	63	188
	<u>188</u>	<u>313</u>

13. Deferred capital grants: Group and University

	HEFCE Grants		Other Grants	Total £000
	Buildings £000	Equipment £000	Donations £000	
At 1 August 2012	20,398	493	676	21,567
Grant received in year	433	-	250	683
Released to Income and Expenditure account (see note 1)	(1,011)	(128)	(23)	(1,162)
At 31 July 2013	<u>19,820</u>	<u>365</u>	<u>903</u>	<u>21,088</u>

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

13. Deferred capital grant: Group and University (continued)

Deferred capital grants represent cash received from HEFCE and private donations to finance buildings and equipment which have not yet been released to the credit of the Income and Expenditure account.

14. Revaluation Reserves: Group and University	<u>2013</u> £000	<u>2012</u> £000
Balance at 1 August 2012	6,117	6,518
Transfer to general reserves	(401)	(401)
Balance at 31 July 2013	<u>5,716</u>	<u>6,117</u>

The transfer to general reserves represents an amount equal to the depreciation charged in the year on assets acquired in 1988 from Dorset County Council at the inception of Bournemouth Polytechnic (now Bournemouth University). The assets were valued in 1989 at £17,170k.

15. Revenue reserves

	Group Restated £000	University Restated £000
Balance at 1 August 2012 as previously stated	8,380	7,111
Prior year adjustment (See note 22)	(1,072)	(1,072)
Balance at 1 August 2012 restated	<u>7,308</u>	<u>6,039</u>
Retained surplus for the period	159	1,419
Actuarial gain on pension liability (See note 21)	9,410	9,410
Transfer from revaluation reserves	401	401
Balance at 31 July 2013	<u>17,278</u>	<u>17,269</u>

Revenue reserves include £121,000 held for restricted purposes of student support and research projects as agreed with the donors.

Group retained surplus for year	£000
University surplus for year	1,419
Loss generated by subsidiary undertakings	(1,260)
	<u>159</u>

16. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	<u>2013</u> £000	<u>2012</u> £000
Surplus after taxation	159	1576
Depreciation	6,398	5,871
(Loss)/Gain on disposal	(363)	24
Deferred capital grants released	(1,162)	(1,207)
Interest receivable	(489)	(629)
Interest payable	2,601	2,528
Pension contribution less amounts charged to operating surplus	1,952	1,133
Decrease in stock	3	11
Increase in debtors	(839)	(210)
(Decrease)/Increase in creditors	(1,463)	493
Decrease on investments	38	3
	<u>6,835</u>	<u>9,593</u>

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

17. Analysis of changes in consolidated financing during the year

	Finance leases £000	Other loans £000	Bank loans £000	Total £000
At 1 August 2012	9,687	313	19,321	29,321
New leases/loans	-	-	5,700	5,700
Capital repayments	(307)	(125)	(178)	(610)
At 31 July 2013	<u>9,380</u>	<u>188</u>	<u>24,843</u>	<u>34,411</u>

18. Analysis of changes in net funds

	At 1 August 2012 £000	Cash Movement £000	Non cash Movement £000	At 31 July 2013 £000
Cash at bank and in hand	1,713	(691)	-	1022
Bank overdraft	(1,227)	389	-	(838)
	<u>486</u>	<u>(302)</u>	<u>-</u>	<u>184</u>
Short-term deposits	35,501	(5,332)	-	30,169
Debts due within one year	(592)	592	(945)	(945)
Debts due after one year	(28,729)	(5,682)	945	(33,466)
	<u>6,666</u>	<u>(10,724)</u>	<u>-</u>	<u>(4,058)</u>

19. Contingent liabilities

Nomination agreements

The University has entered into an arrangement with UNITE for the supply of additional student accommodation in two buildings, Purbeck House a 519 bed accommodation 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 Spectrum (Signpost Homes Limited) for the supply of additional student accommodation in three buildings, Okeford House a 94 bed accommodation facility, Lyme Regis House, a 400 bed facility and Chesil House, a 210 bed facility. The buildings are owned and managed by Spectrum 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 that, to date, this has not been called upon. The nomination agreement will be transferred from Signpost Homes Limited to Campus Living Villages Limited on 20th September 2013.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

20. Operating lease and Capital commitments

At 31 July 2013 the group was committed to making the following payments during the next year in respect of operating leases:

	<u>2013</u>		<u>2012</u>	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases:				
Expiring within one year	-	17	-	3
Expiring within two and five years	3,540	30	927	40
Expiring within six and thirty years	1,101	-	1,101	-
	<u>4,641</u>	<u>47</u>	<u>2028</u>	<u>43</u>

In 1990 the University entered into a 30 year operating lease on the Talbot Student Village, a 278 room student accommodation facility. The rental is subject to triennial review. The Talbot Student Village remains the property of the Talbot Village Trust and at no time can the University take title to it.

