



ARTS UNIVERSITY BOURNEMOUTH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2025

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GOVERNORS of the University who served on the BOARD in 2023-24 and up until the signature of the accounts or were appointed after the year end

Name	Area of Principal Expertise	Committee Membership at date of signing accounts
Dorothy Mackenzie MA - Chair	Branding & Environment	Human Resources; Remuneration; Search & Governance; Academic Matters
Gerard Moran PhD – Vice Chairman (Retired 31 July 2025)	Higher Education	Audit & Risk; Human Resources; Remuneration
Lisa Mann (Appointed 1 January 2025)	Vice-Chancellor	Finance & Resources; Human Resources; Search & Governance; Academic Matters
Professor Paul Gough MA PhD (Retired 31 December 2024)	Principal and Vice-Chancellor	Finance & Resources; Human Resources; Search & Governance
Gabrielle Parker BA (Retired 31 July 2025)	AUBSU Student Governor	Finance & Resources
Aditi Chotra (Appointed 1 August 2025)	AUBSU Student Governor	Finance & Resources; Academic Matters
Professor Roni Brown (Appointed 1 August 2025)		Human Resources; Academic Matters
James Gray	Digital Learning	
Malcolm Groat MA ACA	Commodities & Accountancy	Finance & Resources; Academic Matters; Remuneration;
Simon Hamilton MA	Finance & IT	Audit & Risk; Human Resources
Stephen Hocking BA (Retired 31 July 2025)	Legal	Audit & Risk; Remuneration
James Jackson MA	AUB Professional Services Staff	Finance & Resources
Dr Kevan Manwaring PhD (Retired 31 July 2025)	AUB Academic Staff	Audit & Risk
Jan Juillerat	Human Relations	Human Resources; Audit & Risk; Remuneration; Search & Governance
Misan Nwokorie RIBA	Property Development	Finance & Resources; Remuneration;
Jane Tabor	Commercial and Governance	Finance & Resources
Giovanna Viscione	Finance and Audit	Audit & Risk; Finance & Resources
Ian Wharton	Creative Industries	Academic Matters
Andy Youell (Appointed 1 April 2025)		Audit & Risk

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STRATEGIC REPORT

Vision

'A world-class arts, design, performance and media university working with professional partners to create excellence, relevance and impact'.

1. Statement of Public Benefit

The Arts University Bournemouth (AUB) was established as a Higher Education Institution under the Further and Higher Education Act of 1992 and incorporated in 1993. It is classified as an exempt charity under Schedule 3 of the Charities Act 2011. While not required to register with the Charity Commission, AUB remains subject to the Commission's regulatory oversight, which is exercised through the Office for Students (OfS) as its principal regulator.

The University's objects, vision and values continue to emphasise its commitment to public benefit. As set out in the Memorandum of Association:

The object shall be the establishment, conduct and development of a University for the advancement of higher and further education and as an institution for teaching and research.

AUB's Strategic Plan 2030 has provided a strong framework for the delivery of its mission over previous years. The University remains committed to excellence in education and to contributing to the advancement of knowledge through teaching, research and community service.

Recognising the rapidly changing external environment and the challenges facing the higher education sector, the University is now preparing to refresh its Strategic Plan. This will set out a five-year roadmap to 2030, ensuring that AUB continues to respond effectively to sector pressures, opportunities for growth, and its distinctive role as a specialist creative university.

The refreshed plan will guide the next phase of AUB's development, shaping priorities for education, research, and community engagement, while championing creative excellence, delivering public benefit, and strengthening the University's impact locally, nationally, and internationally.

The principal beneficiaries of AUB's work are current and prospective students, who benefit from a continuum of educational opportunities spanning Saturday Art School (from age nine) through to further education, undergraduate, postgraduate, and doctoral study. Students across disciplines – including art, design, architecture, media, and performance – develop as creative practitioners with highly transferable skills for a diverse and evolving job market.

Recognising the financial pressures facing students, AUB continues to provide support through Student Services and the Access Bursary Scheme. In 2024–25, the University awarded over £523,611 in bursaries and financial aid to eligible students, in line with its Access and Participation Plan. This support reflects AUB's commitment to widening participation and ensuring that financial circumstances are not a barrier to talent and ambition.

The Board of Governors has again taken into account the Charity Commission's guidance on reporting public benefit, and its supplementary guidance on the advancement of education. Through its teaching, research, community activities, and student support, AUB delivers demonstrable benefits to a wide range of stakeholders, fulfilling its obligations as an exempt charity.

In December 2024, Professor Paul Gough retired from his role as Vice-Chancellor, following a distinguished tenure marked by his deep commitment to creativity, collaboration, and academic excellence. Under his leadership, AUB strengthened its reputation as one of the UK's leading specialist arts universities and navigated a period of significant upheaval during Covid pandemic with resilience and ambition. The University extends its gratitude to Professor Gough for his vision, leadership, and contribution to AUB's community.

Following Professor Paul Gough's retirement, Lisa Mann was appointed as CEO and Vice-Chancellor from January 2025. Lisa Mann had served as Acting Vice-Chancellor during Professor Gough's period of medical leave from July to October 2024, and subsequently as Deputy Vice-

Chancellor from November to December 2024. Her appointment provides continuity of leadership and a renewed focus on strategic delivery, collaboration, and innovation as AUB enters its next phase of development.

AUB delivers benefits to various segments of the public, as detailed below:

1.1 Our Education Offer

The exceptional quality of our graduates and their significant impact on their respective professional fields are a testament to our unique strength and character. Our course structure is designed to foster a profound understanding and practical proficiency in specific disciplines, while also encouraging both planned and spontaneous collaboration through innovative interdisciplinary projects and studio-based learning. The following points are of particular note in the past year:

- The higher education recruitment climate continues to be challenging. AUB saw a further decline in recruitment to its established undergraduate courses.
- We introduced the School of Arts, Media and Creative Industries Management which extends the educational offer. This School houses courses designed to educate the future leaders and managers within the creative industries and provides the opportunity to recruit from a different pool of prospective students.
- Cambridge Education Group (CEG), AUB's partner for online postgraduate delivery, expressed a wish to withdraw from the partnership. Following careful and detailed negotiations, AUB took on full responsibility for these awards from January 2025. The first students graduated from these awards in summer 2025.
- Franchise and degree awarding partnerships: AUB now validates degrees offered by five strategic partners. Alongside the existing arrangements with the Northern School of Art and Bournemouth & Poole College, the first new students were enrolled on courses at City & Guilds of London Art School (CGLAS), a small specialist provider in south London; ThinkSpace Education, a leading online provider of postgraduate education in music and sound production; and the British University Vietnam (BUV), based in Hanoi. The initial course, BA (Hons) Professional Communication (Business, Design, and Strategy) had two successful intakes during the year, and a second course has also been approved for enrolment from September 2025.
- Our suite of dedicated specialist short courses, evening classes and summer schools augment our home and international Further Education courses, which act as a bridge to our undergraduate courses.
- The new Learning, Teaching and Assessment Framework (LTAF) was implemented for 2024-25. This Framework sets out the core principles of education at AUB, the regulatory framework which underpins all awards, and offers detailed advice and guidance on delivery. In doing so, it standardises certain aspects of curriculum delivery, including aspects of teaching, assessment, and feedback, providing greater clarity to students which will in turn deliver greater equivalence of experience. The Graduate Futures Framework which is incorporated within the LTAF identifies the key employment-related outcomes which all graduates will demonstrate, including communication, collaboration, high-level problem-solving abilities, but also a deep understanding of environmental sustainability and a thorough grounding in equity, diversity, and inclusion matters.
- AUB is aware that its students will graduate into a world where AI tools are an important aspect of life and work, and it is imperative that they understand how they can use these tools to enhance their work, as well as the risks associated with them. The AI Working Group developed and published student guidance on the use of AI and is now completing guidance for staff on how to integrate AI within both content and delivery. Our AI Policy and associated guidance is clear that Gen AI is just another tool which can be used well or badly, and we need our staff and students to be fluent, intelligent, and ethical users of this tool.
- The Library continues to deliver outstanding resources and boasts inspiring special collections.

Professional Library staff actively promote the diversification of course reading lists and support EDI initiatives through dedicated pages on the website. Students consistently provide excellent feedback on the Library, with 94% satisfaction reported in the 2025 National Student Survey (NSS) which ranked it in the top ten university libraries in the UK.

- AUB continues to provide an outstanding learning environment with world-class learning facilities, bespoke studios, workshops, and a highly qualified and capable technical staffing. Along with well-designed and efficiently used spaces both at the main campus site and in town centre locations, AUB's facilities and access to industry-level equipment remains one of the hallmarks of the student experience, marking us out as arts university of a global standard.

1.2 Our Commitment to Enabling Participation

AUB recognises the crucial importance of diversity to the delivery of its strategic ambitions. Working with, and being challenged by, those with different perspectives is an essential part of the creative process which fosters innovation. We are also committed to ensuring that we extend opportunity and provide an educational offer for all those with the potential to succeed. This includes working with schools, colleges and other external partners to enable prospective students to understand the **possibilities which may be open to them within the creative** and performing arts and design.

- Access and Participation Steering and Working Groups commitment to the successful delivery of the first year of the new 2024-25 to 2027-28 Access and Participation Plan. The plan outlines a robust new strategic approach to supporting equality of opportunity in access to creative education at AUB. With four strategic interventions included in the new plan and specific targets for student access, attainment, continuation, and progression.
- The *All Access AUB* scheme, the institution's flagship access programme for post-16, involves a summer residential, 1-2-1 portfolio support, gallery exhibition, transition support and a contextual offer to AUB. The 2025 summer residential has 34 attendees from backgrounds which are underrepresented in Higher Education joining the intensive, engaging multi-intervention access programme. For the 2024-25 scheme 17% of participants firmly accepted their offer to study an undergraduate degree at AUB, which increases to 25% when including foundation study.
- The *Being a Boy* project, the University's targeted pre-16 attainment raising initiative supporting boys on free school meals, expanded its suite of student-facing workshops. Engaging 74 attendees across the 2025 series. The project is recognised nationally as an example of best practice for supporting young men on free school meals.
- As a member of the Southern Universities Network (SUN) the university continues to participate in the OfS-funded Uni Connect Programme. Together with partner HEPs, targeted outreach activity and progression opportunities were delivered with learners in the region of Dorset/Hampshire and the Isle of Wight. The programme aims to reduce the gap and realise progression for students from low participation areas. The AUB SUN Team have engaged 53 target schools and are the lead contact for 8 widening participation schools for the network.
- Aligned with the commitments set out in the institution's new Access and Participation Plan, AUB offered enhanced support for students who are estranged, care experienced, or young adult carers. Alongside financial assistance, Access and Participation Team conducted over 100 1-2-1 sessions with eligible students, providing additional pastoral support and signposting to development opportunities within the institution. A Theory of Change and Progression Framework has been developed to support the university in evaluating the impact of this activity.
- In the academic year 2025-26, there were 659 current undergraduate students eligible for financial support through the University's Access and Participation Plan (APP) based on their household income. This constitutes a decrease of 156 students from the academic year 2024-25. Expenditure in this area has decreased in line with a reduction in the number of students eligible for AUB's Access and Participation Plan financial support package. Eligibility is determined by household income, with support currently available to students from households

earning £25,000 or less. The decline in eligible students reflects both the overall reduction in student recruitment and wider sectoral factors. Students from lower-income backgrounds are typically more risk averse and have been disproportionately affected by the cost-of-living crisis. Many may have chosen alternative pathways such as apprenticeships or direct employment, particularly where they are the first in their family to attend higher education and face pressure to pursue degrees with clearer professional outcomes. AUB continues to prioritise engagement and outreach initiatives - such as *Being a Boy*, *All Access AUB*, and *Transition Day* - which play a key role in challenging misconceptions about creative higher education and encouraging participation from underrepresented groups at both local and national levels.

1.3 Our Record in Research and Knowledge Exchange

Our academic staff and technical specialists are embedded in the practice of their professional disciplines: their research is designed to address industry needs and make a difference through creative collaboration and sustainable impact. To further realise the vision for research and knowledge exchange embedded in the AUB Strategy, we have in the past year achieved the following:

- Awarded funding of £1.64m in 2024 for 5 years to establish the Research Centre for Plastics Innovation and Curation, supported through Research England's Expanding Excellence in England (E3) Fund. Lead by Professor Christian McLening the new Research Centre explores how plastics degrade over time or behave in different environments, resulting in research which will have international relevance to both museum collections and modern manufacturing. The Research Centre aims to link knowledge of design history from the Museum of Design in Plastics (MoDiP) with the manufacturing and testing capabilities of the Creative Technologies Research Group in the University's Innovation Studio.
- In July 2025 the new Research Centre for Plastics Innovation and Curation held its first research Symposium hosting over 45 attendees from national institutions including representatives from: national university research groups, the museum sector, industry and experts in the field of plastics sustainability, heritage and policy. In January 2025 the Research Centre opened the dedicated scientific laboratory with a suite of specialist testing and analysis equipment. The Centre also launched its website to promote and engage, public, industry and heritage collaborations. at a national and international level.
- A new role of Research Fellow, Social Justice and Applied Creative Research, was established and supported by Research England's Policy Support fund. Dr Alex Blower explored how gendered perceptions and assumptions by educators are made with working-class boys in school. Also, how the applied creative educational research methods employed can be used to influence public policy.
- Subsequently, Dr Alex Blower launched his first report from the research held at an event at the House of Commons on 16th July, hosted by San Rushworth MP. Alongside this, Dr Blower convened the 2024 Boys' Impact Conference with brought together over 200 school leaders, researchers, and outreach practitioners for 2 days of plenary speakers, workshops, and paper sessions. Focusing specifically on meeting the challenges of boys' educational outcomes, this was the largest event of its kind in the United Kingdom.
- Registration for the Boys' Impact 2025 Conference opened in June, receiving 320 delegates registrations for the event within the first 3 weeks. Dr Blowers book, *Lost Boys: How Education is Failing Young Working-Class Men*, was published by Policy Press. Alongside a launch event hosted by Arts University Bournemouth, Dr Blower appeared on BBS Radio Scotland, LBC, Heart and Capital radio stations, alongside numerous regional stations across England, In addition, alongside Dr Alik Tennant, Senior Researcher and Evaluation Officer, Dr Blower released a report from a collaboration research project with MYTIME Young Carers, which explored young male carers' negotiation of the caring responsibilities alongside their identity as young men navigating secondary education.
- During the year The Linbury Trust funding continued to support the post of Professor in Drawing, held by Siân Bowen. This contributed to the development of drawing session packs and pilot schemes, used to expand involvement with, and support for young carers, youth, community,

educational and third sector stakeholders across the local region, in liaison with the AUB Access and Participation Team.

