

Bournemouth  
University

# **Bournemouth University Higher Education Corporation**

**Report and financial statements  
for the year ended 31 July 2011**



**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**BOARD MEMBERS AND ADVISERS**

Board Members (External)

Ms Sue Sutherland (appointed Chair Nov 10)  
Mr Alan J Frost (Chair, retired Nov 10)  
Mr Chris Appleton  
Dr Peter Barnwell  
Mr Ian Carter  
Ms Joanna Dawson  
Mr Julian Francis  
Prof Christine Hallett  
Mr David Hines  
Mr Tim Lee  
Ms Hannah McCarthy (resigned Jan 11)  
Ms Fiona McMillan (resigned Jul 11)  
Dr Peter Rawlinson  
Mr Roy Spragg  
Mr Giles Sturdy (Deputy Chair)

Board Members (Internal)

Mr Jim Andrews  
Ms Mandi Barron  
Prof Matthew Bennett (appointed Jan 11)  
Prof Paul Curran (resigned Aug 10)  
Mr Charles Elder  
Ms Karen Everett (resigned Jul 11)  
Mr Toby Horner  
Ms Marian Mayer  
Prof Tim McIntyre-Bhatty (appointed Apr 11)  
Prof Nick Petford (resigned Aug 10)  
Prof John Vinney  
Mr David Willey

Auditors

BDO LLP  
Arcadia House  
Maritime Walk  
Ocean Village  
Southampton  
Hants  
SO14 3TL

Bankers

Barclays Bank PLC  
Bournemouth Town Branches  
Bournemouth  
Dorset  
BH1 1ER

Solicitors

Martineau  
35 New Bridge Street  
London  
EC4V 6BW

## 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 2011. The financial statements comprise the consolidated results of the University and its wholly-owned subsidiaries, Bournemouth University Limited (BUL), BU Innovations Limited (BUIL) and The Bournemouth University Foundation. BUL 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 liaise with Alumni and raise funds for the University. During 2011 the wholly-owned subsidiaries Southern Educational Enterprises Ltd and South Coast Information and Library Services Ltd were voluntarily liquidated.

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

#### Results for the year

The University's consolidated income, expenditure and results for the year ended 31<sup>st</sup> July 2011 are summarised as follows:

	<u>2011</u>	<u>2010</u>
	£000	£000
Income	121,048	115,130
Expenditure	111,571	108,283
Surplus for the year on operations after taxation	<u>9,477</u>	<u>6,847</u>
Adjustment removing costs of FRS17	1,617	1,352
Surplus for the year after excluding FRS17	<u>11,094</u>	<u>8,199</u>

Accounting for pensions under FRS17 has resulted in an increase in staff costs of £1,058k (2010: increase £564k), an increase in finance costs of £559k (2010: increase £788k) and a decrease in surplus for the year of £1,617k (2010: decrease £1,352k). The notes to the accounts disclose all the relevant information concerning the movements in the pension liability.

The FRS17 adjustments only 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 surplus for the year prior to the FRS17 adjustments was £11,094k (2010: £8,199k).

#### Cash flow and treasury management

Net cash inflow from operating activities for the year was £14.497m (2010: £12.772m). Net funds as at 31 July 2011 amounted to £5.998m, an increase of £5.270m compared to 2010 (£0.728m). Receipts from capital grants totalled £1.946m (2010 £3.575m) and in year cash outflows in respect of capital expenditure amounted to £9.940m (2010: £5.812m).

The University currently holds short-term deposits of £28.431m, it invests these balances in bank deposits and approved Money Market Funds. Bank deposits are placed directly with an approved bank while investments in Money Market funds are placed through an approved Asset Manager.

The University has one long-term loan subject to financial covenants. The University fully complied with these requirements during the year. There was no additional draw down on the long term loan facility in the year with borrowings reducing slightly from £13.0m in 2010 to £12.984m in 2011. The borrowings have been used to fund The Estates Strategy and at the balance sheet date £27m of the loan facility was still available for drawdown.

# BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

## REPORT OF THE BOARD OF GOVERNORS

### Report of the Board of Governors

#### Overview

Bournemouth University has achieved so much in our core areas of education, research and professional practice. Looking forward, we recently published our new Vision & Values *BU2018: Creating, Sharing, Inspiring* which outlines where we would like to be as an organisation by 2018. In this Vision we will strive to create a student and staff experience that is stimulating, challenging and rewarding, in a world-class learning community that shares a unique fusion of excellent education, research and professional practice.

During 2011 we have looked to our immediate future by ensuring that the way we are structured and aligned will enable us to meet the big challenges that await the world of higher education. We have made wise investments in our campuses, with a world-class new lecture space at Kimmeridge House complementing the continued success of the Executive Business Centre and the proliferation of exciting, modern, well-equipped learning spaces throughout the University, as well as new Halls of Residence, right in the heart of Bournemouth.

These investments are crucial in enhancing the student experience. We will continue to strengthen that experience further by listening to what our students have to say and ensuring that their journey is fulfilling, academically, pastorally and socially. We are embedding our passion for research so that it fuses with our teaching and consultancy work. The creation and dissemination of knowledge is at the heart of everything we do here at Bournemouth University.

#### Operating and Financial Review

During 2011 Bournemouth University announced that from 2012/13 it will be charging a fee of £8,200 for the majority of its courses. Around 90 percent of BU's honours degree courses will attract this fee.

BU's new fee structure will see a small number of flagship degree courses in areas such as Tourism, Computer Animation, Television Production and Journalism attracting a fee of £9,000 to recognise the global reputation of those courses, together with their cost of delivery and competitive demand for student places.

There will also be another fee tier of £6,000 for the majority of BU foundation degrees; these are predominately delivered through BU's regional partner Further Education colleges. This lower fee reflects BU's commitment to providing flexible entry routes into higher education.

The new fees will allow BU to continue to invest in offering our student excellent experience at the University whilst maintaining the quality of its programmes, and will apply to full-time students from the UK and the EU who commence their studies in 2012.

#### Financial Highlights of the Year

2010/11 has been a strong year financially for the University. Income, surplus and cash reserves all increased significantly.

##### Income

Total income increased by £6m from £115m in 2010 to £121m in 2011, this represented an increase of 5.2% (2010 increase 8.5%).

Funding body grant income decreased by £1m in 2011 and represents 37.5% of the University's total income, a reduction of 2.7% from 2010.