In 2005 the University fitted out and occupied Melbury House which is held under a 25 year operating lease. The building provides accommodation for a number of Professional Service departments and the Business Incubation Centre. The fit out costs are shown in the leasehold improvements section in Note 8.

In 2010 the University entered into a 16 year operating lease on the Executive Business Centre which is home to the Business School. The lease has a break clause in 2014 and 2019. The rental is also subject to review in 2014 and 2019.

In 2012 the University entered into a 7 year operating lease on Dorchester House, a 540 room purpose built student accommodation block. The lease has a break clause in years 2015, 2016, 2017 and 2018.

Capital commitments	2013 £000	2012 £000
Commitments contracted at 31 July	11,966	6,485
Authorised but not contracted at 31 July	14,813	8,350
	<u>26,779</u>	<u>14,835</u>

21. Pensions

FRS17

The University's employees belong to three principal pension schemes, the Teachers' Pensions Scheme (TPS), the Universities Superannuation Scheme (USS) and the DCSS Local Government Pension Scheme (LGPS). All are defined benefit schemes. The total pension cost for the year ended 31 July 2013 was £8,106,460 (2012: £6,708,090), this included an amount of £83,906 (2012: £85,647) being notional interest in respect of enhanced pension entitlements for staff who have taken early retirement.

Reconciliation to balance sheet	2013 £000	2012 £000
DCSS LGPS pension liability	28,903	35,614
Pension enhancement pension liability	1,072	1,072
	<u>29,975</u>	<u>36,686</u>

NOTES TO THE ACCOUNTS

21. Pensions (continued)

TPS

Under the definitions set out in Financial Reporting Standard 17 - Retirement benefits, the Teacher's pension scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2012 to 31 July 2013.

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

The 2006 interim actuarial review, published in June 2007, concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

The government has announced the 2008 valuation of this scheme has been suspended, pending the introduction of a reformed scheme in 2015.

USS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not linked to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2011. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation.

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per, salary increases would be 4.4% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

21. Pensions (continued)

The total pension cost for the institution was £155,789 (2012: £138,703). This includes £13,940 (2012 £12,783) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

Pension Enhancements

The calculation of the cost of early retirement provisions charged to the Income and Expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 3.5% in excess of price inflation. An amount of £1,072,000 is included in provision for pension liabilities representing the extent to which capital costs charged exceed actual payments made. The provision will be released against the cost to the University of enhanced entitlements over the estimated life expectancy of each relevant scheme member. The value of the liability calculated by the actuaries was based on FRS17 assumptions used for the DCSS LGPS. The scheme is now closed and no new members have been added since the late 1990's.

DCSS

This is a funded defined benefit scheme where contributions payable are held in a trust separately from the University. Full actuarial valuations are carried out triennially, with the last full valuation being at 31 March 2011.

The valuation has been updated to 31 July 2013 by qualified independent actuaries who estimate that the net liability as at 31 July 2013 is £28,903,000.

The main results of, and assumptions for, the valuation of the scheme based on the projected unit method as prepared by the qualified independent actuaries are as follows:

Assumptions as at	31 July 2013		31 July 2012		31 July 2011	
	% p.a.	Real	% p.a.	Real	% p.a.	Real
RPI increases	3.4%		2.6%		3.5%	
CPI increases	2.6%	-0.8%	1.8%	-0.8%	2.7%	-0.8%
Salary increases	4.6%	1.2%	3.8%	1.2%	4.8%	1.3%
Pension increases	2.6%	-0.8%	1.8%	-0.8%	2.7%	-0.8%
Discount rate	4.8%	1.4%	3.9%	1.3%	5.3%	1.7%

Life expectancy from age 65 (years)

	2013	2012
Retiring today		
Males	20.1	20.0
Females	24.1	24.0
Retiring in 20 years		
Males	22.1	22.0
Females	26.0	25.9

Expected return on assets and estimated asset allocation

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 August 2013 for the year to 31 July 2014). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

21. Pensions (continued)

The following expected returns have been adopted.