- AUB continued to seed fund public engagement projects through our suite of research grant schemes accented towards impact and industrial collaboration, including; Professor Paul Wenham-Clarke's research into people affected by the cost-of-living crisis and further dissemination of Pauline Ferrick-Squibb's This is Menopause (UK) Quilt co-created with women to advocate strategies to improve experience of the menopause. Funding to support participatory research awarded by Research England, enabled the University to support several projects including a series of community workshops culminating in a public exhibition in Hackney, in connection with the charity; London Community Network, led by Dr Andrew Vallance; Dr Alina Potemka's research with refugees exploring how games can address global challenges, such as the ongoing war in Ukraine; and Dr Emilie Giles' ongoing research with charities for the blind aiming to support the provision of creative making combined with technology for the visually impaired community.
- The Innovation Studio's Pre-Start Up programme supported 29 people including 12 Graduate start-ups. Additionally, we supported 34 established trading businesses with prototyping, testing and innovation projects. Using dedicated Research England funding we supported 15 new businesses with match-funded mini grants to support commercialisation.
- We began our first Innovate UK funded Knowledge Transfer Partnership with clothing company Thrudark implementing digital production workflows.
- The Innovation Studio team created an enhanced programme of research webinars and events, including a programme of events led by post-doctoral research, industry practitioners and visiting specialists, such as the UK Parliament Engagement Team, in the Innovation Studio. Our annual research conference focused on participatory creative research, exploring the co-creation of research with stakeholders. A series of Research Cafés explored research culture, funding and collaborative bids with external partners. Academic staff continue to serve on peer review panels, as expert witnesses, and other forms of esteem and recognition. Media appearances are collated by the R&KE team for the annual HE-BCI return.
- We also launched Creative Tech Response Lab (CTRL) to provide a space for practitioners across all disciplines engaged in innovative projects to share information and develop best practice.
- In 2024-25 we used our Higher Education and Innovation Funding to seed fund projects with external partners. As ever projects spanned the range of AUB's engagement including supporting Nourish the New You led by Pauline Ferrick Squibb in a joint project with Bournemouth University working with women in recovery from addiction and the women who support them. We also supported Not Yet Invented a series of experimental computing workshops and public outreach events.
- The Innovation Studio continued to develop external relationships. Studio members continue to be active members of Programme and Core Teams of the NHS Innovation Hub deepening our engagement with the healthcare sector. We continue to be board members of Venturefest South to increase our ability to support new business with access to opportunities and finance. 5 graduates and Innovation Studio members pitched at the winter showcase, including two winners of the AUB Innovation and Entrepreneurship Prize.
- We support the BCP Council on Ignite Programme led by Evolve to support graduate start-ups, we also support Evolve with their Business Growth Workshops and are developing our relationship with the Boscombe Skills Hub.
- The Innovation Studio launched a new commercial arm offering large scale scanning services. Our first commission was to scan the Guildhall in London.
- AUB were part of a successful consortium led by Portsmouth University and including HSU, Solent and Chichester to develop a shared Technology Transfer office. The six-month programme upskilled staff across all HEIs to better identify commercial opportunities generated through research, streamline and align best practice in policies and develop pitching skills. The

intention is to carry on as a consortium to mutually support the development of entrepreneurial cultures across Wessex.

1.4 Reaching Out and Collaborating with the Wider Community

As a Civic University, AUB has developed a Partnership Plan that faces fully into the local and regional community. As a Civic University, AUB has developed a Partnership Plan that faces fully into the local and regional community, accelerating our commitment to work with industry, professions, and communities to create formal alliances with business, schools, and colleges. Through our access and participation Programmes, our research and knowledge exchange, we play a leading part in regional economic and societal regeneration. To realise this commitment, we have in the past year achieved the following:

- As Palace Court Theatre entered its third year being owned by AUB, significant works to the building allowed for the presentation of more public- and community-facing work.
- Palace Court Theatre hosted four shows from AUB Productions with a total of 14 public facing performances. Student led productions were presented by PARTS and The Theatre Society AUB. The venue was used for course delivery and students across the University used the space for projects including film work, photography and dance videos. Access and Participation ran a series of workshops in the space and presented their annual Being a Boy celebration in the main house with a month-long exhibition in the Club Room.
- The venue increased its external engagement hosting work from professional organisations, charities and youth groups. This included, two touring shows from local producing companies, a performance from BCP young carers working with Bath Philharmonia and hosting Vita Nova and The Outsiders Project, two Boscombe based art charities. 16 performances / workshops were presented by external organisations. 90 people attended heritage tours and individual tours of the space for local creatives were conducted throughout the year, raising the profile of the venue and its creative potential.
- Three sessions were held to engage with local creatives and 55 people attended these sessions offering valuable insight into ways to work with the local community on collaborative projects.
- 'Palace Court Theatre: Revived After Four Decades' was an exhibition by TheGallery and Palace Court Theatre curated by, Violet McClean, Nicola Cartlidge, and Scott Eveleigh, in partnership with AUB Productions, BA (Hons) Modelmaking, and the Alumni Office for AUB External Engagement. The exhibition celebrated the Palace Court Theatre's first public performance programme in 40 years and include work from students studying BA (Hons) Acting, Costume, Design for Costume and Performance, and Make-up for Media and Performance.
- The exhibition also explored the Palace Court Theatre's iconic history as the hub of the dramatic and artistic scene in Bournemouth for several decades, as well as its new role as a part of the AUB town centre education and community space. The exhibition was an insight and platform for raising awareness of theatre and for sponsorship and fundraising opportunities, in continuing the development of the theatre for the university and BCP.
- The Gallery at Arts University Bournemouth (AUB) is a key resource for contemporary art and design in the South of England, supporting teaching, learning, and research while hosting exhibitions and touring shows across the UK. It manages AUB's Art Collection, which includes 800 artworks reflecting the institution's history and contributions from honorary fellows' staff, alumni, and artists. TheGallery embodies the university's promise to promote civic and cultural engagement for positive impact and our commitment to ensuring that education and the arts are accessible to all.
- TheGallery Curator Violet McClean was one of the judges for Rock Reef School Competition and BA (Hons) Graphic Project, and she represented the University by opening the Soroptimist International art exhibition as part of the United Nations 16 Days of Activism Against Gender Based Violence, a project working in partnership with AUB Student Union.
- TheGallery worked closely with the Lewis-Manning Hospice Care "Trash to Treasure: A

Celebration of Sustainable Fashion and Compassion” fashion project and exhibition working with AUB Honorary Fellow Mary M Mullin and AUB stakeholders. The project resulted in two exhibitions here on campus and there will be a fashion show in September 2025.

- AUB Honorary Fellow of 2002 and artist Ian McKeever donated 3 artworks, one large canvas and two framed artworks, to the AUB Art Collection. The artworks are currently on display in University House. Professor Paul Gough, AUB Emeritus Professor donated a piece of framed artwork from his “The Art of Creative Research series”. The series that was exhibited in Singapore, as part of National Institute of Education, Nanyang Technological University project.
- In 2024-25 TheGallery managed the public facing University Summer Shows programme of shows and events which is launched every year, with the Foundation Summer Show and closes with the Postgraduate Winter Show, totalling four student shows on site from June to January of each year. TheGallery Curator worked closely with AUB Outreach welcoming schools and colleagues onto campus as part of AUB recruitment, outreach and community engagement.
- TheGallery staged AUB International Collective Exhibition for the second year, running. This exhibition is a project in partnership with TheGallery, AUB Students’ Union (AUBSU), and AUB International. This is a unique collaboration that embraces artwork created by students with different cultural and religious backgrounds. With students and staff from over 60 different countries, our creative community thrives upon innovative thinking and global-minded individuals.
- TheGallery launched its 2024 – 2025 exhibition programme in October 2024 last year with two exhibitions: ‘The Art of Carnival Arts: Mahogany Carnival Design’ a poster exhibit and a carnival, performed by International Mahogany Carnival Design and Band. The band has won best costume at Notting Hill Carnival for the last 15 years. As well as; ‘Design; Disruption; Divergence’ an innovative exhibition and seminar programme exploring the impact of AI in the creative industries.
- “The Art of Carnival Arts: Mahogany Carnival Design” exhibition was a partnership project between TheGallery, BA (Hons) Events Management and School of Arts, Media and Creative Industries Management from Mahogany Carnival Design. Mahogany Carnival Design was formed in 1989 by designer Clary Salandy and structural engineer Michael Ramdeen. Clary is AUB industry patron for BA (Hons) Events Management and was awarded AUB Honorary Fellowship in July 2025.
- “Design; Disruption; Divergence’ looked at how Generative AI is impacting on artists’ practice and its associated events explored identity politics in digital representation and creative AI, contributing to important and current conversations around, authenticity, diversity, and ownership in digital spaces, demonstrating AUB’s proactive engagement with AI and its impact on creative industries.
- The AUB Museum of Design in Plastics (MoDiP) is the UK’s only accredited museum with a focus on plastics, the most used materials group in manufacture since the 1970s. The museum is open to the public and is also a universal resource as a result of its comprehensive website and the digitisation of its collection.
- AUB’s Museum of Design in Plastics (MoDiP) has been awarded Designated Outstanding Collection status by Arts Council England. This highly prestigious award recognises the objects in the museum’s care as forming a ‘collection of national importance.’ The museum’s core grant from Research England (HEMG Funding) is in recognition of its ‘unique and significant contribution to research and scholarship.’ MoDiP staff and research formed a key part of AUB research impact case studies in the last Research Excellence Framework (REF).
- Over the academic year MoDiP held three main exhibitions all of which have a permanent online presence on the MoDiP website: Rethread (July 2024 - January 2025) investigates some of the innovations in the fashion and textiles industry to mitigate the environmental impact of synthetic fibres. It features objects that are made of biobased alternatives to fossil fuel reliant materials, it looks at the use of recycled rather than virgin fibres, and the avoidance of materials that exploit animals to create fashion items. Spotlight on... 3 (January 2025 - July 2025) the third in a series of exhibitions that put the spotlight on manufacturers and designers who embrace

plastics as a material of value. This exhibition celebrates the work of 11 designers who have used plastics in their work to some extent. Mid-Century MoDiP (July 2025 - March 2026) uses the objects from our own collection in a visual exploration of the use of plastics in design from the 1950s through to the 1970s.

- MoDiP continues to loan objects to external partners including to the exhibition Plastic: Remaking Our World, which was curated and hosted by Vitra Design Museum (26.03.2022 – 04.09.2022) V&A Dundee (29.10.2022 – 05.02.2023), maat, Lisbon (22.03.2023 – 09.11.2023), National Museum of Singapore (27.01.24 - 23.06.2024), Hyundai Motorstudio Busan (08.2024-08.2025 extended from 05.2025) with an additional venue added Hyundai Motor Studios China: 01.10.2025 – 01.06.2026). New object loans have been made to the School Dinners exhibition at the Food Museum, Stowmarket, Suffolk (28.03.2025 – 21.02.2027) and the Splash! A Century of Swimming and Style exhibition at the Design Museum, London (28.03.2025 – 17.08.2025).
- MoDiP is a member of the Plastics Heritage European Association (PHEA) which includes among its objectives 'to initiate applications and come to agreements for the exchange of students, researchers and for research co-operations' and 'to apply for funding of European research Programmes on Plastics Heritage.' The Curator is also a committee member and newsletter editor for the Plastics Historical Society (PHS), a co-opted member of the University Museums Group committee, and a member of the Exhibition Committee of the Russell-Cotes Museum & Art Gallery, Bournemouth. They have represented the museum and AUB at the Plastic Fantastic: From lasting quality to ineradicable trash seminar held at Oslo Metropolitan University, and the University of Birmingham Policy Commission on Sustainable Plastics: Report Launch at the House of Commons, and at the University Arts Collections Network.
- MoDiP is a partner with the Innovation Studio in the successful Research England Expanding Excellence in England (E3) funding bid which will see the formulation of the PlastIC: Innovation and Curation Research Centre.

1.5 Our People

In the Autumn Term 2024, the outcomes of the employee engagement survey completed in June 2024 were analysed and communicated through a devolved plan managed by HR's EDI and Wellbeing Manager. The external company People Insight who supplied the employee engagement survey, presented the overall findings at an all staff briefing in September 2024 and following this all Heads of Department and Directors delivered the specific departmental/school results to their team(s), also working with their teams to complete the follow up action planning exercise. All action plans are held centrally within HR to oversee progress against actions.

The *Have Your Say* employee engagement survey covered ten key themes influencing employee engagement and measured how positively the questions within the themes were answered by AUB employees: My Role (78% positive); Purpose (63% positive); Continuous Improvement (58% positive); Learning and Development (52% positive); Wellbeing and Ways of Working (59% positive); Recognition and Reward (34% positive); Inclusive Workplace (61% positive); Belonging (64% positive); Leadership (27% positive); Engagement (71% positive). While AUB employees remain proud and committed to the University's mission, the 2024 engagement survey underscored the importance of continued focus on leadership, communication, and recognition.

Commencing in the Spring Term 2025, AUB directed focused attention to the management of staffing costs as a key element of its strategy to reduce overall expenditure and strengthen financial sustainability. The recruitment freeze implemented at the commencement of the 2024-2025 academic year achieved the target savings of £500,000. Significant controls measures were introduced for the utilisation of visiting tutor and casual staff to minimise spend in these areas.

Collective consultation with the AUB trade unions regarding compulsory redundancy proposals commenced on 15 May 2025 with the proposal to reduce AUB's staffing base (established staff) by 71.83FTE. At the end of the collective consultation period the adjusted figure of 63.35FTE was progressed to individual consultation with staff across AUB's academic, technical services and

professional services staffing groups.

A modestly enhanced voluntary redundancy scheme achieved 37.6FTE savings, from staff who were at risk of redundancy and those who were not. AUB also implemented a reduction in hours scheme which achieved 2.5FTE reduction, again not only from those staff at risk of redundancy. The project will be concluded in the early stages of the Autumn Term 2025 with minimal compulsory redundancies predicted due to the positive outcomes of the mitigation schemes and internal redeployments.

