



ARTS UNIVERSITY BOURNEMOUTH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

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GOVERNORS of the University who served on the BOARD in 2022-23 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
Gerard Moran PhD – Vice Chairman	Higher Education	Audit & Risk; Human Resources; Remuneration
Professor Paul Gough MA PhD	Principal and Vice-Chancellor	Finance & Resources; Human Resources; Search & Governance
Roma Agrawal MBE MA MSc	Engineering & Construction	Finance & Resources (until 31 July 2023) Audit & Risk (from 1 August 2023)
Miles Bagarinao BA (retired 31 July 2023)	AUBSU Student Governor	Finance & Resources
Prue Keely Davies MA	Media, Charity & Governance	Human Resources; Audit & Risk; Search & Governance; Remuneration
Ed Earl BA (appointed 1 August 2023)	AUBSU Student Governor	Finance & Resources
James Gray	Digital Learning	Finance & Resources (until 31 July 2023)
Malcolm Groat MA ACA (appointed 1 August 2023)	Commodities & Accountancy	Finance & Resources;
Muna Hagler MSc ACA (retired 31 July 2023)	Publishing	Finance & Resources
Simon Hamilton MA	Finance & IT	Audit & Risk; Finance & Resources
Stephen Hocking BA	Legal	Audit & Risk; Remuneration
James Jackson MA (appointed 1 August 2023)	AUB Professional Services Staff	Finance & Resources
Valerie Lodge MA (retired 31 July 2023)	AUB Professional Services Staff	Audit & Risk
Dr Kevan Manwaring PhD	AUB Academic Staff	Finance & Resources (until 31 July 2023) Audit & Risk (from 1 August 2023)
Robert McClatchey MA ACA	Banking & Accountancy	Audit & Risk; Search & Governance;
Tim Newman LLB ACA	Health & Accountancy	Finance & Resources; Search & Governance
Misan Nwokorie RIBA	Property Development	Finance & Resources
Kevin Purcell BBS	Human Relations	Human Resources; Remuneration
Claire Whitaker CBE MA	Music & Culture	Audit & Risk
Dr Jon Renyard DBA	University Secretary	

AUDITORS AND PROFESSIONAL ADVISORS**External Auditor**

Sedulo Audit Limited
Albert House
256 – 260 Ols Street
London
EC1V 9DD

Internal Auditor

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

Bankers

Lloyds Banking Group plc
45/47 Old Christchurch Road
Bournemouth
Dorset
BH1 1ED

HSBC
Level 22, 8 Canada Square
Canary Wharf
London
E14 5HQ

Solicitors

Womble Bond Dickinson LLP
Oceana House
39-49 Commercial Road
Southampton
Hampshire
SO15 1GA

Addleshaw Goddard LLP
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

Investments Managers

Investec Wealth & Investment Limited
Midland House
2 Poole Road
Bournemouth
Dorset
BH2 5QY

Kingswood Institutional
13 Austin Friars
London
EC2N 2HE

Corporate Office

Fern Barrow
Wallisdown
Poole
Dorset
BH12 5HH

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) is a higher education corporation as defined by the Further and Higher Education Act of 1992 having been incorporated in 1993. It is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is required to demonstrate how its work is of 'public benefit'. The University is not required to be registered with the Charity Commission but is however subject to the Charity Commission's regulatory powers which are monitored by the Office for Students (OfS) as principal regulator.

The University's objects and vision and values reflect its commitment to public benefit. The objects are set out in its Memorandum of Association which provides that:

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.

The University's mission, vision, values and aims as articulated in its new 2030 Strategic Plan have been developed in support of the institution's primary purpose to develop six academic themes which together create a framework for delivery. AUB takes a wide view of its charitable purpose; not only that prescribed by the delivery of higher and further education, but to related wider social, economic and ethical concerns locally, nationally and internationally.

The main beneficiaries are current and prospective students for whom AUB provides the opportunity to progress from the age of nine years old through Saturday art school, further education, undergraduate, postgraduate and doctorate programmes in the subject areas of art, design, architecture, media and performance providing them with the skills to be creative practitioners and equipped with a range of transferable skills suited to a diverse employment environment.

The cost of higher education, comprising not only tuition fees but also accommodation and living costs, can be a barrier to many students. AUB through its Student Services provision supports students in their applications for funding from a wide range of sources and administers the University's Access Bursary Scheme which in 2022 - 23 distributed almost £460k in funding to eligible students in accordance with our Access and Participation Plan.