Asset class	Expected return at 1 August 2013 %p.a.	Asset allocation 31 July 2013 £000	Expected return at 1 August 2012 %p.a.	Asset allocation 31 July 2012 £000
Equities	7.0%	38,985	6.4%	30,355
Other Bonds	-	-	-	-
Target Return Portfolio	5.2%	3,144	4.8%	2,488
Property	6.5%	5,659	5.9%	4,479
Cash	0.5%	3,144	0.5%	2,488
Gilts	3.4%	11,947	2.8%	9,952
Total		62,879		49,762

Reconciliation of DCSS LGPS pension liability recognised in balance sheet

Net pension deficit as at	31 July 2013 £ 000	31 July 2012 £ 000
Present value of funded obligation	(91,627)	(85,210)
Fair value of scheme assets	62,879	49,762
Net liability	(28,748)	(35,488)
Present value of unfunded obligation	(155)	(166)
Pension liability in balance sheet	(28,903)	(35,614)

The amounts recognised in the income and expenditure statement are:

	Year to 31 July 2013 £ 000	Year to 31 July 2012 £ 000
Charged to staff costs:		
Current service cost	4,891	3,893
Loss on curtailments	20	59
	4,911	3,952
Charges to interest payable:		
Interest on obligation	3,433	3,748
Expected return on scheme assets	(2,686)	(2,895)
	747	853
Expense recognised	5,658	4,805
Actual return on scheme assets	9,731	2,672

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

21. Pensions (continued)

Amounts recognised in Statement of Recognised Gains and Losses

	Year to 31 July 2013 £ 000	Year to 31 July 2012 £ 000
Actual return less expected return on pension scheme assets	7,046	(224)
Experience gains and losses	3	(24)
Changes in assumptions underlying the present value of the scheme liabilities	2,361	(8,892)
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in the statement of recognised gains and losses	9,410	(9,140)
	<hr/>	<hr/>
Cumulative amount of losses recognised in Statement of total Recognised gains and losses	(2,831)	(12,241)

Reconciliation of opening & closing balances of the defined benefit obligation

	Year to 31 July 2013 £ 000	Year to 31 July 2012 £ 000
Opening defined benefit obligation	85,376	68,780
Service cost	4,891	3,893
Interest cost	3,433	3,748
Actuarial (gain)/loss	(2,364)	8,916
Losses on curtailments	20	59
Estimated benefits paid (net of transfers in)	(898)	(1,246)
Past service costs	-	-
Contributions by scheme participants	1,337	1,238
Unfunded pension payments	(13)	(12)
	<hr/>	<hr/>
Closing defined benefit obligation	91,782	85,376

Composition of defined benefit obligation

	Year to 31 July 2013 £000	Year to 31 July 2012 £000
Unfunded	155	166
Funded obligations	91,627	85,210
	<hr/>	<hr/>
	91,782	85,376
	<hr/>	<hr/>

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

21. Pensions (continued)

Reconciliation of opening & closing balances of the fair value of scheme assets

	Year to 31 July 2013 £ 000	Year to 31 July 2012 £ 000
Opening fair value of scheme assets	49,762	44,292
Expected return on scheme assets	2,686	2,895
Actuarial gain/(loss)	7,046	(224)
Contributions by employer	2,959	2,819
Contributions by scheme participants	1,337	1,238
Estimated benefits paid (net of transfers in)	(911)	(1,258)
Fair value of scheme assets at end of period	<u>62,879</u>	<u>49,762</u>

Reconciliation of opening & closing balances of the net pension deficit

	Year to 31 July 2013 £ 000	Year to 31 July 2012 £ 000
Deficit at beginning of the year	(35,614)	(24,488)
Service cost	(4,891)	(3,893)
Employer contributions	2,946	2,807
Unfunded pension payments	13	12
Past Service Costs	-	-
Other finance costs	(747)	(853)
Curtailments	(20)	(59)
Actuarial gain/(loss)	9,410	(9,140)
Deficit at end of the year	<u>(28,903)</u>	<u>(35,614)</u>