Income from tuition fees and education contracts increased by £4.4m from £54.3m in 2010 to £58.7m in 2011 and now represents 48.5% of total income, an increase of 1.4% from 2010. The increase is largely due to additional postgraduate and overseas student recruitment.

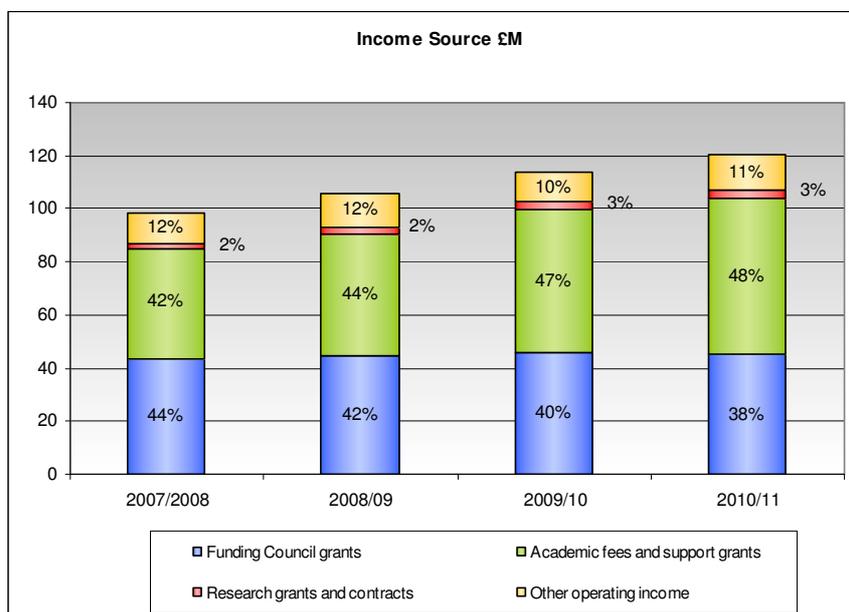
Research Grants and Contract income increased by £0.3m from £2.8m in 2010 to £3.1m in 2011, this represented an increase of 12% (2010 increase 13%).

Other operating income increased by £1.7m from £11.6m in 2010 to £13.3m in 2011. The increase was predominately due to the receipt of additional HEFCE funded project income on areas such as the Green Knowledge Economy and Wellbeing and an increase in Knowledge Partnership Income. Income from student residences remained largely unchanged.

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**REPORT OF THE BOARD OF GOVERNORS**

**Financial Highlights of the Year (continued)**

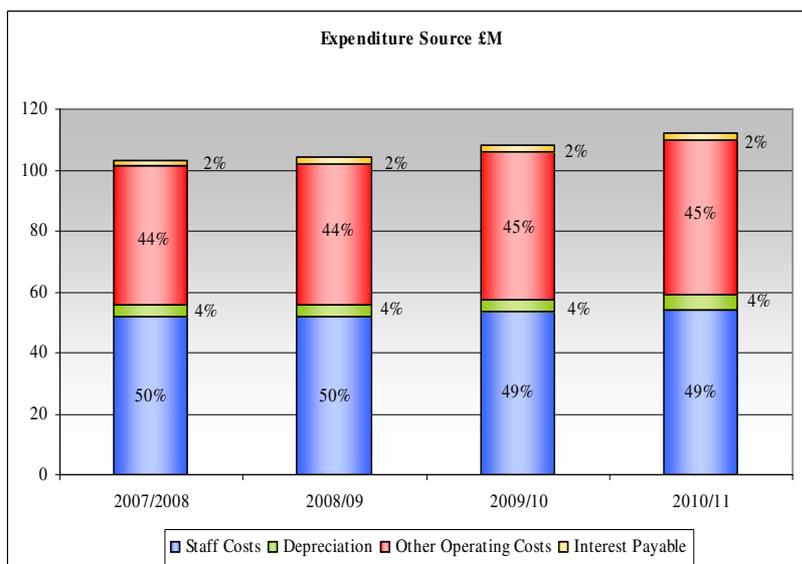


**Expenditure**

Staff costs increased by £0.6m from £53.4m in 2010 to £54.0m in 2011. Excluding the adjustment for FRS17 (Retirement Benefits), staff costs increased by £0.2m.

Other operating expenditure increased by £2.0m from £48.6m in 2010 to £50.6m in 2011, an increase of 4.0%. Computer and equipment costs increased £0.5m, rent increased by £0.4m and library spend increased by £0.4m. Franchise costs reduced by £0.7m predominately due to under recruitment at partner colleges.

Depreciation increased £0.8m whilst interest payable reduced by £0.2m.



**Balance sheet**

The University's liquidity position strengthened during 2011 with our current assets exceeding current liabilities by £16m, an improvement of £6m from 2010. Cash and short-term deposits increased by £6.7m from £24.6m in 2010 to £31.3m in 2011. The total net assets of the University increased by £8.1m from £36.2m in 2010 to £44.3m in 2011.

# BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

## REPORT OF THE BOARD OF GOVERNORS

### Financial Performance Indicators

The University achieved all 5 of its financial performance indicators in 2011 as described below.

#### Surplus before adjustment for FRS17

The University recorded a surplus before adjusting for FRS17 (Accounting for Pension Scheme Liabilities) of £11.1m in 2011 (2010 - £8.2m), this represented 9.2% of turnover (2010 - 7.1%).

#### Total income

Total income increased by £6m from £115m in 2010 to £121m in 2011, this represented an increase of 5.2% (2010 - 8.5%).

#### Net assets before adjustment for FRS17

The University net asset position continued to improve with net assets increasing from £57.7m in 2010 to £68.9m in 2011. The increase is mainly attributable to an increase in fixed assets of £5.2m and an increase in short-term deposits of £5.1m. Creditors falling due within one year and after more than one year increased by £0.5m and £0.1m respectively.

#### Current Ratio

The current ratio continued to improve in 2011 increasing from 1.53 in 2010 to 1.83 in 2011. Current assets increased by £6.4m from £28.8m in 2010 to £35.3m in 2011 whilst current liabilities increased by £0.6m from £18.8m in 2010 to £19.4m in 2011. The improved current ratio is mainly attributable to an increase in short-term deposits.

#### Net cash inflow from operating activities

The University's cash generation from operating activities remained strong in 2011 with a net cash inflow of £14.5m (2010 - 12.8m).