The Board of Governors has had due regard to the Charity Commission's guidance on the reporting of public benefit and its supplementary public benefit guidance on the advancement of education. Through its range of activities AUB provides benefits to different sections of the public as follows:

1.1 Our Education Offer

Few universities in the world combine the range of specialist courses and skills that AUB has in its portfolio. The proven quality of our graduates and their impact on the professional worlds in which they prosper, speaks of our distinctive strength and character. Our course structure promotes a depth of knowledge and practical expertise in specific disciplines, while also allowing for planned and spontaneous collaboration through innovative inter-disciplinary combinations of project- and studio-based learning. Underpinning our education ambition, we have in the past year achieved the following:

- Student number growth: 2022-23 saw AUB maintain its volume of students, with over 4,100 across pre-degree, undergraduate, and taught postgraduate. Our volume of postgraduate research students has grown by a further 20% and the number of timely completions at PhD has doubled. The foundations have been laid for growth with the introduction of online MA courses and the development of franchise provision with a local further education college. In addition, a range of additional undergraduate awards in cognate disciplines have been validated for recruitment from 2024/25.
- 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. Upon successful completion of their studies our aim is that 50% of these students will progress to degree courses at AUB.
- Following the appointment of a new Executive Director of Academic Innovation, AUB is developing a new Learning, Teaching and Assessment Framework (LTAF) which will embed the University's Graduate Futures Framework. It will also standardise certain aspects of curriculum delivery, including aspects of teaching, assessment and feedback, providing greater clarity to students and ensuring greater equivalence of experience. The Graduate Futures Framework 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 equality, diversity and inclusion (EDI) matters.

STRATEGIC REPORT (continued)
1.1 Our Education Offer (continued)

- The EDI Academic Adviser is leading a project on inclusive assessment, aligned to the LTAF, to support academic staff in reflecting on how their approaches to assessment enable all students, from all backgrounds, to meet the relevant outcomes. This is supported by a series of webinars provided in collaboration with Advance HE.
- We have developed a new policy on the use of Generative Artificial Intelligence (Gen AI), and associated guidance for students on the use of Gen AI in learning and assessment. AUB is keen to encourage engagement with these tools, and for students to understand how they can use them intelligently and with integrity to enhance their work. This was supported by a staff webinar to provide background information, and subsequently short videos to introduce the policy; and an invited speaker at the Learning and Teaching Symposium was from the National Centre for AI, based within JISC. The Library has also produced guidance on how to reference the use of AI within assignments.
- The Library continues to deliver outstanding resources, over 90% of which are available electronically. Professional Library staff promote the diversification of course reading lists, as well as supporting EDI initiatives through dedicated pages. The Library scored the third-highest satisfaction rating of any HEI in the 2023 National Student Survey (NSS).
- 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 an ambitious masterplan both on the main campus 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 a global arts university

1.2 Our Commitment to Enabling Participation

One of the AUB Values reads: "We are better for our diversity. We are enriched by the depth of respect we have for each other and the strength of our relationships with our people, our places and with the planet. Through our commitment to working with those who are different to us, or challenge us, we grow stronger together, creating new synergies, global connections, and sustainable futures." To this end, we have in the past year achieved the following:

- In the summer of 2023, the University submitted a new Access and Participation Plan to the Office for Students, outlining a robust new strategic approach to supporting equality of opportunity in access to creative education at AUB for the next four years. Following a consultative exercise involving input from services and departments from across the University, the intervention strategies included in the new plan set specific targets for student access, attainment, continuation and progression until 2027. On 11th October 2023 the institution received confirmation of the plan's approval from the Office for Students.
- Aligned with the submission of the University's new Access and Participation Plan, in spring 2023 the University undertook a strategic review of the mechanisms of financial support available to students who were eligible for additional funding. Rolling out from September 2024, the new package is more closely aligned with supporting access, continuation and graduate employability. It is also considerably more transparent and easier for students to understand and access.
- Following a successful pilot, the [All Access AUB](#) scheme was expanded in size. This year 32 students from backgrounds which are underrepresented in Higher Education joined the intensive, engaging multi-intervention access programme. The scheme involves a residential summer school, gallery exhibition, 1-2-1 portfolio support and a 'reduced grades' offer to AUB. *All Access AUB* is the institution's flagship access programme for students aged 16 and over.
- Building on the success of the Being a Boy project's pilot year, the University ran a targeted pre-16 attainment raising initiative supporting boys on free school meals. In 2022-23 the project involved the co-delivery of a national HE Research and Practice Conference which attracted 160 registrants from universities, third sector organisations and Multi Academy Trusts across the country. It also expanded its suite of student-facing workshops, engaging with 74 attendees across the workshop series. The project also received national recognition, winning multiple awards for best practice in widening university access.
- 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 across Hampshire, 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 narrow the gap and realise progression from those students with potential.
- 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 through the Access and Participation Team. Alongside financial assistance, the Progression Officer conducted over 100 1-2-1 sessions with eligible students, providing additional pastoral support and signposting to development opportunities within the institution.