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Adjustment to discount rate	+0.1%	0%	-0.1%
	£ 000	£ 000	£ 000
Present value of total obligation	89,294	91,782	94,350
Projected service cost	4,541	4,719	4,902
Adjustment to mortality age rating assumption	+ 1 year	none	- 1 year
Present value of total obligation	88,382	91,782	95,225
Projected service cost	4,496	4,719	4,945

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

21. Pensions (continued)

5 Year history

Amounts for the current and previous four periods	Year to 31 July 2013 £ 000	Year to 31 July 2012 £ 000	Year to 31 July 2011 £ 000	Year to 31 July 2010 £ 000	Year to 31 July 2009 £ 000
Defined benefit obligation	(91,782)	(85,376)	(68,780)	(59,272)	(49,488)
Scheme assets	62,879	49,762	44,292	37,796	28,859
Deficit	<u>(28,903)</u>	<u>(35,614)</u>	<u>(24,488)</u>	<u>(21,476)</u>	<u>(20,629)</u>

	Year to 31 July 2013 £ 000	Year to 31 July 2012 £ 000	Year to 31 July 2011 £ 000	Year to 31 July 2010 £ 000	Year to 31 July 2009 £ 000
Experience adjustments on scheme liabilities	3	(24)	1,157	-	-
Percentage of liabilities	-	-	1.7%	-	-
Experience adjustments on scheme assets	7,046	(224)	1,158	3,443	(7,045)
Percentage of assets	11.2%	(0.5%)	2.6%	9.1%	(24.4%)
Cumulative actuarial gain/(loss)	(5,534)	(14,944)	(5,804)	(4,409)	(2,211)

The Groups best estimate of the contributions expected to be paid in the year beginning on the 1 August 2013 is £2,887,000. (2012: £2,669,000).

22. Prior Year Adjustment

Pension Enhancement Payments

The University pays pension enhancements directly to beneficiaries who took early retirement under enhanced terms and conditions applicable at the date of their retirement. No pension provision had previously been included in the financial statements. The University engaged actuaries during 2013 to calculate the total liability of the pension enhancement payments. The value of the liability calculated by the actuaries was £1.072m and was based on FRS17 assumptions used for the DCSS LGPS. A prior year adjustment for the full £1.072m was required to provide for these future liabilities. Due to the historical nature of the provision the effect of this prior year adjustment is an increase in the pension liability of £1.072m in the 2012 opening balance sheet.

23. Access Funds

	<u>2013</u> £000	<u>2012</u> £000
Opening balance	17	18
Funding Council grants	284	286
Interest earned	1	1
	<u>302</u>	<u>305</u>
Disbursed to students	(284)	(288)
Closing Balance	<u>18</u>	<u>17</u>

BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

NOTES TO THE ACCOUNTS

23. Access Funds (continued)

Funding Council grants are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure account.

24. Related Party Transactions

The Board has taken advantage of the exemptions provided by FRS8 not to disclose transactions with wholly owned subsidiary companies.

No governors received payment for their services as a governor.

During the year The Bournemouth University Foundation awarded grants to Bournemouth University of £1,338,200 (2012: £130,865). No amounts were outstanding at the end of the year.

Bournemouth University Foundation	£
Turnover including interest received	105,747
Expenditure	(1,399,304)
	<hr/>
Loss on ordinary activities	(1,293,557)
	<hr/>
Reserves brought forward	1,301,340
Loss for year	(1,293,557)
	<hr/>
Reserves carried forward	7,783
	<hr/>

Students Union

Bournemouth University considers the Student Union at Bournemouth University to be a related party due to the level and nature of the transactions between organisations. During the year to 31 July 2013, the University paid a grant of £500,000 to the Union (2012: £500,000).

The Bournemouth University Foundation

The Bournemouth University Foundation was formed to create a fund that that would provide an independent source of income and accept donations made to help the University grow and develop further. Donations made to The Bournemouth University Foundation helps enhance the student experience and develop academic excellence, including support for individual students financially and investment in University resources. The charitable purpose of the Bournemouth University Foundation is the advancement of education in particular through the award of grant bursaries to assist students studying at Bournemouth University and through the provision of financial support to the University not provided from other sources.

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.



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