### Research and Knowledge Exchange

Research income and activity continued to grow strongly, and income from research grants and contracts increased significantly by 12.2% in the last year, to £3.1m, and has grown by 76.3% since 2007-08. During the year there has been a significant increase (62.0%) in research income from Research Councils.

	2007-08	2008-09	2009-10	2010-11	% change 07-08 - 10-11
Research Councils	286,683	514,347	511,178	828,314	188.9%
UK based charities	298,382	599,167	590,076	463,237	55.3%
UK government, health and hospital authorities	565,680	844,870	1,386,527	1,034,398	82.9%
UK industry, commerce & public corporations	275,024	211,648	156,576	205,647	-25.2%
EU government and other	228,054	209,448	100,719	475,013	108.3%
Other sources	112,775	74,663	30,983	108,647	-3.7%
Totals	1,766,598	2,454,143	2,776,059	3,115,256	76.3%

Table 1: research income by category by year, 2007-08 to 2010-11

Income from knowledge exchange activities has increased for the first time in four years, with a 6.6% increase from 2009-10. During the last year there has been a significant increase (92.9%) in income from Knowledge Transfer Partnerships (KTPs), projects aimed to help create and exchange knowledge between universities and businesses. Income received from UK government departments decreased noticeably last year, predominately due to a reduction in funds available for research from government bodies, such as the NHS.

# BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

## REPORT OF THE BOARD OF GOVERNORS

### Research and Knowledge Exchange (continued)

	2007-08	2008-09	2009-10	2010-11	% change 07-08 to 10-11
Knowledge exchange income	2,528,841	2,459,925	2,266,902	2,416,769	-4.4%

Table 2: knowledge exchange income by year, 2007-08 to 2010-11

### Capital Investment

Capital investment of some £4m was invested in the IT systems and infrastructure during the financial year 2010/11 in line with the University's IT Strategy 2010-15. Major improvements coming into service included:

- Upgrade of the Course Search facility for students
- New system for Events & Open Day Management for students
- Web Timetabling, online access to timetables for students and staff including SMS and email notification of lecture cancellations
- New system for online Applications, for non-UCAS students
- Improved database for managing the finances of research projects

In parallel, capital investment of some £5.5m was invested in the Estates building and facilities during the 2010/11 financial year, implementing planned elements of the University's Estates Strategy 2010-19 and Carbon Management Plan. Several new facilities came on stream including:

- An expanded Lecture Theatre complex at Kimmeridge House, incorporating a 306 seat and 68 seat lecture theatres and new seminar rooms, and state-of-the-art audio-visual systems
- Two new all-weather sports pitches
- A new research centre in Bournemouth House for the Centre for Health and Well Being
- New student open access areas, for under-graduates and dedicated space for post-graduates, in the Talbot library complex
- Chesil House, a new 210 beds block of student accommodation

The investments programmes in IT services and in the Estate will continue at a fast pace in 2011/12

### 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 2011

BU was named the fifth greenest University in the UK in the People & Planet Green League in 2011, rising fifteen places from last year and earning a 'First Class' degree-style rating for the second year running.

#### EcoCampus Gold Award

The University implemented an EcoCampus certified Environmental Management System (EMS). In May 2011, BU became only the sixth Higher Education Institution in the UK to receive the Gold Award. The Environment & Energy Team is now implementing the requirements of the fourth and final stage, Platinum Award, which is equivalent to the international standard ISO 14001.

#### Environmental Programme

The University has a wide-ranging 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.

## **BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

### **REPORT OF THE BOARD OF GOVERNORS**

#### **Bournemouth University and Public Benefit**

Bournemouth University is required to demonstrate how it meets the requirement that its activities are of 'public benefit'. The Board members are aware of their duties with regard to public benefit and are conversant with the Charity Commission guidance in this area.

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 HEFCE became the 'principal regulator' for Higher Education Institutions (HEIs) in England that are exempt charities.

#### **Education and Widening Access**

At Bournemouth University we are committed to the recruitment of students from our region and to increase the attractiveness 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.

As part of its package of fees and support for the new fees regime, BU has set out its plans to invest some £3.6m during 2012/13 of which £1.4m is new investment. This will extend the University's ambitions to engage with students who are currently under-represented in higher education.

These new measures will include developing an outreach programme with specific focus on learners from areas which traditionally have low participation rates in higher education, those who are leaving care and students with disabilities.

From 2012 the University will be offering a highly targeted, simple, transparent and clearly communicated programme of financial support worth some £1m, and based solely on need. This will include elements such as guaranteed year-round accommodation for those leaving care (free of charge in the first year of study) and a combination of fee waivers, bursaries and accommodation bursaries for students from Low Participation Neighbourhoods.

We will seek to achieve a gradual year-on-year increase in the entry qualifications of our undergraduate students and match this with a year-on-year increase in added value whilst aiming to improve our ranking of graduate level employment. High quality and challenging education geared to employability will be sustained by the services and support that will allow each student to achieve their potential.

#### **Working with the Community**

Bournemouth University's work with the community is diverse and dynamic bringing together a range of activities relating to widening participation, outreach and collaborative work, working in partnership with schools, colleges and employers.

This includes our Summer Schools, which are targeted at under-represented groups in higher education, giving the opportunity to get a taste of university life. They are funded by the Aimhigher programme as part of the South West Regional Summer Schools programme. Summer Schools aim to raise learners' aspirations to progress to university level study, boosting their confidence and knowledge so that they are more likely to apply for a course, and ultimately to successfully complete their studies. The Summer School programme also provides a vital link to our local and regional community, building on our relationships with our partner schools and colleges.

#### **Research**

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.

For the second year running, research undertaken by BU academics was shortlisted in the prestigious Times Higher Education (THE) Awards, and in 2011 the research support department was shortlisted in the THE Leadership and Management Awards.

Notable achievements in 2010-11 include:

- Research into methadone toxicity, investigating the ability of users to metabolise and eliminate methadone.
- Development of Functional Electrical Stimulation (FES) to overcome problems associated with neurological disabilities, with over 3,000 patients benefitting.
- Combining artificial intelligence and experimental methods to develop a prosthetic socket which can measure the interaction between the socket and the limb.
- Research into the use of prosthetic limbs in elite sports ahead of the 2012 London Paralympics.

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

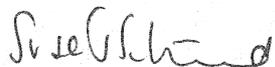
**REPORT OF THE BOARD OF GOVERNORS**

**Bournemouth University and Public Benefit (continued)**

- Content analysis of BBC Persian television, informing the future funding model of a service on which millions of Iranians depend.
- Continuing studies into the evolutionary shifts that have allowed topmouth gudgeon to adapt to a wide variety of different climates, leading to a predictive climactic model of future requirements.