2024-2025 was AUB's third full year of planned wellbeing support and provision for staff. Throughout a difficult year for the AUB staff community, the range of wellbeing provision was regularly highlighted: wellbeing consultations on campus with AXA physiologists, flu vaccination vouchers, the development of improved wellbeing resources on SharePoint and new courses on the LearnUpon e-learning platform. All wellbeing initiatives are promoted on the Wellbeing and Support intranet pages and throughout the year through email communications issued by AUB Communications. Other initiatives available to support staff in maintaining health and wellbeing include: the opportunity to join the Bournemouth University gym at discounted rates; special leave arrangements; opportunities for flexible and agile working; support for workers with disabilities; a dedicated staff counsellor; Headspace App; the University's Dignity at Work and Grievance policies.

During the reporting period, AXA outsourced all provision of their employee assistance programmes to Spectrum Life and outsourced the provision of their Occupational Health services to Health Partners.

In collaboration with AUB's Information Services team and Finance team, HR were involved in a project which will bring significant efficiencies to the process of requesting and employing visiting tutors and casual workers. The process which was very admin heavy has been streamlined as a fully automated process which will ensure much improved budgetary and employment controls.

AUB continued the Joint Negotiating and Consultation Committee (JNCC) meetings during the academic session. Attendees are from AUB Senior Management and representatives and officials from the two recognised trade unions, UNISON and UCU. As part of the Recognition Agreement (including Facilities Time Agreement) there is 0.6FTE facilities time for AUB UCU representatives and 0.4FTE for AUB UNISON representatives. The facilities time for both union representatives was increased to 1.0FTE for the duration of the compulsory redundancy project.

1.6 Creating a Sense of Belonging

Despite sector challenges, Arts University Bournemouth continues to strategically invest in its estate to create an inclusive, inspiring and well utilised physical environment that fosters a strong sense of belonging for students, staff and visitors. During 2024/2025 a number of significant projects were successfully delivered that not only enhance facilities but also strengthen AUB's identity as a leading specialist arts university.

- In alignment with AUB's ambition to strengthen the reputation and identity of its schools, South House redecoration works started to create an on campus central hub for Bournemouth Film School. This branding reinforces AUB's national and international standing in film education and associated medias, creating a stronger sense of belonging for students within a clearly defined creative environment
- Works have been planned and began in August 25 for the replacement and upgrade of the lighting system in South House lecture theatre. This will improve the quality of the teaching and learning experience for existing staff and students, supporting both student outcomes and professional standards, as well as being a key flagship space for future recruitment and external use. The upgraded system will also be more economical and environmentally friendly.
- The air source heat pump and water source heat pump project was successfully completed on schedule, Autumn 2024 with the Library and North Building due to exclusively use the system from Autumn 2025, ensuring we continue to make huge strides towards our net zero targets.
- In Palace Court Theatre (PCT) further progress was made to ensure the building remains a vibrant and accessible hub for internal and external performances as well as teaching and exhibitions. This year saw the tanking and refurbishment of some of the toilet facilities, alongside

the installation of a new accessible toilet in the entrance lobby, improving the functionality of the venue while supporting inclusivity for all users. These works form part of a longer-term programme, future works include the upgrade of the heating and ventilation systems as well as continued accessibility projects. The continued investment into PCT safeguards and enhances this vital asset for AUB and the community.

During the 2024/2025 academic year, AUB also started and completed a competitive tender process for a new Total Facilities Management (TFM) partner alongside reviewing and updating our TFM contract and specification. Following a robust tender, CBRE were awarded the TFM contract and have been conducting their mobilisation process over summer 2025 whilst our incumbent provider Derwent FM demobilised. CBRE started their partnership with AUB from 1st September 2025. This new partnership will provide Arts University Bournemouth with enhanced resilience, technological advancement, more specialist estate expertise and a forward-thinking approach to managing and maintaining AUB's award winning campus.

Alongside these estate improvements, AUB has been recognised for its broader institutional achievements; In September 2024, AUB was awarded the Inclusive Employers Standard Silver accreditation, becoming the only UK university to achieve this level, demonstrating our sector leading commitment to equality, diversity and inclusion. In January 2025 AUB achieved a first in the national People and Planet University League with an 100% score in Environmental Auditing and Management Systems, our highest ever ranking. In the Complete University Guide 2025, AUB was ranked among the top five universities in the Southwest and was recognised as the highest climber in the region, a reflection of Arts University Bournemouth's continued momentum and excellence (see section 3.6 for more detail on University's performance in league tables).

These developments demonstrate AUB's commitment to delivering and maintaining high quality, inclusive and well managed spaces whilst celebrating achievements that build pride and belonging across the AUB community. Our accomplishments in the 2024 and 2025 academic year echo AUB's dedication to creating an environment, both physically and culturally where belonging, sustainability and excellence go hand in hand.

1.7 Committed to the Environment and Sustainability

The University continues to take proactive steps to minimise its carbon footprint and environmental impact. It has published Sustainability & Net Zero Programme. This sets out AUB's priorities and targets for environmental sustainability, including both reducing emissions and promoting biodiversity and social justice. The six key strands of activity fall under the headings:

- i. Energy and Water
 - ii. Sustainable Resource Management.
 - iii. Travel
 - iv. Sustainable Campus
 - v. Biodiversity
 - vi. Social Justice
- The SNZ Inventory aligns with the Standard Carbon Emissions Framework (SCEF), which is derived from the Greenhouse Gas (GHG) Protocol and tailored specifically for the Higher Education sector. AUB has made strong progress to date, achieving a 42% reduction in emissions compared to its baseline—well on track toward its 2030 target of a 50% reduction. While electricity consumption has increased, it is important to note that all electricity used is certified under the Renewable Energy Guarantees of Origin (REGO) scheme, ensuring it is sourced from zero-emission renewable energy.
 - The main rise in emissions in 2023-24 related to student travel from home. This is an area which is not easily controllable, as AUB is keen to enrol international students to boost the diversity of the student population and create a rich, multi-cultural student cohort. The increase is linked in part to a small increase in international student numbers but is also dependent on the student domicile. The challenge is to reduce emissions in areas that are controllable to counter the emissions in areas that are currently unavoidable.
 - The appointment of a new Procurement Manager and the associated overhaul of the procurement process have enabled a greater focus on emissions through the supply chain, and this work will

continue during 2025-26.

- AUB is aware that the initial target of achieving net zero by 2030 is ambitious and may not be achievable within this timeframe. This has been a live discussion at Environment Committee, and remains under discussion, but there is a determination to focus on what can be achieved, rather than diluting the commitment at this time.
- AUB received Salix funding to support a project to introduce air source heat pumps to replace the current fossil fuelled heating systems for half of the campus by volume. Despite some severe logistical challenges, this project was completed in late 2024. The installation is projected to reduce AUB's carbon emissions by approximately 120 tonnes. Early indications show that the decrease in gas consumption has offset the rise in electricity usage, resulting in a favourable overall impact. However, a comprehensive analysis will be conducted after a full year of operation, including data from the winter months, to provide a more accurate assessment of performance.
- AUB successfully achieved ISO 14001:2015 certification through the EcoCampus framework, with its accreditation reaffirmed for the 2023–24 period. The external assessor provided highly positive feedback, commending the University's strong commitment to sustainability and its integrated, institution-wide approach.
- AUB was shortlisted for two national Green Gown Awards, including the prestigious category of Sustainable Institution of the Year. While the University did not secure a win on this occasion, the nominations themselves represent a significant recognition of AUB's sustainability efforts. Additionally, AUB was proud to achieve a 1st class ranking in the latest People & Planet University League, placing highest among institutions with fewer than 5,000 students and sharing the top position nationally for carbon emissions reduction.

1.8 Our Digital Information Technology Infrastructure and Innovation

AUB has sustained its investment in its Digital Environment over the past academic year. The activities highlighted below illustrate our ongoing commitment to ensuring that AUB's digital resources remain current, efficient, and fit for purpose.

- By replacing aging key infrastructure, such as the storage area network and network switches, we have significantly improved performance and reliability. Additionally, these upgrades have led to a reduction in energy consumption, contributing to a more sustainable and efficient digital environment.
- We have implemented a new financial system, SAP Concur, which provides online tools for claiming and managing expenses. Additionally, we are piloting FocalPoint, an online platform designed to support procurement and invoicing processes, enhancing efficiency and accuracy.
- We have developed a new online process for requesting the use of visiting tutors (VTs) and introduced an in-house developed system that allows VTs to claim for the hours they have worked. This new system is better aligned with AUB's processes and helps save costs by eliminating the need for a third-party platform.
- AUB has successfully renegotiated its agreement with Solace Cyber for an additional three years, reinforcing our commitment to robust cyber security. As part of this renewal, we have rolled out a new security management platform and implemented additional security enhancements to our existing processes. These improvements have enabled the consolidation of several security software solutions, resulting in a more secure environment. Furthermore, the new platform has streamlined the management of our security systems, leading to increased efficiency and significant cost savings.
- AUB has introduced new tools to enhance student engagement, including a text messaging service for direct communication with students. Additionally, we are set to launch a proof of concept for student led attendance monitoring in the upcoming academic year.
- AUB has made significant strides in improving efficiencies for supporting staff and students by enhancing the ServiceDesk self-service capabilities. We have introduced new processes and tools for online ticket logging and tracking, equipment requests, and access to a comprehensive knowledge base. Additionally, we have implemented new digital handover agreements for staff

equipment and an online automated sign-up system for free software such as Adobe. These improvements have streamlined support services, making them more accessible and efficient for everyone.

2. Strategy Summary

AUB 2030: Creating our Futures was developed in 2020 to underpin the University's vision of being a world-class arts, design, performance and media university working with professional partners to create excellence, relevance and impact. This strategy has guided AUB through a period of growth, innovation, and external challenge, establishing a strong platform for the next stage of development.

Following the appointment of Professor Lisa Mann as CEO and Vice-Chancellor from January 2025, and the formation of a renewed and restructured management team, the University is embarking on a significant refresh of its institutional strategy. This work will ensure that AUB continues to build on its creative strengths while responding proactively to the changing and increasingly challenging operating environment facing the higher education sector.

The refreshed strategy will take the form of a new **five-year plan to 2030**, recognising that a shorter, more agile planning horizon is both practical and necessary in a rapidly evolving context. It will reflect a more entrepreneurial approach to growth, collaboration, and income diversification, while reaffirming AUB's distinctive role as a leading creative university.

AUB's strategic direction continues to be framed by its three overarching goals:

- a) To enhance our standing as a globally leading independent arts, design, performance, and media university
- b) To create opportunity for our students, alumni, and staff through a passionate belief in collaboration, creativity, and innovative practice
- c) To impact positively on society, industry, and our stakeholders through the excellence and relevance of our practice and research

Looking ahead, AUB will continue to build new educational and transnational partnerships, pursue opportunities to diversify income, and strengthen its position as a dynamic and resilient creative university. In parallel, the University has taken decisive steps to address financial challenges through a programme of restructuring and workforce realignment designed to ensure long-term sustainability. These actions, alongside the forthcoming strategic refresh, will position AUB to thrive within a changing and competitive higher education landscape while remaining true to its creative and entrepreneurial spirit.

3. Financial Information

3.1 2024-25 Financial Review of the Year

The University incurred a deficit after tax and exceptional item for the year ended 31 July 2025 of £2.3M as compared to a prior year deficit of £3.5m, representing a 35% improvement. The exceptional items include restructuring costs of £0.95m. The results for the past year reflect a continued challenging environment for the University, with demand for degree programmes levelling off and increased competition for both home and international students. Furthermore, although interest rates are now starting to moderate, the legacy impact of a prolonged high interest rate environment, together with rising salary and pension costs, has continued to place pressure on the University's cost base. To address these challenges, targeted cost-control measures were implemented, including a restructuring programme completed in October 2025.

Like many other universities we faced significant challenges during the 2024/25 academic year, navigating a complex landscape shaped by both global and sector-specific pressures. Enrolment numbers were impacted by shifting demographics and economic uncertainty, with many students

rethinking higher education due to rising costs and a volatile job market. International recruitment, while strong, continued to face hurdles, particularly with visa processing delays and global political tensions, leading to disruptions in student arrivals and enrolment timing. We saw a drop in undergraduate (UG) recruitment. Additionally, universities had to address the evolving expectations of students, who increasingly demanded flexible learning options and enhanced mental health and wellbeing support. Coupled with budget constraints and the need to adapt to advancing technologies, including AI in education, these factors put significant pressure on institutions to innovate and maintain quality while ensuring financial sustainability.

The key highlights are:

	2025	2024	2023
Financial Summary	£'000	£'000	£'000
Income			
Funding Council Grants	3,444	3,344	2,645
Tuition Fees	36,870	39,316	38,146
Other Income	11,364	12,240	11,869
Total income	51,678	54,900	52,660
Expenditure			
Staff Costs	25,023	24,844	24,381
Operating Expenses	20,487	23,345	20,982
Depreciation and Impairment	5,493	8,111	6,195
Interest Payable	2,023	2,144	2,106
Total expenditure	53,026	58,444	53,664
Taxation	(20)	(20)	(26)
(Loss)/Gain on Investment	26	49	(36)
Exceptional Items	(951)	-	-
(Deficit)/Surplus after Tax	(2,293)	(3,515)	(1,066)

Income

Overall total income has decreased by 6% to £51.7m (2024: £54.9m). Tuition fees decreased by 6%, with most of the decrease against undergraduate and international students. Funding Council grants increased marginally because of additional research grant funding. Other Income decreased by £0.8m due to a reduction in halls accommodation income and lower catering income.

Expenditure

Staff Costs went up by 1% to £25m (2024: £24.8m). The effective increase in pay costs is mainly due to increase in TPS charge as well as cost of living and staff increment increases.

Beginning in May 2025, the University implemented a comprehensive restructuring and redundancy programme aimed at achieving sustainable cost savings and ensuring alignment of staffing levels with strategic and financial priorities. Following a period of collective consultation, the programme targeted a total reduction of 63.35 full-time equivalent (FTE) posts. Through a combination of voluntary redundancies and reductions in contracted hours, the University successfully achieved approximately 40 FTE reductions, of which 37.6 FTE were voluntary. A further eight individuals have either already been made compulsorily redundant or are in the final stages of that process. The remaining FTE reduction was achieved through redeployment, vacancy management, and other mitigating measures. In total, the restructuring programme delivered annualised savings of approximately £2.6 million, enabling the University to enter the 2025–26 financial year with a more sustainable and efficient staffing cost base, supporting long-term financial stability and operational resilience.

The cost of restructuring and redundancy programme came to £0.95 mil.

The 12% reduction in Operating Expenses to £20.5 million (2024: £23.3 million), primarily due to cost control and efficiency measures that have been implemented in 2024-25 across all departments at the university.

Interest and finance costs reduced due to decreasing Bank of England base interest rates.

Deficit

A deficit of £2.29m (2024: £3.52m before the FRS102 pension adjustment has been recorded for the prior year), representing a 35% reduction year-on-year. The decrease in deficit is due to a focus on controlling costs and improving efficiency across the university, as demonstrated by the reduction in operating expenses.

The deficit for the year includes £0.95 million of exceptional items for one-off costs relating to redundancies as part of the restructuring plan implemented in 2024-25. Within the year a total of £0.63m of redundancy payments were made, with a further £0.32m accrued for payments post July 2025. These payments have subsequently been made in the period to October 2025.

3.2 Statement of Financial Position

The following table summarises the group statement of financial position for the last three years:

	2025	2024	2023
Financial Summary	£'000	£'000	£'000
Fixed Assets	101,741	104,850	107,954
Investments	777	741	676
Cash	2,597	5,307	13,131
Non-Current (Liabilities)	(13,769)	(11,566)	(10,122)
Loans, Finance Lease and Deferred Grants	(23,376)	(26,358)	(27,279)
Pension Liabilities	-	-	(1,541)
Total Net Assets	65,373	67,667	69,688
Restricted Reserves	726	734	660
Revenue Reserves	41,354	43,257	46,520
Pension Liabilities	-	-	(1,541)
Revaluation Reserve	23,293	23,676	24,059
Total Reserves	65,373	67,667	69,698

Fixed Assets

With an annual depreciation charge of approximately £5.49m over the past year and additions to assets of £2.38m, the overall fixed assets net value has reduced by £3.1m. the level of fixed assets is maintained by the constant investment in equipment and the extension and refurbishment of buildings. During the year significant investment has been made in North Building Refurbishment, Salix Air Source Heat Pump as well as purchase of specialist equipment.

Cash and Net Current Assets

Cash balances at the yearend are lower than previous year due to repayment of RCF decreasing the balance outstanding to £8m (2024: £9m). £20m RCF facilities with Barclays from January 2024 for £20m with initial 3-year term of the facility and interest rate of 1.425% over SONIA.

Loans, Finance Lease and Deferred Grants

The application of FRS102 has meant that deferred grants are reflected in long term creditors rather than under Total Funds. The balance of long-term creditors decreased by £3.0m due to the repayment

of term loans and the finance lease. The rate of reduction of the finance lease is affected by the rate of inflation which determines the annual lease payments.

Pension Liabilities/Reserves

In the current financial year, we reported a small pension scheme surplus of £0.129m (2024: £0.129m). However, in compliance with FRS 102 accounting standards, this surplus has not been recognised in the financial statements. Accordingly, no pension provision has been posted to the accounts, and there is no movement in the pension reserve for this period.

Cash flow

Net cash inflow from operating activities was £3.5m, which was below last year's at £5.1m. The RCF usage at the end of the year was £8m (2024: £9m) giving us a headroom of £12m (2024: £11m) at the end of the year.

3.3 Key Performance Indicators

The critical financial KPIs monitored in the past year were:

KPI	Description	Aim	Actual
Debt Service Cover	Net cash inflow to total interest and capital repayments	>125%	144%
Operational Leverage	Net Borrowings to Adjusted Operating surplus	<450%	426%
Minimum Net Assets	P&L Reserve excluding pension liability	> £2m	£42.08m
Minimum Cash Balance	Cash or Cash Equivalents including RCF availability	>£5m	£10.60m
Gearing	Total external debt to EBITDA	<500%	484%

3.4 A Financial Strategy for Sustainability

The University's financial strategy is an integral part of the institution's Strategic Plan, designed to underpin long-term sustainability, academic excellence, and growth. Through a dual approach, the strategy drives business development, innovation, and diversified revenue streams, while securing the resources needed to achieve the University's strategic objectives and academic mission. At its core, the strategy prioritises rigorous cost management and prudent financial planning to reduce deficits and strengthen financial resilience.

The key elements of the University's financial strategy include:

- **Sustaining an Operating Surplus:** Consistently achieving an operating surplus before FRS102 pension adjustments each year. This surplus to cover essential financial obligations, including loan capital repayments, ensuring the University's operational stability.
- **Efficient Resource Management:** Operating efficiently across all schools, support units, and administrative functions. This involves stringent cost control and resource optimisation measures aimed at reducing deficits and enhancing productivity across the University's portfolio.
- **Prudent Use of Cash Reserves:** Drawing on accumulated cash reserves from previous years in a disciplined manner to manage cyclical budgetary fluctuations. This conservative approach mitigates the need for additional borrowing, safeguarding financial stability.
- **Strategic Use of Loan Funding:** Utilising loan funding solely for high-impact, strategic estate development projects. This focused approach ensures that borrowed funds contribute directly to enhancing the University's physical and operational capacity.

- **Ongoing Investment in Infrastructure:** Continuously but carefully investing in essential infrastructure and resources, including the University physical and digital estate, to ensure optimal efficiency and relevance across academic and support areas, positioning the University to meet future demand.
- **Expanding Commercial Income Streams:** Broadening the University's commercial revenue base through programmes such as summer and bespoke courses and leasing estate facilities during off-peak periods. These initiatives align with the University's goals of increasing revenue without dependency on traditional tuition sources.
- **Focused Cost Control and Reduction:** Identifying and implementing cost-saving measures across all operations and support functions, including centralised procurement, with the objective of reducing deficits and reinforcing financial sustainability.

This financial strategy positions the University to sustain a stable financial foundation, while also investing in strategic growth, academic excellence, and institutional resilience.

3.5 Treasury Management

The University's treasury management activities include the oversight of cash flows, banking operations, money, and capital market transactions, along with effective control of associated financial risks. The primary objective of the University's treasury policy is to safeguard assets, prioritising risk minimisation over the maximisation of returns, while also aiming to achieve competitive yields within these safety parameters.

As outlined in the University's financial strategy, maintaining adequate liquidity is essential to ensure sustained financial and operational stability. Each year, a rolling five-year forecast is developed, incorporating anticipated capital expenditures, cash flow generation, and any future borrowing requirements. Given recent significant interest rate increases, the University's treasury focus has been on reducing the Revolving Credit Facility (RCF) to minimise interest expenses and protect cash flow.

3.6 Long Term Borrowing Facility

The University's borrowings are provided by two banking institutions: Barclays Bank, which now acts as the University's principal transactional banking partner, and Lloyds Bank.

The University has a £20 million Revolving Credit Facility (RCF) with Barclays Bank, which commenced in January 2024. This facility represents the University's sole borrowing arrangement with Barclays as at the end of the 2024–25 financial year. In addition, the University has three loan facilities with Lloyds Bank, comprising a combination of variable and fixed interest rates and differing contractual terms.

The purpose, term, and interest rate of these outstanding loans at 31 July 2025 is as below;

<u>Loan Purpose</u>	<u>Bank</u>	<u>Original Amount</u>	<u>Start</u>	<u>Term</u>	<u>Bal at 31 Jul 2025</u>	<u>Interest Rate</u>	<u>Type</u>
University House	Lloyds	4,000,000	Jan-08	25	1,137,910	0.2% over base	Variable
Talbot Village Land	Lloyds	3,800,000	Dec-15	10	2,163,889	2.27%	Fixed
Talbot Village Land	Lloyds	3,200,000	Dec-15	20	1,822,222	1.68% over base	Variable
Revolving Credit Facility (RCF)	Barclays	20,000,000	Jan-24	3	8,000,000	1.425% over SONIA	Variable

The University has complied with all its Barclays and Lloyds' loan covenants in the past year. No

security other than a negative pledge has been given in respect of any loans.

Subsequent to July 25 year end there has been an amendment to the existing loan structure with Lloyds. The existing loans for Talbot Village have been combined into one fixed loan with an interest rate of 1.68% above base and extended until Dec 2027.

In conjunction with the Lloyds Loan amendments the RCF held with Barclays has been renegotiated and extended to January 2028.

3.7 Outlook

The higher education sector continues to operate in a challenging and uncertain policy and funding environment. Across the UK, universities are managing rising costs, static tuition fees, demographic shifts, and growing competition both domestically and internationally. Within this context, AUB is taking decisive steps to adapt and strengthen its position for the future.

Key challenges facing the sector and the University include:

- **HE Funding:** The real-terms value of tuition fees continues to decline, placing sustained pressure on institutional finances. At the same time, there remains uncertainty regarding government funding models, capital support, and the future direction of student finance policy.
- **Student Enrolments:** Demographic trends, the cost-of-living crisis, and changing student preferences are shaping recruitment patterns, while international markets remain highly competitive.
- **Economic Conditions:** Inflationary pressures, rising pay costs, and high borrowing rates have increased the cost base for universities and reduced headroom for investment.
- **Evolving Educational Pathways:** Alternative routes such as apprenticeships, employer-led training, and digital learning continue to reshape the education landscape, requiring universities to adapt their offer and demonstrate clear graduate value.
- **Global Competition:** The creative sector faces particular international competition, with increasing numbers of students considering global institutions or alternative creative routes.

In response, AUB is actively refreshing its institutional strategy to ensure the University remains agile and entrepreneurial in a rapidly changing environment. The new five-year plan to 2030 will focus on strengthening AUB's distinctive creative identity while ensuring financial resilience, operational efficiency, and diversified income streams.

Student recruitment and income generation remain the University's principal priorities and will continue to serve as its "North Star" metrics. The focus is on attracting, converting, and retaining high-quality applicants across all levels of study while expanding opportunities for online, professional, and short-course learners. Every part of the University - academic and professional - is engaged in delivering this shared objective through consistent messaging, collaboration, and enhancement of the student experience.

Over the past year, the University has undertaken a comprehensive restructuring and right-sizing programme to align resources with strategic priorities and to address ongoing financial pressures. This process ensures that AUB can invest sustainably in areas of growth, including Bournemouth Film School, the creative technology and innovation agenda, and the expansion of international and transnational partnerships.

In parallel, the University continues to diversify its income base, including through new educational collaborations, validation and franchise opportunities, commercial and research partnerships, and external use of campus assets. The rebranding of AUB Open Campus to AUB Academy and the development of new flexible learning products will further extend reach and create new revenue pathways.

The University is also maximising value from its existing estate and digital infrastructure, prioritising improvements that enhance the student experience while deferring major new capital projects. The

continued support of facilities such as the Palace Court Theatre reflects AUB's commitment to enriching the student and community experience, while also exploring new and sustainable sources of funding to ensure their long-term success.

Although the external environment remains demanding, AUB enters this next phase with renewed leadership, a clear strategic focus, and a strengthened management structure. The University's distinctive creative offer, global reputation, and commitment to innovation provide a strong foundation for sustainable growth. By combining prudent financial management with entrepreneurial thinking, AUB is well-positioned to navigate sector challenges and continue delivering excellence in arts, design, media, and performance education.

University Rankings & Reputation

We are pleased to report a significant milestone in the development of AUB's national profile, reflected by our performance in the latest UK university league tables.

- In the 2026 edition of the *The Guardian University Guide*, AUB achieved its highest-ever overall ranking, rising to 60th place from 100th the previous year. We were also recognised as one of the top three highest risers of that year. Furthermore, we were ranked as the top art & design specialist university outside London.
- In the 2026 edition of the *The Complete University Guide*, AUB rose 32 places to 61st overall and is now placed among the top five universities in the South West England region and is the only art & design specialist institution in that group.
- In the 2026 edition of the *The Times and The Sunday Times Good University Guide*, AUB was awarded the Runner-Up Specialist University of the Year, with an overall ranking of 73rd (an increase of 5 places year-on-year). In the South West region, AUB is placed 7th overall and is the top specialist university in the region.

These improvements reflect the University's sustained emphasis on high-quality creative education, strong graduate outcomes, and a student experience benchmarked against the most competitive specialist institutions nationally. They also broaden the appeal of AUB to prospective students in an increasingly competitive higher-education market, strengthening our recruitment position and reinforcing our regional and national reputation.

From a strategic perspective, the enhanced rankings provide a clear reputational asset which supports our key objectives of student growth, income diversification and academic distinction. While the metrics underpinning the league tables (such as student satisfaction, teaching quality, staff-student ratio and graduate employment) may shift, this year's performance provides encouraging external validation of AUB's trajectory.

3.8 Risks and Uncertainties

Considering the challenging HE policy and funding environment, the University's immediate priorities are focused on strengthening financial sustainability, driving student recruitment, diversifying income streams, and embedding operational efficiency all while continuing to protect and improve the quality of the student experience. These priorities are at the core of AUB's refreshed five-year strategic plan, currently in development under the leadership of the new Vice-Chancellor and restructured management team.

The University's financial performance is driven primarily by student recruitment, which also serves as its central guiding metric. AUB is investing in targeted marketing, improved conversion activity, portfolio realignment, and enhanced applicant experience to attract and retain high-quality students. Growth opportunities are being pursued through Bournemouth Film School, the expansion of international and transnational partnerships, and the development of new online and flexible learning routes through AUB Academy.

Alongside income growth, the University has implemented a programme of restructuring and workforce realignment to ensure affordability and focus resources on areas of greatest strategic impact. This, together with enhanced financial controls and rigorous performance monitoring, provides a platform for long-term sustainability.

AUB is also maximising the value of its existing estate and digital infrastructure, with investment focused on maintaining quality, efficiency, and student experience rather than major capital expansion. The ongoing development of the Palace Court Theatre exemplifies this approach - combining cultural, academic, and commercial benefit while strengthening community engagement and broadening the University's income base.