**Summary**

2010/11 has been another successful year for Bournemouth University with significant strengthening of its academic activities, investment in the student experience and in its financial health. We are confident that, despite uncertainties within higher education in the UK, the University will continue to go from strength to strength.



MS S SUTHERLAND  
Chair of the Board  
04 November 2011

## BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

### CORPORATE GOVERNANCE

1. The following statement is provided to enable readers of the annual report and accounts of the institution to obtain a better understanding of its 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 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.
  - 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 entirely from the staff and the students of the institution. It is particularly concerned with general issues relating to the learning and 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 2010/11, in accordance with recommended best practice, the Board commissioned an independent review of its own effectiveness. This resulted in a number of recommendations leading to a revised sub-committee structure as set out below. In addition to these sub-committees the Board establishes fixed term ad-hoc Task Groups in order to consider particular issues. In 2010/11 these have comprised an Enterprise & Commercialisation Task Group (considering the development of the University's Enterprise Strategy) and an Honorary Awards Task Group which will meet in March 2012. 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 annually, 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 the National Audit Office 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. With an increasing focus being placed upon accuracy of data, and the need for both University management and the Audit, Risk and Governance Committee to gain assurance over the quality of data submitted within institutional returns, a broad ranging data optimisation review process has been introduced with reports being submitted to the Audit, Risk and Governance Committee. University senior executives attend meetings of Audit, Risk and Governance Committee but are not members of the Committee.
  - 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 monitors the performance of the University against Key Performance Indicators. The Committee also advises the Board on the effectiveness and efficiency of

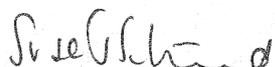
## BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION

### CORPORATE GOVERNANCE

- 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 University Board is also represented on the following Senate Committees: Student Experience Committee, Research & Enterprise 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.
  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 of the University Leadership Team which may be consulted by arrangement with the Clerk.
  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 an in house shared services consortium.
2. The University Executive delegates the detailed assessment of risk to the Risk Management 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 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 reviews 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.
6. There have been no material internal control issues to report during the year to 31 July 2011.



MS S SUTHERLAND  
Chair of the Board  
04 November 2011



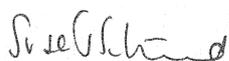
PROFESSOR J VINNEY  
Vice-Chancellor and Chief Executive

## **BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

### **RESPONSIBILITIES OF THE UNIVERSITY BOARD**

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.
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 - 04 November 2011

## **BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

We have audited the financial statements of Bournemouth University for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement, the Consolidated Statement of Historical Cost Surpluses and Deficits, the Statement of Principal Accounting Policies 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. Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

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 2011 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";
- the financial statements have been prepared in accordance with the requirements of the Education Reform Act 1988;
- income from the Higher Education Funding Council for England, 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.



**BDO LLP**  
Statutory Auditor  
Southampton  
United Kingdom  
Date:

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 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<sup>st</sup> July 2011. 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

Investments held as fixed assets are stated at cost.

### 5. Stocks and work in progress

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

## **BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

#### **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 University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-788 of the Corporation Tax Act 2010 (CTA2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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.

All subsidiary companies are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation.

The University's principal activities are exempt from Value Added Tax, but certain ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure includes irrecoverable Value Added Tax charged by suppliers to the University.

#### **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.

#### **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.

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.

## **BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

#### **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.

#### **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>2011</u> £000	<u>2010</u> £000
<b>INCOME</b>			
Funding body grants	1	45,444	46,313
Tuition fees and education contracts	2	58,728	54,263
Research grants and contracts	3	3,115	2,776
Other operating income	4	13,335	11,581
Interest receivable		426	197
		<u>121,048</u>	<u>115,130</u>
<b>EXPENDITURE</b>			
Staff costs	5	54,065	53,371
Depreciation	8	4,715	3,948
Other operating expenses	6	50,573	48,584
Interest payable	7	2,218	2,380
		<u>111,571</u>	<u>108,283</u>
Surplus for the year after depreciation of assets at valuation and taxation		<u>9,477</u>	<u>6,847</u>

All amounts relate to continuing activities.

The notes on pages 21 to 36 form part of these accounts.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>2011</u> £000	<u>2010</u> £000
Surplus for the financial year	9,477	6,847
Actuarial (loss)/gain recognised in the pension scheme	(1,395)	505
Total recognised gains and losses relating to the financial year	<u>8,082</u>	<u>7,352</u>

**RESERVES RECONCILIATION**

Opening reserves	13,979
Surplus for year	9,477
Actuarial loss recognised in pension scheme	(1,395)
Closing reserves	<u>22,061</u>

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES & DEFICITS FOR THE YEAR ENDED  
31<sup>ST</sup> JULY 2011**

	<u>2011</u> £000	<u>2010</u> £000
Surplus for the financial year	9,477	6,847
Difference between historical cost depreciation charge and actual depreciation charge on revalued fixed assets	401	401
	—————	—————
Historical cost surplus after taxation	9,878	7,248
	—————	—————

The notes on pages 21 to 36 form part of these accounts.

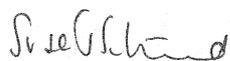
**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> JULY 2011**

	Note	<u>2011</u> £000	<u>2010</u> £000
<b>Fixed assets</b>			
Tangible assets	8	75,838	70,613
Investments	8	117	117
		<u>75,955</u>	<u>70,730</u>
<b>Current assets</b>			
Stocks	9	19	21
Investments	8	63	71
Debtors	10	3,942	4,104
Short-term deposits	18	28,431	23,367
Cash at bank and in hand	18	2,894	1,253
		<u>35,349</u>	<u>28,816</u>
<b>Creditors: Amounts falling due within one year</b>	11	(19,352)	(18,829)
		<u>15,997</u>	<u>9,987</u>
<b>Net current assets</b>		15,997	9,987
Total assets less current liabilities		<u>91,952</u>	<u>80,717</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	(23,121)	(23,047)
<b>Pension liability</b>	21	(24,488)	(21,476)
<b>NET ASSETS</b>		<u>44,343</u>	<u>36,194</u>
<b>Deferred capital grants</b>	13	22,282	22,215
<b>Reserves</b>			
Revaluation	14	6,518	6,919
Revenue excluding pension reserve		40,031	28,536
Pension reserve	21	(24,488)	(21,476)
Revenue including pension reserve	15	<u>15,543</u>	<u>7,060</u>
<b>Total reserves</b>		22,061	13,979
<b>TOTAL</b>		<u>44,343</u>	<u>36,194</u>

The notes on pages 21 to 36 form part of these accounts.