Principal Risks and Uncertainties

While AUB is well placed to respond to these challenges, a number of key risks have the potential to impact its financial position and strategic delivery. These include:

- **Financial Sustainability:** The continued erosion of tuition fee value in real terms, coupled with rising costs, remains the most significant sector-wide risk. Sustained cost control, targeted investment, and diversification of income sources are essential to maintaining balance and resilience.
- **Student Recruitment and Market Share:** Domestic recruitment remains highly competitive, with changing student expectations, affordability concerns, and alternative educational pathways affecting demand. AUB is mitigating these risks through portfolio refresh, targeted marketing, and enhanced applicant engagement.
- **International Recruitment:** External policy uncertainty, particularly regarding visas and post-study work rights, continues to affect international student confidence. AUB is responding through new partnerships, Transnational Education (TNE) initiatives, and focused recruitment in selected international markets.
- **Income Diversification:** While tuition fees remain the main source of income, the University continues to develop new revenue streams through AUB Academy, research and enterprise projects, validation and franchise arrangements, and greater commercial use of campus facilities.
- **Capital Investment Capacity:** High inflation and increased borrowing costs limit the ability to undertake significant new capital projects. Investment is being prioritised toward essential maintenance, digital infrastructure, and facilities that directly support student experience and academic delivery.
- **Staffing and Pay Costs:** Pay and pensions account for around half of total income. Pay awards, pension contributions, and workload pressures pose ongoing challenges. The recent workforce realignment programme has ensured affordability while retaining the capacity to deliver excellence in education and research.
- **Operational Efficiency and Productivity:** Limited financial headroom constrains investment in innovation and technology that could improve productivity and reduce long-term costs. Strategic investment in automation, digital systems, and new course development remains a priority.
- **Policy and Regulatory Risk:** Shifts in government higher education policy, including tuition fee reform, immigration rules, and regulatory expectations from the Office for Students, pose ongoing uncertainty for strategic and financial planning.
- **Economic and Interest Rate Environment:** Inflationary pressures and the slow pace of interest rate reductions continue to impact borrowing costs and operational expenditure. The University maintains a prudent treasury strategy with a mix of fixed and variable-rate borrowing and careful cash management.
- **Pension Liabilities:** Market fluctuations and regulatory changes affecting pension schemes could increase future liabilities. Regular monitoring and scenario planning are in place to manage exposure.

Although the external environment remains demanding, AUB's distinctive creative focus, strong reputation, and renewed strategic leadership provide a sound foundation for the future. The University's proactive steps to right-size operations, diversify income, and strengthen partnerships will ensure it remains agile, innovative, and financially sustainable.

By combining prudent financial management with entrepreneurial thinking and continued investment in its people, partnerships, and creative practice, AUB is well positioned to navigate the challenges ahead and to deliver lasting benefit for students, staff, and the wider community.

3.9 Going Concern

The activities of the Group and parent University, along with factors influencing future development, performance, and position, are detailed in the Strategic Report, a component of the Board of Governors'

Report. This report also outlines the University's financial status, cash flows, liquidity, and borrowing capacity.

The Board of Governors has prepared cash flow forecasts covering a 24-month period from the date of these financial statements' approval. In developing these forecasts, the Board has carefully assessed anticipated financial performance through the fiscal years ending 31 July 2026 and 31 July 2027, factoring in expected operating results, principal risks, and uncertainties. Key risks considered include heightened competition in student recruitment, increasing cost base, and lack of political support for the Home Tuition fee increases along with other factors outlined above.

The University recognises ongoing pressure on meeting our recruitment targets due to a range of issues impacting the UK higher education sector, including the perceived financial burden on prospective students, shifts in student decision-making, and an increase in deferrals.

To address these challenges, the University over the last financial year has successfully implemented a comprehensive plan focused on cost reduction both in pay and non-pay area, strategic revenue diversification, and a resilient growth strategy. This plan includes:

- **Restructuring the Course Portfolio:** Introducing new and targeted course offerings to attract a wider student base.
- **Expanding Online and Alternative Provision:** Increasing the University's online course portfolio to reach broader and more flexible learning demographics.
- **Optimising Campus and Accommodation Usage:** Leveraging existing facilities to support income growth through fully funded courses, short programmes, and non-degree offerings that maximize campus utilization.
- **Enhancing Validation and Partnership Income:** Increasing revenue from validation agreements and other academic partnerships to diversify income sources.

These steps demonstrate the University's commitment to financial resilience and sustainability.

The cost reduction measures implemented during 2024–25 have been successful in stabilising the University's financial position. Non-pay expenditure reduced by just under **£3 million** compared with the previous year, while pay costs were brought in line with target. The restructuring and redundancy programme achieved annualised savings of around **£2.6 million**, ensuring that the University enters the 2025–26 financial year with a more sustainable and manageable staffing cost base.

The Board of Governors remains vigilant and flexible, adjusting plans as necessary to meet evolving challenges. With these strategic initiatives and financial controls in place, the University is positioned to navigate the current environment effectively and maintain its status as a going concern.

3.10 Sensitivity Analysis and Risk Management

With the cost reduction measures implemented in 2024–25 now fully embedded and first-quarter results for 2025–26 performing in line with expectations, the University Board has reviewed the going concern position. This review considered AUB's ability to continue meeting its obligations and respond to foreseeable risks while maintaining sufficient liquidity and headroom to comply with its financial covenants.

During the year, the University has achieved substantial improvements in cost management and operational efficiency, reducing non-pay expenditure by nearly £3 million and aligning pay costs with target levels. The redundancy programme delivered annualised savings of approximately £2.6 million, ensuring a more sustainable staffing cost base going into 2025–26. While no formal new cost savings plan is currently in place, the University continues to apply strong financial discipline and rigorous expenditure controls. This prudent approach, combined with a balanced budget for 2025–26, provides the necessary flexibility to meet operational needs and maintain compliance with all financial obligations.

While current and future projections indicate that the University can achieve covenant compliance we recognise that potential challenges remain. By maintaining vigilance over costs, enhancing income diversification, and adopting strategic efficiencies, we are positioning the University for resilience and growth, supporting our objective to remain a sustainable going concern. We will continue to implement

the following measures to ensure ongoing financial discipline

- **Cost Management and Control:** A structured budget planning cycle and stringent cost controls across all non-pay areas have been put in place, including centralising procurement to reduce expenses.
- **Staffing and Resource Optimisation:** Key initiatives include strict hiring controls, and the implementation of Course Resource Methodology (CRM) to ensure efficient deployment of teaching resources.
- **Monitoring and Planning:** The University employs a rolling five-year forecast, which annually assesses capital expenditures, cash generation, and debt requirements. This proactive approach allows us to adapt quickly to financial changes and minimise reliance on revolving credit facilities, thereby reducing loan interest charges over time.

A comprehensive sensitivity analysis has been undertaken against key financial variables including student recruitment, tuition fee levels, and inflationary cost pressures. These sensitivities were tested both individually and in combination, to assess the impact on cash flow, liquidity, and covenant compliance. The analysis confirmed that challenges remain but under reasonable downside scenarios, the University maintains sufficient headroom to meet its obligations and banking requirements.

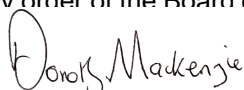
AUB continues to benefit from a strong and transparent relationship with its banking partners, underpinned by open communication and proactive financial engagement. The University's regular forecasting, sensitivity testing, and early sharing of management information have been key to maintaining lender confidence and ensuring continued support. Lloyds has recognised AUB's prudent governance, disciplined cost control, and credible financial recovery plan, confirming its ongoing commitment as a long-term banking partner. The University has shared the forecasts, including sensitivities and potential mitigation measures to reduce ongoing costs, with both Lloyds and Barclays

The University has also successfully secured approval from Lloyds Bank to refinance its maturing loan, which was due to expire in December 2025. reflecting confidence in the University's recovery measures and financial management. The refinancing ensures stability in cash flow and continuity in funding arrangements.

To sustain resilience and ensure ongoing covenant compliance, the University continues to monitor financial performance through a structured budget management cycle, monthly reporting, and rolling five-year forecasts. These tools support informed decision-making, allowing the University to adjust quickly to changes in student recruitment, cost pressures, or policy developments while protecting liquidity.

After a detailed review of current forecasts, stress tests, and mitigation strategies, the Board of Governors is satisfied that the University has sufficient funds and facilities available to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. The Board therefore considers it appropriate to prepare the financial statements on a going concern basis.

By order of the Board of Governors



Dorothy Mackenzie
Chair of the Board of Governors

Date: 22/01/2026

CORPORATE GOVERNANCE

The Arts University Bournemouth (AUB) is a higher education corporation, established under the Education Reform Act 1988. As an institution it has existed since 1887, gaining taught degree awarding powers in 2008, and formally adopting the name Arts University Bournemouth in December 2012.

The Board of Governors has overall responsibility for the mission and educational character of the Arts University Bournemouth. It sets strategic direction and is collectively accountable for institutional activities. The Board has adopted the voluntary HE Code of Governance issued by the Committee of University Chairs (CUC) in 2020, which constitutes definitive guidance on governance within Higher Education. The Board maps its practices against the Code on an annual basis and continues to meet all expectations.

The Board is cognisant of the Terms and conditions of funding set down by the Office for Students (OfS) as the lead regulator for higher education institutions and of UK Research and Innovation (UKRI) for research funding. It monitors compliance with these conditions annually.

The Board has its own Statement of Primary Responsibilities that is based on the model statement contained in the CUC Code and adapted to reflect the powers and responsibilities of the Board derived from its Instrument and Articles. The Board has adopted the Nolan Principles of standards in public life and is committed to the delivery of high-quality higher education which commands public confidence and protects the reputation of the UK system.

Together, the University's governance arrangements are designed to:

- Set out the responsibilities and powers of the Board, its Committees and the Academic Board
- Set out the responsibilities and powers of the Vice-Chancellor and CEO (and other members of the University's Integrated Senior Leadership Team)
- Contribute to openness, transparency, and accountability in governance
- Assist in the efficient discharge of business and the overall efficiency of decision-making.

At the start of each academic year, members of the Board are required to acknowledge that they have read and will adhere to the principles set out in its governing documents.

Board operation

The membership of the Board in 2024-25 was consistent with the expectations set out in the Instrument and Articles of Government. Following a number of retirements from the Board in summer 2023, the year commenced with 11 independent members; the Vice-Chancellor; one student representative; and two AUB staff representatives, and a total membership of 15. It was anticipated that a further independent member would join the Board from January 2025, but personal circumstances meant that this individual deferred their start date and ultimately withdrew their expression of interest. Two new members were appointed from April 2025, one of whom resigned following his first meeting because of the pressures of external work. The year ended with 16 Governors.

The membership of the Board 2024-25 is given on page 1 of these financial statements along with the individual membership of Committees as at the date of signature of the accounts. The Board met on five occasions during the year.

The AUB Board undertook an external Governance Effectiveness Review in 2023-24 which confirmed that the Board was “effectively fulfilling its governance role, seeking, and receiving assurance about the management of the university and its fulfilment of its strategic and regulatory obligations”. The Board developed an action plan in response to this review, progress against which is overseen by Search & Governance Committee with regular report to the Board.

The Board of Governors has established six Committees to oversee specific aspects of its business. The formal terms of reference and constitution of each Committee is included within the Standing Orders. Members of the University Executive attend Committees at the request of the respective Chairs.

During 2024-25, the Committees were as follows:

Academic Matters Committee

This Committee is a forum to focus on the academic work of the University and gives the opportunity for a number of members to gain greater understanding and insight into the core business. The Committee does not seek to duplicate or supplant the work of Academic Board, as the sovereign academic body,

but to review progress against the key academic plans (Portfolio Plan and RKE Plan), to “demystify” the work and to provide assurance that the associated risks have been identified and are being mitigated.

Audit & Risk Committee

This Committee provides assurance to the Board that the University operates an effective system of internal control for securing economy, efficiency, and effectiveness. The Committee oversees the internal audit programme and meets with both the internal and external auditors. Risk management and internal control are discussed in greater detail below.

Finance & Resources Committee

The Finance & Resources Committee advises the Board on strategic financial planning and monitors the University’s financial performance. The Committee receives detailed annual capital and revenue budgets, budget updates and longer-term financial forecasts on behalf of the Board and makes recommendations to the Board for approval. It also holds responsibility for oversight of estates planning on behalf of the Board; and is the committee responsible for overseeing sustainability matters.

Human Resources Committee

This Committee advises the Board on strategic Human Resource planning, ensures that pay and conditions of employment are properly determined and implemented and monitors compliance with relevant legislation on its behalf.

Remuneration Committee

The Remuneration Committee determines the remuneration to be awarded to the University’s senior officers including the Vice-Chancellor and CEO. It has accepted the CUC Remuneration Code and prepared the University’s annual Remuneration Report. The Committee refers to comparative information when making its decisions, which are clearly documented and follow a defined process.

Search & Governance Committee

This Committee is responsible for ensuring that transparent and appropriate procedures are in place to fill vacancies and to select suitable candidates for membership of the Board. This Committee advises the Board on the operation and effective discharge of the University’s responsibilities for corporate governance and the appropriate delegation of the Board’s authority.

The Board, through regular reviews of its own performance, is confident that it meets the expectations of good governance in higher education. This view was confirmed by the independent governance effectiveness review, as noted above.

Risk Management and Internal Control

The Board of Governors is ultimately responsible for the University’s system of internal control and for reviewing its effectiveness. The primary aim of the process is to support delivery of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible and ensuring compliance with relevant legal and statutory requirements. No significant internal control weaknesses or failures arose during the time period of this report.

The key elements of the University’s system of internal control are as follows:

- Clear definitions of the responsibilities of, and the authority delegated to those with management responsibility;
- Regular reviews of key performance indicators and financial results involving variance analysis reporting and updates of forecast out-turns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to levels set by the board as contained within the financial regulations;
- The maintenance of a risk register which highlights the key risks facing the university in achieving its objectives;
- Oversight of the risk management process by the audit & risk committee;
- Regular reports to the Audit & Risk committee from the internal auditor on the adequacy and effectiveness of the university’s system of internal control together with recommendations for improvement; and
- An annual report to the board from the Audit & Risk Committee on its work.

The University used BDO LLP to provide internal audit services for the past financial year. The firm operates to standards defined in the Audit Code of Practice. The University agrees a schedule of internal audit activity with BDO LLP, which is formally approved by Audit & Risk Committee. Each audit provides opinions on the adequacy and effectiveness of the institution's system of internal control together with recommendations for improvement. The internal auditor submits reports, including a management response, in respect of each audit; these reports are considered by the Committee.