Approved and authorised for issue by the University Board on 4 November 2011



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<sup>ST</sup> JULY 2011**

	Note	<u>2011</u> £000	<u>2010</u> £000
<b>Fixed assets</b>			
Tangible assets	8	75,838	70,613
Investments	8	117	117
		<u>75,955</u>	<u>70,730</u>
<b>Current assets</b>			
Stocks	9	19	21
Debtors	10	3,803	4,683
Short-term deposits		28,431	23,367
Cash at bank and in hand		1,708	44
		<u>33,961</u>	<u>28,115</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(19,325)</u>	<u>(19,181)</u>
<b>Net current assets</b>		14,636	8,934
<b>Total assets less current liabilities</b>		<u>90,591</u>	<u>79,664</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	(23,121)	(23,047)
<b>Pension liability</b>	21	(24,488)	(21,476)
<b>NET ASSETS</b>		<u>42,982</u>	<u>35,141</u>
<b>Deferred capital grants</b>	13	22,282	22,215
<b>Reserves</b>			
Revaluation	14	6,518	6,919
Revenue excluding pension reserve		38,670	27,483
Pension Reserve	21	(24,488)	(21,476)
Revenue including pension reserve	15	<u>14,182</u>	<u>6,007</u>
<b>Total reserves</b>		20,700	12,926
<b>TOTAL</b>		<u>42,982</u>	<u>35,141</u>

The notes on pages 21 to 36 form part of these accounts.

Approved and authorised for issue by the University Board on 04 November 2011



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<sup>ST</sup> JULY 2011**

	Note	<u>2011</u> £000	<u>2010</u> £000
<b>Net cash inflow from operating activities</b>	16	14,497	12,772
<b>Returns on investments and servicing of finance</b>			
Interest received		426	197
Interest element of bank loan		(631)	(552)
Interest element of finance lease payment		(1,028)	(1,040)
		<hr/>	<hr/>
		(1,233)	(1,395)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets (excluding leased assets)		(9,940)	(5,812)
Deferred capital grant received		1,946	3,575
		<hr/>	<hr/>
		(7,994)	(2,237)
<b>Cash inflow before use of liquid resources and financing</b>		<hr/>	<hr/>
		5,270	9,140
<b>Management of liquid resources</b>	18	(5,064)	(11,308)
<b>Financing</b>	17	246	2,880
<b>Increase in cash</b>	18	<hr/>	<hr/>
		452	712

**Reconciliation of net cash flow to movement in net debt**

		<u>2011</u> £000	<u>2010</u> £000
Increase in cash in the year		452	712
Increase in short term deposits	18	5,064	11,308
Net increase in debt	18	(246)	(2,880)
		<hr/>	<hr/>
Change in net funds		5,270	9,140
Net funds/(debt) at beginning of year	18	728	(8,412)
		<hr/>	<hr/>
Net funds at end of year	18	5,998	728

The notes on pages 21 to 36 form part of these accounts.

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

	<u>2011</u> £000	<u>2010</u> £000
<b>1. Funding body grants</b>		
Recurrent grant	41,199	43,198
Specific grant	2,366	1,515
Deferred capital grants released (see note 13)		
- Buildings	1,747	1,408
- Equipment	132	192
	<hr/> 45,444	<hr/> 46,313
<b>2. Tuition fees and education contracts</b>		
Full-time students	32,028	31,086
Full-time students charged overseas fees	10,058	7,560
Part-time fees	2,998	2,125
Short course fees	1,175	1,227
Other teaching contract course fees	12,469	12,265
	<hr/> 58,728	<hr/> 54,263
<b>3. Research grants and contracts</b>		
Grants	828	511
Contracts	2,287	2,265
	<hr/> 3,115	<hr/> 2,776
<b>4. Other operating income</b>		
Residences	6,008	5,894
Other services rendered	96	89
Other income including conferences	7,231	5,598
	<hr/> 13,335	<hr/> 11,581
<b>5. Staff</b>		
• Staff costs:		
Salaries and wages	43,327	42,289
Social security costs	3,514	3,428
Other pension costs	6,218	5,619
Redundancy and associated pension costs	1,006	2,035
	<hr/> 54,065	<hr/> 53,371
• Emoluments of the Vice-Chancellor		
Remuneration	174	203
Benefits in kind	2	3
Pension contributions	24	32
	<hr/> 200	<hr/> 238

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.

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**5. Staff (continued)**

	<u>2011</u> £000	<u>2010</u> £000
• Emoluments of senior post holders		
Remuneration	724	751
Benefits in kind	14	12
Pension contributions	88	83
	<u>826</u>	<u>846</u>

Emoluments of senior post holders related to 6 members of staff in 2011 (2010: 7 members of staff)

	<u>2011</u> Number	<u>2010</u> Number
• Remuneration of other higher paid staff, excluding employer's pension contributions		
£100,000 to £110,000	1	1
£110,000 to £120,000	1	2
£120,000 to £130,000	1	-
£130,000 to £140,000	-	-
£140,000 to £150,000	-	1
£180,000 to £190,000	1	-
	<u>        </u>	<u>        </u>
• Average staff numbers employed:		
Academic staff (excluding part-time visiting lecturers)	532	513
Administrative, professional, technical and clerical staff	672	643
Manual and maintenance staff	39	35
	<u>1,243</u>	<u>1,191</u>

**6. Other operating expenses**

	<u>2011</u> £000	<u>2010</u> £000
Staff development	924	776
External Agencies and staff secondments	4,485	4,310
Other staff costs	530	507
Travel costs	1,546	1,419
Consumables and laboratory costs	1,405	397
Franchise costs paid to partner colleges and similar organisations	10,660	11,329
Student union grant	500	437
Student welfare	1,895	2,125
Office expenses	1,348	1,365
Books, periodicals and information services	1,838	1,436
Non capitalised equipment	4,365	3,863
Audit - External auditors remuneration – audit fees	46	42
- Auditors remuneration – other fees	16	18
- Internal auditors remuneration	51	72
Legal and professional	2,642	1,810
Bursaries	2,959	3,534
Promotions costs	1,606	1,753
Rent and rates	4,646	4,181
Heat, light, water and power	1,901	1,914
Repairs, refurbishment and scheduled maintenance	1,697	2,174
Insurance	409	354
Other expenses	5,104	4,768
	<u>50,573</u>	<u>48,584</u>

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**6. Other operating expenses (continued)**

Within Legal and professional expenses are £21k (2010: £6k) of fees paid to External Auditors for activities other than Audit. Reimbursement to governors for travel and subsistence expenses in attending Board and Committee meetings amounted to £4,340 and related to six governors (2010: £1,665 paid to five governors).

<b>7. Interest payable</b>	<u>2011</u>	<u>2010</u>
	£000	£000
On finance leases	1,028	1,040
Interest payable on bank loans	631	552
Pension finance costs	559	788
	<u>2,218</u>	<u>2,380</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 2010	91,680	1,891	41,765	4,601	139,937
Additions		-	541	9,399	9,940
Transfers	6,439	-	-	(6,439)	-
	<u>98,119</u>	<u>1,891</u>	<u>42,306</u>	<u>7,561</u>	<u>149,877</u>
<i>Depreciation</i>					
Accumulated at 1 August 2010	31,905	377	37,042	-	69,324
Charge for the year	3,044	76	1,595	-	4,715
	<u>34,949</u>	<u>453</u>	<u>38,637</u>	<u>-</u>	<u>74,039</u>
<i>Net book value</i>					
31 July 2011	63,170	1,438	3,669	7,561	75,838
31 July 2010	<u>59,775</u>	<u>1,514</u>	<u>4,723</u>	<u>4,601</u>	<u>70,613</u>

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 1<sup>st</sup> April 1989. Similarly, the University also acquired unrestricted title to those moveable assets acquired from funds previously paid by the DCC.

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**8. Tangible assets (continued)**

The cost/valuation of Land and Buildings comprises:

	<u>2011</u> £000	<u>2010</u> £000
<b>Freeholds</b>		
Assets inherited upon incorporation:		
Property, valued at depreciated replacement cost	17,170	17,170
Land, valued at transferred debt	122	122
	<hr/> 17,292	<hr/> 17,292
Assets valued on an open market basis in 1990	150	150
Assets stated at cost	71,477	65,038
<b>Assets held under finance leases (short leaseholds)</b>	9,200	9,200
	<hr/> 98,119	<hr/> 91,680

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 £63,170k includes assets held under finance leases with a net book value of £5,980k (2010: £6,210k), on which £230k of depreciation was charged during the year.

**Exchequer Funded Assets**

The net book value of exchequer funded assets at the balance sheet date was £21m. 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.)

**Investments**

	Cost at 31 July 2011 £	Cost at 31 July 2010 £
<b>Investments - University</b>		
Shares in group companies	4	8
Shares in CVCP Properties, plc	28,091	28,091
Shares in LeNSE Limited	50,000	50,000
Shares in Talis	37,373	37,373
Shares in AdsFab	1,000	1,000
Shares in Odstock Medical Ltd	1	1
	<hr/> 116,469	<hr/> 116,473

**Group Companies**

Southern Educational Enterprises Limited	-	2
BU Innovations Limited	2	2
Bournemouth University Limited	2	2
South Coast Information and Library Services Limited	-	2
	<hr/> 4	<hr/> 8

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**8. Tangible assets (continued)**

**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 provides business incubation services to emerging businesses in the ICT sector.

Both Southern Educational Enterprises Limited and South Coast Information and Library Services Limited were liquidated during the year.

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.

**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 £4,200,000.

**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. 900 shares have been issued at a premium to partner institutions, 100 of which are held by the University.

**Talis** £37,373

The University was a customer of the Birmingham Libraries Co-operative Mechanisation Project (BLCMP) and by virtue of that fact when BLCMP launched Talis the University received free shares.

**Other Investments**

The shares in Talis, AdsFab and Odstock Medical were received without a cash consideration; the Revaluation Reserve has been adjusted accordingly. The Bournemouth University Foundation had investments valued at £63,000 on 31<sup>st</sup> July 2011 (2010: £71,000) listed under current assets.

**9. Stocks**

	<u>2011</u>		<u>2010</u>	
	Group £000	University £000	Group £000	University £000
Stock	19	19	21	21

**10. Debtors**

	<u>2011</u>		<u>2010</u>	
	Group £000	University £000	Group £000	University £000
Debtors	1,434	1,453	1,445	1,463
Amounts owed by group companies	-	51	-	836
Prepayments and accrued income	2,508	2,299	2,659	2,384
	<u>3,942</u>	<u>3,803</u>	<u>4,104</u>	<u>4,683</u>

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**11. Creditors: amounts falling due within one year**

	Group £000	<u>2011</u>	<u>2010</u>	
		University £000	Group £000	University £000
Bank loans and overdrafts	2,045	2,045	793	793
Other loans	125	125	-	-
Obligations under finance leases	237	237	176	176
Trade creditors	4,408	4,396	3,890	4,318
Amounts owed to group companies	-	32	-	-
Other creditors	1,551	1,530	1,168	1,146
Social security and other taxation payable	1,236	1,232	1,247	1,240
Accruals and deferred income	9,750	9,728	11,555	11,508
	<u>19,352</u>	<u>19,325</u>	<u>18,829</u>	<u>19,181</u>

Accruals and deferred income include £6,830k (2010: £8,302k) of income received in advance in connection with teaching and consultancy work.

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

<b>Group and University</b>	<u>2011</u> £000	<u>2010</u> £000
Bank loans	12,921	13,000
Finance leases	9,687	9,923
Other creditor	200	124
Other loans	313	-
	<u>23,121</u>	<u>23,047</u>

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% and a £3m fixed rate loan repayable by 2043 at an interest rate of 4.215%. The other creditor is represented by a repayable grant received for the Revolving Green 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 £438k.

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. £9,687,000 is outstanding on finance leases due after more than one year. It is anticipated that the annual rent will be funded from student rental income.