The internal auditor also prepares the Internal Audit Annual Report which is reviewed in detail by the Audit & Risk Committee and informs the Annual Report of the Committee to the Corporation.

The University Executive is responsible for preparing and overseeing the University's risk register, which is also approved by Academic Board. The risk register employs a RAG system to flag those risks which require specific action in mitigation. It also notes potential early warning mechanisms against each risk where appropriate.

The risk management process is not designed to eliminate all risk, but to manage and mitigate the key risks to business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss. The risk register is considered by the Audit & Risk Committee at each meeting, and the Committee reports to the Board on its satisfaction with the risk process as part of its Annual Report. During the year, the Audit & Risk Committee and the Executive agreed that the risk process had become unwieldy but also risked being ineffective as it focused on risks which were the result of failures in the control environment, whereas some of the most significant risks were of a different order. A revised approach is therefore being adopted for 2025-26, with a more strategic focus. It is anticipated that an updated Risk Management Policy will be agreed during the coming year.

The Board is confident that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Board and that it accords with the internal control requirements of the Code of Governance.

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Dorothy Mackenzie
Chair of the Board of Governors



Lisa Mann
Vice Chancellor and CEO

Date: 22/01/2026

STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Board of Governors is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

The Board of Governors is required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 edition of the Statement of Recommended Practice – Accounting for Further and Higher Education and with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the Board of Governors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the group and parent university's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the group or the parent university or to cease operations or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping proper accounts and proper records in relation to the accounts. It is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- Funds from whatever source administered by the group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- Funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- Ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- Securing the economical, efficient, and effective management of the university's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

A handwritten signature in black ink that reads "Dorothy Mackenzie".

Dorothy Mackenzie
Chair of the Board of Governors

Date: 22/01/2026

INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF THE ARTS UNIVERSITY BOURNEMOUTH
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
Opinion

We have audited the financial statements of Arts University ("The University") for the year ended 31 July 2025 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated Statement of Changes in Reserves, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and related notes, including a summary of significant accounting policies.

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2025, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Governors with respect to going concern are described in the relevant sections of this report.

Other information

The Board of Governors are responsible for the other information, which comprises the Strategic Report and the Corporate Governance Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on matters prescribed by other legal and regulatory requirements

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever sources administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Instrument and Articles of Government;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF THE ARTS UNIVERSITY BOURNEMOUTH (continued)

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation, and the results of our audit work indicate that the University's expenditure on access and participation activities for the financial year disclosed in Note 9b has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the University's grant and fee income, as disclosed in notes 1 and 2 of the financials has been materially misstated.

We have nothing to report in respect of these matters.

Responsibilities of the Board of Governors

As explained more fully in the Statement of Board of Governors' Responsibilities set out on page 25, the Board of Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the Group's and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the Group or University or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Extent to which the audit was capable of detecting irregularities, including fraud

The primary responsibility for the prevention and detection of fraud rests with the Board of Governors and management, and we cannot be expected to detect non-compliance with all laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our knowledge of the University and Higher Education sector, enquiries of the Board of Governors and management, and review of regulatory information and correspondence. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

We discussed with the Board of Governors and management the policies and procedures in place to ensure compliance with laws and regulations and otherwise prevent, deter and detect fraud.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified as potentially having a material effect on the financial statements. Our procedures included review of financial statement information and testing of that information, enquiry of management and examination of relevant documentation, analytical procedures to identify unusual or unexpected relationships that may indicate fraud, and procedures to address the risk of fraud through Board of Governors or management override of controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF THE ARTS UNIVERSITY BOURNEMOUTH
(continued)****Use of our report**

This report is made solely to the Board of Governors and in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Sam Perkin'.

Sam Perkin (Senior Statutory Auditor)
for and on behalf of Sedulo Audit Limited
Statutory Auditors
Office 605
Albert House
256 – 260 Old Street
London
EC1V 9DD

Date: 22 January 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 31 JULY 2025

		Year Ended 31 July 2025		Year Ended 31 July 2024	
		Consolidated	University	Consolidated	University
	Notes	£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	36,870	36,870	39,316	39,316
Funding body grants	2	3,444	3,444	3,344	3,344
Other income	3	11,166	11,137	11,928	11,893
Investment income	4	191	181	279	263
Donations and endowments	5	7	-	33	-
Total income		51,678	51,632	54,900	54,816
Expenditure					
Staff costs	6	25,023	25,023	24,814	24,814
Voluntary Severance Scheme	6	-	-	30	30
Other operating expenses	7	20,487	20,546	23,345	23,424
Depreciation and impairment	11	5,493	5,347	8,111	7,937
Interest and other finance costs	8	2,023	2,023	2,144	2,144
Recurring expenditure	9	53,026	52,939	58,444	58,349
Fundamental restructuring costs	6	951	951	-	-
Total expenditure	9	53,977	53,890	58,444	58,349
(Deficit) before other gains		(2,299)	(2,258)	(3,544)	(3,533)
Gain on investments	13	26	-	49	-
(Deficit) before tax		(2,273)	(2,258)	(3,495)	(3,533)
Taxation	10	(20)	-	(20)	-
(Deficit) for the year		(2,293)	(2,258)	(3,515)	(3,533)
Actuarial gain in respect of pension schemes	25	-	-	1,484	1,484
Total comprehensive income for the year		(2,293)	(2,258)	(2,031)	(2,049)
Represented by:					
Endowment comprehensive income/(expenditure) for the year		(8)	-	74	-
Unrestricted comprehensive income for the year		(1,902)	(1,913)	(1,722)	(1,705)
Revaluation reserve comprehensive (expenditure) for the year		(383)	(345)	(383)	(344)
		(2,293)	(2,258)	(2,031)	(2,049)

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 33 to 53 form part of these financial statements.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2025

Consolidated	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2023	660	44,979	24,059	69,698
(Deficit) from the I&E statement	74	(3,589)	-	(3,515)
Other comprehensive income/(expenditure)	-	1,484	-	1,484
Transfers between revaluation and I&E reserve	-	383	(383)	-
Total comprehensive income / (expenditure) for the year	74	(1,722)	(383)	(2,031)
Balance at 1 August 2024	734	43,257	23,676	67,667
Surplus/(deficit) from the I&E statement	(8)	(2,285)	-	(2,293)
Other comprehensive income/(expenditure)	-	-	-	-
Transfers between revaluation and I&E reserve	-	383	(383)	-
Total comprehensive income / (expenditure) for the year	(8)	(1,902)	(383)	(2,293)
Balance at 31 July 2025	726	41,354	23,293	65,373

University	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2023	-	45,825	23,406	69,231
(Deficit) from the I&E statement	-	(3,533)	-	(3,533)
Other comprehensive income/(expenditure)	-	1,484	-	1,484
Transfers between revaluation and I&E reserve	-	344	(344)	-
Total comprehensive income / (expenditure) for the year	-	(1,705)	(344)	(2,049)
Balance at 1 August 2024	-	44,120	23,062	67,182
(Deficit) from the I&E statement	-	(2,258)	-	(2,258)
Other comprehensive income/(expenditure)	-	-	-	-
Transfers between revaluation and I&E reserve	-	345	(345)	-
Total comprehensive income / (expenditure) for the year	-	(1,913)	(345)	(2,258)
Balance at 31 July 2025	-	42,206	22,717	64,923

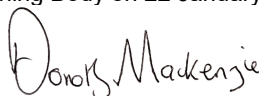
CONSOLIDATED AND UNIVERSITY BALANCE SHEET AS AT 31 JULY 2025

		As at 31 July 2025		As at 31 July 2024	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	101,741	98,385	104,850	101,348
Investments	13	777	-	741	-
		<u>102,518</u>	<u>98,385</u>	<u>105,591</u>	<u>101,348</u>
Current assets					
Trade and other receivables	14	1,776	3,898	1,519	3,722
Cash and cash equivalents	19	2,597	2,522	5,307	5,198
		4,373	6,420	6,826	8,920
Less:					
Creditors: amounts falling due within one year	15	(18,142)	(18,089)	(18,392)	(18,332)
Net current (liabilities)		(13,769)	(11,669)	(11,566)	(9,412)
Total assets less current liabilities		88,749	86,716	94,025	91,936
Creditors: amounts falling due after more than one year	16	(23,360)	(21,793)	(26,341)	(24,754)
Provisions					
Pension provisions	25	-	-	-	-
Other provisions	17	(15)	-	(17)	-
Total net assets		<u>65,374</u>	<u>64,923</u>	<u>67,667</u>	<u>67,182</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	18	726	-	734	-
Unrestricted Reserves					
Income and expenditure reserve - unrestricted:					
Income and expenditure account		41,354	42,206	43,257	44,120
Pension reserve		-	-	-	-
		<u>41,354</u>	<u>42,206</u>	<u>43,257</u>	<u>44,120</u>
Revaluation reserve		23,293	22,717	23,676	23,062
Total Reserves		<u>65,374</u>	<u>64,923</u>	<u>67,667</u>	<u>67,182</u>

The financial statements were approved by the Governing Body on 22 January 2026 and were signed on its behalf by:

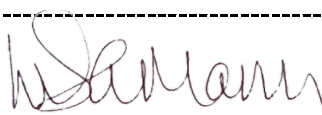
Dorothy Mackenzie

Chair of the Board of Governors



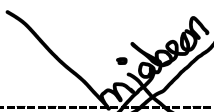
Lisa Mann

Vice-Chancellor and CEO



Mehjabeen Patrick

Chief Financial and Operating Officer



CONSOLIDATED STATEMENT OF CASH FLOW YEAR ENDED 31 JULY 2025

		Year ended 31 July 2025 £'000	Year ended 31 July 2024 £'000
	Notes		
Cash flow from operating activities			
(Deficit) for the year		(2,293)	(3,515)
Adjustment for non-cash items			
Depreciation and impairment	11	5,493	8,111
(Gain)/Loss on investments	13	(26)	(49)
(Increase)/Decrease in debtors	14	(257)	(893)
Increase/(Decrease) in creditors	15	(960)	56
Difference between pension charges and cash contributions	25	-	(57)
(Decrease)/Increase in other provisions	17	(2)	(2)
Adjustment for investing or financing activities			
Investment income	4	(191)	(279)
Interest payable	8	2,023	2,144
Endowment income	5	(7)	(33)
Loss on disposal of fixed assets		-	-
Capital grant income		(316)	(354)
Net cash inflow from operating activities		<u>3,464</u>	<u>5,129</u>
Cash flows from investing activities			
Proceeds from the sale of investments		-	-
Investment income		181	263
Capital grants received		76	300
Payments made to acquire fixed assets		(2,384)	(4,997)
		<u>(2,127)</u>	<u>(4,434)</u>
Cash flows from financing activities			
Interest paid		(895)	(887)
Interest element of finance lease		(1,128)	(1,257)
Endowment cash received		7	33
New unsecured loans		-	-
Repayments of amounts borrowed		(1,518)	(6,040)
Capital element of finance lease		(513)	(368)
		<u>(4,047)</u>	<u>(8,519)</u>
(Decrease)/Increase in cash and cash equivalents in the year		<u><u>(2,710)</u></u>	<u><u>(7,824)</u></u>
Cash and cash equivalents at beginning of the year		5,307	13,131
Cash and cash equivalents at end of the year	19	<u><u>2,597</u></u>	<u><u>5,307</u></u>

STATEMENT OF ACCOUNTING POLICIES

Statement of compliance

The Consolidated and University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Board of Governors' Report. The Board of Governors' Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

In preparing the financial statements and the continued use of the going concern assumption, the Governors have considered the expected financial performance for the financial years ended 31st July 2026 and 31st July 2027 taking into account expected trading performance and the principal risks and uncertainties as set out in the Strategic Report. The Board of Governors has a reasonable expectation that the Institution has sufficient access to adequate resources to continue in operational existence for the foreseeable future, and for at least the period of twelve months following the date of approval of the financial statements. The Governors therefore consider it appropriate to continue to adopt the going concern principal in preparing the financial statements.

Basis of consolidation

The consolidated financial statements comprise the University and its wholly owned subsidiaries, AUB Services Ltd and AUB Enterprises Ltd. Intra-group sales and profits are eliminated fully on consolidation.

The University has control of 100% of the Arts University Bournemouth Charitable Foundation, a charitable company limited by guarantee. The Foundation is consolidated by virtue of dominant influence over the operating and financial policies of that company by the University.

The consolidated Financial Statements do not include those of the Arts University Bournemouth Students' Union which is a separate unincorporated association. The University has no financial interest in the Students' Union and has no control or significant influence over its policy decisions.

Income recognition

Income from contracts and other services rendered is recognised in the Consolidated Statement of Comprehensive Income and Expenditure to the extent of the completion of the contract or service concerned.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

Grant funding

The accruals model for government revenue grants has been adopted. Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised

STATEMENT OF ACCOUNTING POLICIES (continued)

as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or restrictions applied to the individual endowment fund.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Tangible fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on transition to FRS 102 are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

a) Freehold land and buildings

Land and buildings are included in the balance sheet at deemed cost to the University. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their useful economic life as follows:

Structure	– useful economic life as determined by the valuers, the average being 78 years
Fit out	– 10 years
Plant and machinery	– 15 years

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to the balance sheet date. They are not depreciated until they are brought into use.

b) Computers, software and other equipment

Computer and other equipment costing less than £1,000 per individual item and software with a useful life of less than 18 months are written off to the income and expenditure account in the year of acquisition. All other purchases are capitalised at cost.

All equipment is depreciated on a straight line basis over its remaining useful life to the group, as follows:

Computer equipment	– 3 years
Other equipment	– 5 to 10 years
Furniture	– 10 years

STATEMENT OF ACCOUNTING POLICIES (continued)

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Intangible Assets

The value of internally generated patents, licences and other similar rights over assets are recognised on the balance sheet by capitalising the costs of registering such rights and amortising over a period of three years.