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

	<u>2011</u> £000	<u>2010</u> £000
Repayable within 1 year	237	176
Repayable within 2-5 years	1,736	1,401
Repayable after 5 years	7,951	8,522
	<u>9,924</u>	<u>10,099</u>

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

	<u>2011</u> £000	<u>2010</u> £000
Repayable within 1 year	63	16
Repayable within 2-5 years	728	572
Repayable after 5 years	12,193	12,412
	<u>12,984</u>	<u>13,000</u>

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

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

An analysis of other loans is set out below:

	<u>2011</u> £000	<u>2010</u> £000
Repayable within 1 year	125	-
Repayable within 2-5 years	313	-
Repayable after 5 years	-	-
	<u>438</u>	<u>-</u>

**13. Deferred capital grants: Group and University**

	Buildings £000	Equipment £000	Donations £000	Total £000
At 1 August 2010	21,055	396	764	22,215
Grant received in year	1,766	180	-	1,946
Released to Income and Expenditure account (see note 1)	(1,706)	(132)	(41)	(1,879)
Grant transferred	(30)	30	-	-
At 31 July 2011	<u>21,085</u>	<u>474</u>	<u>723</u>	<u>22,282</u>

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>2011</u> £000	<u>2010</u> £000
Balance at 1 August 2010	6,919	7,320
Transfer to general reserves	(401)	(401)
Balance at 31 July 2011	<u>6,518</u>	<u>6,919</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 £000	University £000
Balance at 1 August 2010	7,060	6,007
Retained surplus for the period	9,477	9,169
Actuarial loss on pension liability	(1,395)	(1,395)
Transfer from revaluation reserves	401	401
Balance at 31 July 2011	<u>15,543</u>	<u>14,182</u>

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**15. Revenue reserves (continued)**

<b>Group retained surplus for year</b>	£000
University surplus for year	9,169
Surplus generated by subsidiary undertakings	308
	<u>9,477</u>

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

	<u>2011</u> £000	<u>2010</u> £000
Surplus after taxation	9,477	6,847
Depreciation	4,715	3,948
Deferred capital grants released	(1,879)	(1,600)
Interest receivable	(426)	(197)
Interest payable	2,218	2,380
Pension contribution less amounts charged to operating surplus	1,058	564
Decrease in stock	2	20
Decrease in debtors	162	2,078
Decrease in creditors	(830)	(1,270)
Decrease/(Increase) on investments	-	2
	<u>14,497</u>	<u>12,772</u>

**17. Analysis of changes in consolidated financing during the year**

	Finance leases £000	Other loans £000	Bank loans £000	Total £000
At 1 August 2010	10,099	-	13,000	23,099
New leases/loans	-	500	-	500
Capital repayments	(175)	(63)	(16)	(254)
At 31 July 2011	<u>9,924</u>	<u>437</u>	<u>12,984</u>	<u>23,345</u>

**18. Analysis of changes in net funds**

	At 1 August 2010 £000	Cash Movement £000	Non cash Movement £000	At 31 July 2011 £000
Cash at bank and in hand	1,253	1,641	-	2,894
Bank overdraft	(793)	(1,189)	-	(1,982)
	<u>460</u>	<u>452</u>	<u>-</u>	<u>912</u>
Short-term deposits	23,367	5,064	-	28,431
Debts due within one year	(176)	54	(302)	(424)
Debts due after one year	(22,923)	(300)	302	(22,921)
	<u>728</u>	<u>5,270</u>	<u>-</u>	<u>5,998</u>

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

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 (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.

20. **Operating lease and Capital commitments**

At 31 July 2011 the group was committed to making the following payments during the next year in respect of operating leases:

	<u>2011</u>		<u>2010</u>	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases:				
Expiring within one year	-	3	-	-
Expiring within two and five years	-	19	-	34
Expiring within six and thirty years	2,017	-	1,046	-
	<u>2,017</u>	<u>22</u>	<u>1,046</u>	<u>34</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 rental is subject to review in 2014 and 2019.

**Capital commitments**

	2011 £000
Commitments contracted at 31 July 2011	4,325
Authorised but not contracted at 31 July 2011	1,745
	<u>6,070</u>

21. **Pensions**

**FRS17**

Retirement benefits for employees of Bournemouth University are provided by defined benefit schemes which are funded by contributions from the University and by members of the schemes. Payments are made to the Teachers' Pensions Scheme (TPS) for academic staff and the Dorset County Superannuation Scheme (DCSS) for non-academic staff. These are both independently administered schemes. In addition, twelve members of staff

## **BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

### **NOTES TO THE ACCOUNTS**

#### **21. Pensions (continued)**

requested that they remain in the Universities' Superannuation Scheme (USS) upon their transfer from the previous employers. The University also pays pension contributions to the National Health pension scheme (NHS) in respect of general practitioners on part-time contracts with the School of Health and Social Care.

For all but the DCSS scheme the University is unable to identify its share of the underlying assets. Accordingly the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to these schemes as if they were defined contribution schemes.

#### **TPS**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### **THE TEACHERS' PENSION BUDGETING AND VALUATION ACCOUNT**

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### **VALUATION OF THE TEACHERS' PENSION SCHEME**

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA'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 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

#### **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 fund administered by the trustee, Universities Superannuation Scheme Ltd.

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**21. Pensions (continued)**

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 FRS17 "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 triennial actuarial valuation of the scheme was at 31 March 2008. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the project unit method. Using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the assets were sufficient to cover 104% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Since 31 March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the actuary has estimated that the funding level on the FRS17 basis was 86%.The estimate is based on the funding level at 31

March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee make to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the institution had 14 active members.

The total pension cost for the institution was £125,637 (2010: £120,767). This includes £12,115 (2010: £15,055) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

**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 2010.

The valuation has been updated to 31 July 2011 by qualified independent actuaries who estimate that the net liability as at 31 July 2011 is a liability of £24,488,000.

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 2011		31 July 2010		31 July 2009	
	% p.a.	Real	% p.a.	Real	% p.a.	Real
RPI increases	3.5%		3.2%		3.6%	
CPI increases	2.7%	-0.8%	2.7%	-0.5%	n/a	
Salary increases	4.8%	1.3%	4.5%	1.3%	4.5%	0.9%
Pension increases	2.7%	-0.8%	2.7%	-0.5%	3.6%	
Discount rate	5.3%	1.7%	5.4%	2.1%	6.0%	2.3%

**Life expectancy from age 65 (years)**

	2011	2010
Retiring today		
Males	19.8	20.8
Females	23.9	23.9
Retiring in 20 years		
Males	21.9	21.8
Females	25.8	24.8

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**21. Pensions (continued)**

**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 2010 for the year to 31 July 2011). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The following expected returns have been adopted.

Asset class	Expected return at 1 August 2011 %p.a.	Asset allocation 31 July 2011 £000	Expected return at 1 August 2010 %p.a.	Asset allocation 31 July 2010 £000
Equities	7.6%	26,132	7.9%	23,433
Other Bonds	5.3%	-	5.4%	1,890
Target Return Portfolio	5.0%	2,658	7.9%	1,890
Property	7.1%	3,543	7.4%	3,024
Cash	3.0%	2,658	3.0%	1,512
Gilts	4.0%	9,301	4.3%	6,047
Total		44,292		37,796

**Reconciliation to balance sheet**

Net pension deficit as at	31 July 2011 £ 000	31 July 2010 £ 000
Present value of funded obligation	(68,639)	(59,106)
Fair value of scheme assets	<u>44,292</u>	<u>37,796</u>
Net liability	(24,347)	(21,310)
Present value of unfunded obligation	(141)	(166)
Net liability in balance sheet	<u>(24,488)</u>	<u>(21,476)</u>

**The amounts recognised in the income and expenditure statement are:**

	Year to 31 July 2011 £ 000	Year to 31 July 2010 £ 000
Charged to staff costs:		
Current service cost	3,449	2,799
Loss on curtailments	38	264
	<u>3,487</u>	<u>3,063</u>
Charges to interest payable:		
Interest on obligation	3,252	3,073
Expected return on scheme assets	(2,693)	(2,285)
	<u>559</u>	<u>788</u>
Expense recognised	4,046	3,851
Actual return on scheme assets	4,058	5,727

**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 2011 £ 000	Year to 31 July 2010 £ 000
Actual return less expected return on pension scheme assets	1,364	3,443
Experience gains and losses	951	-
Changes in assumptions underlying the present value of the scheme liabilities	(3,710)	(2,938)
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in the statement of recognised gains and losses	(1,395)	505
	<hr/>	<hr/>

In 2010 a one-off actuarial gain on scheme liabilities of £2.7 million was included due to the change in inflation rate used to calculate pension increases from RPI to CPI.

	2011 £000	2010 £000
Cumulative amount of losses recognised in the statement of recognised gains and losses	(3,101)	(1,706)
	<hr/>	<hr/>

**Reconciliation of opening & closing balances of the defined benefit obligation**

	Year to 31 July 2011 £ 000	Year to 31 July 2010 £ 000
Opening defined benefit obligation	59,272	49,488
Service cost	3,449	2,799
Interest cost	3,252	3,073
Actuarial loss	2,553	5,641
Losses on curtailments	38	264
Estimated benefits paid (net of transfers in)	(973)	(427)
Past service costs	-	(2,703)
Contributions by scheme participants	1,201	1,149
Unfunded pension payments	(12)	(12)
	<hr/>	<hr/>
Closing defined benefit obligation	68,780	59,272
	<hr/>	<hr/>

**Composition of defined benefit obligation**

	£000	£000
Unfunded	141	166
Funded obligations	68,639	59,106
	<hr/>	<hr/>
	68,780	59,272
	<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 2011 £ 000	Year to 31 July 2010 £ 000
Opening fair value of scheme assets	37,796	28,859
Expected return on scheme assets	2,693	2,285
Actuarial gain	1,158	3,443
Contributions by employer	2,429	2,499
Contributions by scheme participants	1,201	1,149
Estimated benefits paid (net of transfers in)	(985)	(439)
Fair value of scheme assets at end of period	<u>44,292</u>	<u>37,796</u>

**Reconciliation of opening & closing balances of the net pension deficit**

	Year to 31 July 2011 £ 000	Year to 31 July 2010 £ 000
Deficit at beginning of the year	(21,476)	(20,629)
Service cost	(3,449)	(2,799)
Employer contributions	2,417	2,487
Unfunded pension payments	12	12
Past Service Costs	-	2,703
Other finance costs	(559)	(788)
Curtailments	(38)	(264)
Actuarial gain	(1,395)	(2,198)
Deficit at end of the year	<u>(24,488)</u>	<u>(21,476)</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	66,803	68,780	70,819
Projected service cost	3,666	3,826	3,991
Adjustment to mortality age rating assumption	+ 1 year	none	- 1 year
Present value of total obligation	66,481	68,780	71,077
Projected service cost	3,662	3,826	3,989

**5 Year history**

Amounts for the current and previous four periods	Year to 31 July 2011 £ 000	Year to 31 July 2010 £ 000	Year to 31 July 2009 £ 000	Year to 31 July 2008 £ 000	Year to 31 July 2007 £ 000
Defined benefit obligation	(68,780)	(59,272)	(49,488)	(50,594)	(42,634)
Scheme assets	44,292	37,796	28,859	30,776	33,773
Deficit	<u>(24,488)</u>	<u>(21,476)</u>	<u>(20,629)</u>	<u>(19,818)</u>	<u>(8,861)</u>

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

**21. Pensions (continued)**

	Year to 31 July 2011 £ 000	Year to 31 July 2010 £ 000	Year to 31 July 2009 £ 000	Year to 31 July 2008 £ 000	Year to 31 July 2007 £ 000
Experience adjustments on scheme liabilities	1,157	-	-	1,952	-
Percentage of liabilities	1.7%	-	-	3%	-
Experience adjustments on scheme assets	1,158	3,443	(7,045)	(6,809)	765
Percentage of assets	2.6%	9.1%	(24.4%)	(22.1%)	2.3%
Cumulative actuarial gain/(loss)	(5,804)	(4,409)	(2,211)	(3,794)	5,725

The groups best estimate of the contributions expected to be paid in the year beginning on the 1 August 2011 is £2,539,000.

**22. Access Funds**

	<u>2011</u> £000	<u>2010</u> £000
Opening balance	27	21
Funding Council grants	310	373
Interest earned	1	2
	<u>338</u>	<u>396</u>
Disbursed to students	(320)	(369)
Closing Balance	<u>18</u>	<u>27</u>

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.

**23. 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.

**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 2011, the University paid a grant of £500,000 to the Union (2010: £400,000).

**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.

**BOURNEMOUTH UNIVERSITY, HIGHER EDUCATION CORPORATION**

**NOTES TO THE ACCOUNTS**

23. **Related Party Transactions (continued)**

During the year The Bournemouth University Foundation awarded grants to Bournemouth University of £166,161 (2010: £246,188). No amounts were outstanding at the end of the year.

<b>Bournemouth University Foundation</b>	£
Turnover including interest received	545,831
Expenditure	(217,666)
Surplus on ordinary activities	<u>328,165</u>
Reserves brought forward	1,065,765
Profit for year	328,165
Reserves carried forward	<u>1,393,930</u>