Heritage assets

The University maintains a collection of heritage assets that have been gifted or acquired over the years. It is not considered practicable to obtain valuations for the collections of artefacts owing to the diverse nature of the assets and the lack of comparable market values. The University does not therefore recognise these assets on its balance sheet.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Pension schemes

The two principal pension schemes for the University's staff are the Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme (TPS), both of which are defined benefit schemes.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The TPS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to University as members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Employee benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 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 478-488 of the Corporation Tax Act 2010 (CTA 2010) (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 (with the exception of the Arts University Bournemouth Charitable Foundation, which is a registered charity) are liable to corporation tax in the same way as any other commercial organisation.

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

STATEMENT OF ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency

The functional and presentational currency of the group is pounds sterling (£) and these accounts have been rounded to the nearest £1,000. Transactions in foreign currencies are translated to the respective functional currency of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

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

Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

a) Leases

Lease liabilities or assets are determined by considering whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

STATEMENT OF ACCOUNTING POLICIES (continued)

b) Tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See note 11 for the carrying amount of the property, computers and equipment, and accounting policy for Tangible Fixed Assets above for the useful economic lives for each class of assets.

c) Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability or asset. Furthermore, a roll forward approach which projects results from the latest published full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Financial Instruments

The Institution enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks.

The Institution has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

a) Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all the risks and rewards of the ownership of the asset are transferred to another party.

b) Financial liabilities

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2025**

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Higher education				
UK and EU students	28,057	28,057	29,841	29,841
Non EU students	7,918	7,918	8,314	8,314
Further education				
UK and EU students	648	648	768	768
Non EU students	247	247	393	393
	36,870	36,870	39,316	39,316
2 Funding body grants				
Recurrent grants				
Office for Students	843	843	909	909
Education and Skills Funding Agency	889	889	990	990
Specific grants				
Research England	1,552	1,552	1,270	1,270
Other	-	-	-	-
Capital grants				
Office for Students	150	150	164	164
Education and Skills Funding Agency	7	7	7	7
Access funding				
Education and Skills Funding Agency	3	3	4	4
	3,444	3,444	3,344	3,344
3 Other income				
Residences, catering and conferences	8,751	8,751	9,412	9,412
Other services rendered	215	199	67	44
Other income	2,041	2,048	2,266	2,273
Other capital grants	159	139	183	164
	11,166	11,137	11,928	11,893
4 Investment income				
Investment income on endowments	10	-	16	-
Other investment income	181	181	263	263
	191	181	279	263

Note The source of grant and fee income, included in notes 1 to 2 is as follows:

Grant and Fee income

Grant income from the OfS	993	993	1,073	1,073
Grant income from other bodies	2,451	2,451	2,271	2,271
Fee income from non-qualifying courses (exclusive of VAT)	895	895	1,161	1,161
Fee income for taught awards (exclusive of VAT)	35,975	35,975	38,155	38,155
	40,314	40,314	42,660	42,660

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
5 Donations and endowments				
Unrestricted donations	7	-	33	-
	<u>7</u>	<u>-</u>	<u>33</u>	<u>-</u>
6 Staff costs				
Salaries	18,895	18,895	19,450	19,450
Social security costs	2,131	2,131	1,947	1,947
Other pension costs: Local Government Pension Scheme	1,709	1,709	1,421	1,421
Teachers' Pension Scheme	2,288	2,288	1,996	1,996
	<u>25,023</u>	<u>25,023</u>	<u>24,814</u>	<u>24,814</u>
			2025	2024
Fundamental restructuring costs			£	£
Compensation for loss of office			950,968	-
Number of individuals to whom redundancy payments were made			<u>51</u>	<u>-</u>
			2025	2024
			£	£
Voluntary Severance Scheme 23/24			-	30,000
			<u>-</u>	<u>1</u>
			2025	2024
Emoluments of the Vice-Chancellor, Paul Gough, 01 August - 31 December 2024:			£	£
Salary			95,000	228,000
Salary in lieu of pension contributions			19,770	40,898
Pension costs			-	-
Benefits			1,488	3,824
			<u>116,257</u>	<u>272,722</u>
The Vice Chancellor takes responsibility for his own life assurance and pension arrangements.				
Emoluments of the Vice-Chancellor, Lisa Mann, 01 January to 31 July 2025:			£	£
Salary			96,250	-
Salary in lieu of pension contributions			-	-
Pension costs			27,605	-
Benefits			645	-
			<u>124,499</u>	<u>-</u>
The pay ratios are:			Times	Times
Vice-Chancellor's salary to the median for staff			5.47	6.71
Vice-Chancellor's total remuneration to the median for staff			5.91	6.94

The Vice-Chancellor's pay ratios are computed by reference to the median salary and total remuneration paid to the University's staff calculated on a full time equivalent basis respectively.

The Vice-Chancellor's salary and total remuneration is determined by the Remuneration Committee which is comprised completely of independent members of the Board of Governors. In deciding the remuneration for the Vice Chancellor, the Committee annually considers:

- Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within post 92 institutions with income of £40 million - £70 million
- Comparative data of equivalent role from the CUC annual survey of the remuneration of Vice-Chancellors/ Principals
- Internal compensation equity to other AUB Senior Postholders

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

6 Staff costs (continued)

	31 July 2025	31 July 2024
	£'000	£'000
Emoluments of key management personnel:		
Salary and benefits	1,250	1,122
Pension costs	263	166
	<u>1,513</u>	<u>1,288</u>

Key management personnel were the University's Vice-Chancellor's Group.

	No.	No.
Basic Salary of higher paid staff, excluding employer's pension contributions:		
£100,000 to £104,999	1	-
£170,000 to £174,999	1	-
£225,000 to £229,999	-	1
	<u>2</u>	<u>1</u>

	2025	2024
Average staff numbers by major category :	No.	No.
Teaching departments	257	244
Teaching support services	9	16
Library	13	12
Other support services	37	46
Administration and central services	117	115
General education	2	2
Income generating activities	19	13
	<u>454</u>	<u>448</u>

	£'000	£'000
Access and Participation		
Access Investment	233	234
Financial Support	-	-
Disability Support	453	340
Research and Evaluation	30	22
	<u>716</u>	<u>596</u>

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
7 Other operating expenses				
Teaching departments	3,117	3,117	3,784	3,784
Teaching support services	2,350	2,345	2,191	2,187
Other support services	193	193	376	376
Administration and central services	3,009	3,196	4,094	4,311
General education expenditure	586	586	819	819
Premises costs	5,085	4,972	5,770	5,647
Planned maintenance	4	4	149	149
Grants to Student Union	141	141	141	141
Other income generating activities	4	-	4	-
External auditor's remuneration - Audit fees	73	67	69	62
External auditor's remuneration - Other fees	9	9	8	8
Internal auditor's remuneration - Audit fees	23	23	23	23
Operating lease rentals plant/machinery	78	78	87	87
Operating lease rentals land and buildings	4,468	4,468	4,308	4,308
Catering and residencies	1,347	1,347	1,522	1,522
	20,487	20,546	23,345	23,424

Reimbursements to governors and trustees for the expenditure incurred in attending Board meetings amounted to £5,650 (2024: £5,990), of which £323 was outstanding at 31 July 2025. No governor received any remuneration from the group in the performance of their role as trustee, other than the Vice-Chancellor whose remuneration is detailed in Note 6.

8 Interest and other finance costs

Loan interest	895	895	887	887
Finance lease interest	1,128	1,128	1,257	1,257
Net charge on pension scheme	-	-	-	-
	2,023	2,023	2,144	2,144

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
9a Analysis of total expenditure by activity				
Academic and related expenditure	24,541	24,536	25,686	25,681
Administration and central services	10,061	10,243	10,717	10,927
Premises	10,952	10,694	14,325	14,028
Residences, catering and conferences	6,566	6,566	6,676	6,677
Other operating expenses	903	899	1,040	1,036
	<u>53,023</u>	<u>52,938</u>	<u>58,444</u>	<u>58,349</u>
Other operating expenses include:				
External auditors fees in respect of audit services	73		69	
External auditors fees in respect of non-audit services	9		8	
Operating lease rentals:				
Land and buildings	4,468		4,308	
Other	78		87	
Fundamental restructuring costs	<u>-</u>		<u>30</u>	

9b Access and Participation

Access investment	1,168	1,168	1,361	1,361
Financial support	524	524	418	418
Disability support	458	458	345	345
Research and evaluation	30	30	22	22
	<u>2,180</u>	<u>2,180</u>	<u>2,146</u>	<u>2,146</u>

£716k (2024: £596k) of these costs are already included in the overall staff costs figures included in the financial statements, see note 6

The University's published access and participation plan is available at <https://aub.ac.uk/schools-hub/widening-access-to-aub>

10 Taxation

Recognised in the statement of comprehensive income

Current tax

Current tax expense	22	-	22	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	<u>22</u>	<u>-</u>	<u>22</u>	<u>-</u>

Deferred tax

Origination and reversal of timing differences	(2)	-	(2)	-
Deferred tax expense	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>

Total tax expense	<u>20</u>	<u>-</u>	<u>20</u>	<u>-</u>
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NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

11 Fixed Assets	Land and Buildings	Assets under Construction	Computer Equipment	Furniture and Equipment	Total
Consolidated	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2024	134,037	3,636	11,179	13,815	162,667
Additions	113	1,615	457	199	2,384
Transfers	1,668	(5,198)	-	3,530	-
Disposals	-	-	-	-	-
At 31 July 2025	135,818	53	11,636	17,544	165,051
Depreciation					
At 1 August 2024	37,625	-	9,535	10,657	57,817
Charge for the year	3,652	-	968	873	5,493
Disposals	-	-	-	-	-
At 31 July 2025	41,277	-	10,503	11,530	63,310
Net book value					
At 31 July 2025	94,541	53	1,133	6,014	101,741
At 31 July 2024	96,412	3,636	1,644	3,158	104,850
University					
Cost or valuation					
At 1 August 2024	128,965	3,636	11,085	13,704	157,390
Additions	113	1,615	457	199	2,384
Transfers	1,668	(5,198)	-	3,530	-
Disposals	-	-	-	-	-
At 31 July 2025	130,746	53	11,542	17,433	159,774
Depreciation					
At 1 August 2024	36,055	-	9,442	10,545	56,042
Charge for the year	3,506	-	968	873	5,347
Disposals	-	-	-	-	-
At 31 July 2025	39,561	-	10,410	11,418	61,389
Net book value					
At 31 July 2025	91,185	53	1,132	6,015	98,385
At 31 July 2024	92,910	3,636	1,643	3,159	101,348

On transition to FRS102 the deemed cost approach was adopted.

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 JULY 2025

11 Fixed Assets (continued)

A full valuation of the University's land and buildings was carried out on 31 July 2014 by independent valuers Gerald Eve.

Buildings have been acquired with the assistance of capital grants from OfS (formerly HEFCE) which are deemed to be financed from Exchequer funds. Were these assets to be sold in the event of insolvency, the University, as part of its funding conditions with the OfS (formerly HEFCE) may have to surrender the written down value of the capital grants being £1.7m from the sale proceeds.

Included in the net book value of Land and Buildings are assets held under finance leases with a net book value of £6.9m (2024: £7.4m), on which £0.5m of depreciation is charged annually.

12 Heritage Assets

The University holds its heritage assets in two collections:

The Museum of Design in Plastic consists of almost 14,000 items made of plastic and animal horn. There is a continual changing exhibition of a small selection of artefacts in the museum, which is located in the Library building on the University campus. The museum is open to the public and furthermore all the artefacts are digitally archived and are accessible at www.modip.ac.uk. The collection has never been formally valued and, given the wide range of objects, the undertaking of such a valuation is not considered to be practical.

The Gallery receives donations of and acquires artwork in the main from students and staff. This artwork is displayed throughout the University and is regularly rotated from The Gallery archives. The value of the collection is not significant and is thus not recognised in the financial statements.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

13 Non-Current Investments

	Subsidiary companies	Other fixed asset investments	Total
Consolidated	£'000	£'000	£'000
At 1 August 2024	-	741	741
Additions to investments at cost	-	10	10
Sale of Investments	-	-	-
Gain on revaluation	-	26	26
At 31 July 2025	<u>-</u>	<u>777</u>	<u>777</u>

Non-current investments have been valued at market value.

Subsidiary undertakings

The University owns 100% of the issued ordinary £1 shares of AUB Services Limited and AUB Enterprises Limited, both companies incorporated in England and Wales. AUB Services Limited is a dormant company. The principal activity of AUB Enterprises Limited has been to provide accommodation for University staff from its parent institution, the Arts University Bournemouth and to third party clients associated with the creative industries.

The University has incorporated the Arts University Bournemouth Charitable Foundation, a company limited by guarantee. The trustees of the company are also members or associates of the Board and they have agreed to pay up to £10 towards costs and liabilities should the company be dissolved. The object of the company is the advancement of education principally within the subject areas of art, design, media and the performing arts. The University endowments have been transferred to this company. The charity had opening reserves of £735k, income and resources for the year of £(9)k and closing reserves of £726k.

14 Trade and other receivables

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Due in one year:				
Trade receivables	264	264	602	602
Other receivables	13	13	23	23
Prepayments and accrued income	1,499	1,496	894	895
Amounts due from subsidiary companies	-	2,125	-	2,202
	<u>1,776</u>	<u>3,898</u>	<u>1,519</u>	<u>3,722</u>

The amounts due from subsidiary companies includes a £2.1m intercompany balance with AUB Enterprises Ltd. This amount relates to the costs incurred in refurbishing and extending the company's building.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Creditors : amounts falling due within one year				
Unsecured loans	10,134	10,134	9,515	9,515
Obligations under finance leases	603	603	512	512
Trade payables	1,309	1,309	1,651	1,651
Social security and other taxation payable	1,022	999	901	879
Other creditors	299	299	436	436
Accruals and deferred income	4,353	4,342	4,924	4,906
Amounts owed to Funding Councils	47	47	78	78
Deferred capital grants	375	356	375	355
	18,142	18,089	18,392	18,332
16 Creditors : amounts falling due after more than one year				
Deferred capital grants	5,767	4,200	6,007	4,420
Obligations under finance lease	14,591	14,591	15,195	15,195
Unsecured loans	3,002	3,002	5,139	5,139
	23,360	21,793	26,341	24,754
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 15)	10,737	10,737	10,027	10,027
Due between one and two years	982	982	4,665	4,665
Due between two and five years	3,431	3,431	2,498	2,498
Due in five years or more	13,180	13,180	13,171	13,171
Due after more than one year	17,593	17,593	20,334	20,334
Total secured and unsecured loans	28,330	28,330	30,361	30,361
17 Provisions for liabilities				
	Defined Benefit Pension Obligations			Total
	(Note 25)		Deferred tax	Other
	£'000		£'000	£'000
Consolidated				
At 1 August 2024	-		17	17
Utilised in year	-		(2)	(2)
Additions in 2024/25	-		-	-
At 31 July 2025	-		15	15
University				
At 1 August 2024	-	-	-	-
Utilised in year	-	-	-	-
Additions in 2023/24	-	-	-	-
At 31 July 2025	-	-	-	-

Deferred tax represents timing differences on depreciation charged and capital allowances claimed within the subsidiary AUB Enterprises Limited

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

18 Endowment Reserves

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	2025 Total £'000	2024 Total £'000
Balances at 1 August 2024				
Capital	22	729	751	670
Accumulated income	23	(40)	(17)	(10)
	<u>45</u>	<u>689</u>	<u>734</u>	<u>660</u>
New endowments		7	7	32
Investment income	1	9	10	16
Expenditure		(51)	(51)	(23)
Increase in market value of investments		26	26	49
	<u>1</u>	<u>(9)</u>	<u>(8)</u>	<u>74</u>
Total endowment comprehensive income/(expenditure) for the year				
	<u>46</u>	<u>680</u>	<u>726</u>	<u>734</u>
At 31 July 2025				
Represented by:				
Capital	22	762	784	751
Accumulated income	24	(82)	(58)	(17)
	<u>46</u>	<u>680</u>	<u>726</u>	<u>734</u>
Analysis by type of purpose:				
Scholarships and bursaries	25	58	83	106
Prize funds	-	1	1	2
General	21	621	642	627
	<u>46</u>	<u>680</u>	<u>726</u>	<u>735</u>
Analysis by asset and liability:				
Current and non-current asset investments			777	741
Accrued Income			3	-
Cash & cash equivalents			69	91
Current liabilities			(123)	(97)
			<u>726</u>	<u>735</u>

19 Cash and cash equivalents

	At 1st August 2024 £'000	Cash Flows £'000	At 31st July 2025 £'000
Consolidated			
Cash and cash equivalents	5,307	(2,710)	2,597
	<u>5,307</u>	<u>(2,710)</u>	<u>2,597</u>

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

20 Consolidated reconciliation of net debt

31 July 2025
£'000

Net Debt 1 August 2024	25,054
Movement in cash and cash equivalents	(2,710)
Other non-cash changes	3,390
Net Debt 31 July 2025	25,733
Change in net debt	679

Analysis of net debt:

31 July 2025
£'000

31 July 2024
£'000

Cash and cash equivalents	2,597	5,307
Borrowings: amounts falling due within one year		
Unsecured loans	10,134	9,515
Obligations under finance leases	603	512
	10,737	10,027
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	14,591	15,195
Unsecured loans	3,002	5,139
	17,593	20,334
Net debt	25,733	25,054

21 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2025:

	31 July 2025		31 July 2024	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Commitments contracted for	64	64	580	580
	64	64	580	580

22 Contingent liabilities

The University has given written undertakings to support its 100% owned subsidiary, AUB Enterprises Limited, for twelve months from the date of approval of these financial statements.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

23 Lease obligations

Total rentals payable under operating leases:

	Land and Buildings	31 July 2025 Plant and Machinery	Total	31 July 2024
	£'000	£'000	£'000	£'000
Payable during the year	4,468	78	4,546	4,395
Future minimum lease payments due:				
Not later than 1 year	4,649	175	4,824	4,562
Later than 1 year and not later than 5 years	19,950	307	20,257	1,272
Later than 5 years	402	-	402	629
Total lease payments due	<u>25,001</u>	<u>482</u>	<u>25,483</u>	<u>6,463</u>

24 Related Party Transactions

Due to the nature of the University's operations and the composition of the Governing Board, some of whose members are drawn from local public and private sector organisations, it is possible that the University may undertake transactions with organisations in which a member of the Governing Board may have an interest. Any such transactions are conducted at arm's length in accordance with the University's financial regulations.

The following transactions were identified under FRS102:

- payment of a grant for £141k to the Arts University Bournemouth Students' Union the president of which is a Board Governor. In addition a further £84k was spent on staff employed by the University but directed by the Student Union officers and £13k for the use of premises. This is a total contribution of £238k ; and
- details of transactions with the Teachers' Pension Scheme and Local Government Pension Scheme are set out in note 25 of the accounts
- transactions totalling £5k took place with Kortext Ltd, a company of which the governor James Gray has been a director during the year. There were no amounts outstanding at the year end.
- transactions totalling £11k took place with Advance HE, a company of which the governor Jan Juillerat has been a lead associate during the year. There were no amounts outstanding at the year end.

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 JULY 2025

25 Pension Schemes

Different categories of staff were eligible to join one of two different schemes:

- Teachers' Pension Scheme (TPS)
- Local Government Pension Scheme (LGPS)

Both schemes are defined-benefit schemes, the assets of which are held in separate trustee administered funds.

The total pension cost for the group was:

	2025 £'000	2024 £'000
Teachers' Pension Scheme	2,288	1,996
Local Government Pension Scheme	1,709	1,421
	<u>3,997</u>	<u>3,417</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2022.

Contributions owing at 31 July 2025 were £416,638 (2024: £422,954) and have been included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in universities and, from 1 January 2007, automatic for lecturers in part-time employment following appointment or a change of contract provided that they have not opted out of the scheme.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in the FRS102(28.11), the TPS is a multi-employer pension scheme and the University is unable to identify its share of the underlying assets and liabilities and as a result, contributions to the scheme are accounted for as if the scheme was a defined contribution scheme.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020 and the valuation report was published by the Department for Education in October 2023. The key elements of the valuation and the subsequent consultation are:

- with effect from 1 April 2024 employer contribution rates were set at 28.68% of pensionable pay including a 0.08% employer administration charge. Prior to this the rate was 23.68%.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion
- an employer cost cap of 10.9% pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The real rate of earnings growth is assumed at 2.75%. The assumed nominal rate of return is 5.06%

The pension costs paid to the TPS in the year amounted to £2,288,000 (2024: £1,996,000).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 JULY 2025

25 Pension Schemes (continued)

Local Government Pension Scheme

LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of actuaries. In the intervening years, the LGPS actuary reviews the progress of the scheme.

For LGPS, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS regulations. The scheme was most recently valued as at 31 March 2022 and the proportion of members' accrued benefits covered by the actuarial value of the assets was 96.5%. The payment of a deficit recovery lump sum of £252,000 is required over three years with the employer contribution rate having increased to 16.4% from April 2023. The employees contribute between 5.5 – 12.5%.

Under the definitions set out in the FRS102, the LGPS is a multi-employer pension scheme. The scheme actuary is able to separately identify the institution's share of its assets and liabilities as at 31 July 2025 and as such this has been reflected in the financial statements of the University.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's consultation on GMP indexation in public sector schemes, published on 23 March 2021, before concluding on any changes required to LGPS schemes.

The Court of Appeal judgment on the McCloud and Sargeant cases, relate to age discrimination against the age-based transitional provisions put into place when the new judicial pension arrangements were introduced in 2015. The members argued that these transitional provisions were directly discriminatory on grounds of age and indirectly discriminatory on grounds of sex and race, based on the correlation between these two factors reflected in the judicial membership. The Tribunal ruled against the Government, deeming the transitional provisions as not a proportionate means of achieving a legitimate aim.

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

An accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme is not yet available. It is understood that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which is expected to be minimal for LGPS funds.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	2025 %	2024 %
Price inflation (CPI)	2.80	2.85
Rate of salary increases	3.80	3.85
Rate of increase of pensions in payment	2.80	2.85
Discount rate	5.85	5.10
Assumed commutation rate	50	50

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**
25 Pension Schemes (continued)
Analysis of movement in the fair value of the scheme assets

	2025 £'000	2024 £'000
At beginning of year	36,659	32,022
Interest on assets	1,892	1,664
Return on assets less interest	1,093	1,759
Administration expenses	(27)	(19)
Other actuarial gains	-	-
Employer contributions	1,737	1,537
Employee contributions	619	616
Benefit payments	(1,467)	(920)
At the end of the year	<u>40,506</u>	<u>36,659</u>

The estimated value of employer contributions for the year ended 31 July 2026 is £1,659,000.

The institution's share of assets in the scheme and expected rates of return were:

	Fair value 2025 £'000	Fair value 2024 £'000
Equities	25,848	23,146
Gilts	-	-
Cash	946	587
Other bonds	2,606	2,396
Diversified growth fund	2,579	2,408
Secured Income Funds	-	-
Property	2,685	2,827
Infrastructure	2,999	2,728
Multi Asset Credit	<u>2,843</u>	<u>2,567</u>
	<u>40,506</u>	<u>36,659</u>

The actual return on scheme assets was £2,985,000 for 2025 compared to that of £3,423,000 for 2024.

NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 JULY 2025

25 Pension Schemes (continued)

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2025	2024
	Years	Years
Retiring today		
Males	22.1	21.8
Females	24.1	23.9
Retiring in 20 years		
Males	23.4	23.1
Females	25.5	25.3

	£'000	£'000
Amounts recognised in the statement of comprehensive income		
Service cost	1,768	1,421
Net interest on defined liability	(48)	40
Administration expenses	27	19
	<u>1,747</u>	<u>1,480</u>
Actuarial loss/(surplus)	(1,747)	(1,480)
	<u>(-)</u>	<u>(-)</u>

	2025 £'000	2024 £'000
Analysis of movement in the present value of the scheme liabilities		
The institution's estimated assets share	40,506	36,659
Present value of the institution's scheme liabilities	(33,709)	(36,530)
Actuarial scheme surplus not recognised	(6,797)	(129)
	<u>-</u>	<u>-</u>
Deficit in the scheme – net pension liability	-	-

Analysis of movement in the present value of the scheme liabilities

At beginning of year	36,530	33,563
Current service cost	1,480	1,421
Interest cost	1,844	1,704
Change in financial and demographic assumptions	(5,923)	296
Employee contributions	619	616
Benefit payments	(1,467)	(920)
Experience (gain)/loss on defined benefit obligation	338	(150)
Past service costs, including curtailments	288	-
Curtailments	-	-
	<u>33,709</u>	<u>36,530</u>

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

25 Pension Schemes (continued)

Sensitivity analysis	£000s	£000s	£000s	£000s	£000s
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	30,718	33,077	33,709	34,360	37,160
Projected service cost	853	1,019	1,064	1,110	1,315
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	33,933	33,753	33,709	33,665	33,494
Projected service cost	1,064	1,064	1,064	1,064	1,064
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	37,028	34,335	33,709	33,101	30,836
Projected service cost	1,325	1,112	1,064	1,017	845
Adjustment to life expectancy assumptions	+1 Year		None		- 1 Year
Present value of total obligation	34,574		33,709		32,866
Projected service cost	1,103		1,064		1,025
Projected pension expense	Year to 31 Jul 2026				
Service cost	1,064				
Net interest on the defined liability / (asset)	(47)				
Administration expenses	27				
Total loss / (profit)	1,044				
Employer contributions	1,659				

These projections are based on the assumptions as at 31 July 2025. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 July 2025.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

26 US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, AUB is required by the US Department of Education to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of investments.
- prepared using United Kingdom Generally Accepted Accounting Practice, in accordance with the Statement of Recommended Practice.
- Accounting for further and Higher Education 2020 (SORP 2019) and with Financial Reporting Standard FRS 102.
- presented in Sterling the functional currency of the entity.

All figures are presented for the Group. The following acronyms are used in the following tables:

- Statement of Comprehensive income : SoCI

Expendable Net Assets

Related Disclosure	Required Line Item	2025 £m	2024 £m
Balance Sheet : Unrestricted reserves	Net assets without donor restrictions	64,647	66,933
Balance Sheet : Restricted reserves	Net assets with donor restrictions	726	734
Note 18 : Restricted permanent endowments	Net assets with donor restrictions : perpetually	46	45
Balance Sheet : Fixed Assets		101,741	104,850
Notes 16 : Debt and finance leases	Debt obligations, net	17,593	20,334
Notes 15 & 16 : Deferred income	Deferred revenue & capital grants	8,201	8,741
Note 15 : Short term bank and other loans	Loans	10,134	9,515
Note 17 : Total provisions	Post employment, pension liability, other provisions	15	17
	Expendable Net Assets	203,103	211,169

Total Expenses and Losses

Related Disclosure	Required Line Item		
SoCI : Expendable less pension provision	Total operating expenses	53,026	58,444
	Total Expenses and Losses	53,026	58,444

Equity Ratio

Modified Net Assets

Related Disclosure	Required Line Item		
Balance Sheet : Unrestricted reserves	Net assets without donor restrictions	64,647	66,933
Balance Sheet : Restricted reserves	Net assets with donor restrictions	726	734
		65,373	67,667

Modified Assets

Balance Sheet : Non-current plus current assets	Total assets	106,891	112,417
	Modified Assets	106,891	112,417

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2025

26 US Department of Education Financial Responsibility Supplemental Schedule (contd)

Net Income Ratio

Change in Net Assets without Donor Restrictions

Related Disclosure	Required Line Item		
SoCI : Excl. endowment & restricted I&E	Changes in net assets, unrestricted	(2,285)	(2,049)
	Change in Net Assets without Donor Restrictions	(2,285)	(2,049)

Total Revenues and Gains without Donor Restrictions

Related Disclosure	Required Line Item		
SoCI : Total income	Total operating revenues and support, unrestricted	51,480	51,451
SoCI : Investment Income	Investment income, unrestricted	191	279
	Total Revenues and Gains without Donor Restrictions	51,671	51,730

Net Property, Plant and Equipment

Pre-implementation property, plant and equipment	61,911	64,517
Post-implementation property, plant and equipment purchased by obtaining debt		
Construction in progress	-	-
Post-implementation property, plant and equipment with no outstanding debt	39,777	36,697
Net Long-Term Debt for Long-Term Purposes	101,688	101,214

Long-term debt for long-term purposes

Pre-implementation long-term debt	5,124	5,620
Allowable post-implementation long-term debt to purchase property, plant and equipment	11	34
Construction in progress - debt		
Long-term debt not for purchase of property, plant and equipment	8,000	9,000
Net Long-Term Debt for Long-Term Purposes	13,135	14,654