STRATEGIC REPORT (continued)
1.2 Our Commitment to Enabling Participation (continued)

Alongside the work taking place at a local level, the University contributes to sector wide best practice through its involvement with third sector organisations such as Stand Alone, the National Network for the Education of Care Leavers, and MyTime Young Carers.

- In the academic year 2022-23, there were 768 current undergraduate students eligible for financial support through the University's Access and Participation Plan based on their household income. This constitutes an increase of 62 students from the academic year 2021-22.

1.3 Our Record in Research and Knowledge Exchange

Our academic staff and technical specialists are bedded 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:

- A successful application to the Business Archives Council supported the ongoing cataloguing and curation of the Thorp Modelmaking archive with the first part of the archive now discoverable via the National Archives Discovery tool. The Archive has enabled a range of public engagement activities, with a social media reach of over 850,000 and in-person visits including the 20th Century Society.
- Linbury Trust funding has supported the post of Professor in Drawing, held by Siân Bowen, and contributed to the hosting of week long intensive workshops attended by a wide range of teachers and art educators from schools and other organisations in the Bournemouth region. Sian also exhibited as part of the Gardens and Medicinal Virtues, Health and Beauty between Past and Present at the Biblioteca Marciana, Saint Mark's Square, Venice.
- 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 exhibition *When Lives Collide 2*, shown at the Oxo Tower Gallery on London's South Bank, to mark the 30th anniversary of *Roadpeace*, a charity that supports the victims of road incidents. Funding to support participatory research awarded by Research England, enabled the University to support several projects including one helping visual impaired people to engage in online programming using the BBC Micro: bit, a tool designed to make coding more engaging.
- The Innovation Studio is now fully operational and continues to meet or exceed output targets for engaging with established businesses for prototyping, innovation and research and testing and supporting start-ups and pre-start-ups to develop a robust business plan. With a fully staffed team now in place, the Associate and Residency Support programmes have been revamped and the Staff Engagement programme redefined. In 2022-23 the Innovation Studio supported 62 external businesses and 27 start-ups. An independent review undertaken by Moor Economic reported positively about the business engagement activity nurtured and generated by the Studio and its staff.
- Created an enhanced programme of research webinars, events and conferences, including a programme of events led by post-doctoral research, industry practitioners and visiting specialists in the new Innovation Studio. The Research Seminar series featured presentations from staff on a range of topics, from documentary photography, to fantasy sites and their real-world impact, and opening up archives for public engagement. 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.
- In 2022-23 AUB became eligible for Higher Education Innovation Funding (HEIF) for the first time since income thresholds were introduced. The funding was used to offset financial commitments to Professional and Technical staff to deliver Knowledge Exchange (KE) and Innovation projects and enable new activity with external partners. Projects work through Culture, Health and Creative Technologies and include collaborating with local film production companies developing virtual/physical production techniques, supporting the community play for Poole - SALT, walking projects to encourage engagement with nature, animation for visualisation for the partially sighted and developing staff entrepreneurship. AUB has been awarded HEIF funding for the second time for the year 2023-24.
- The third iteration of the Knowledge Exchange Framework was published in September 2023 using data from 2021-22. We continue to demonstrate the impact we make in Local Growth and Regeneration and in supporting Graduate Entrepreneurship. We generate significant income through a wide range of Short Course provision. We have seen a slight dip in the reach of our Public and Community Engagement activity and are investigating ways to improve this. A key aim is to increase the income we generate through commercialisation of assets. The Innovation Team will prioritise seeking Innovate UK income in collaboration with a business partner for 2023-24.

STRATEGIC REPORT (continued)
1.3 Our Record in Research and Knowledge Exchange (continued)

- Two further PhD students were recruited in the areas of creative technologies (materials and Virtual Reality) to support and develop research activity within creative technologies alongside our post-doctoral researchers. Housed in the Innovation Studio, the students will also support collaborative research projects.

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, 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:

- The recently acquired Palace Court Theatre in the centre of Bournemouth was launched on the community in Spring 2023 as part of the WAKE UP TO AUB programme of events, when it was turned into *The Exploratorium* with parts of the building being opened up for creative experimentation. The venue also hosted the inaugural *Bournemouth Writing Festival* accommodating a variety of talks, workshops and panels. Students have embraced the opportunity to perform in a historic building that allows them to take risks without the fear of perceived failure.
- TheGallery at Arts University Bournemouth (AUB) is a major resource for contemporary art and design in the South of England and is open to the public. Many of the exhibitions and artists' commissions that have been produced within the space since its opening have toured to other venues across the UK. It is a valuable resource which supports teaching, learning and research across the University.
- AUB maintained a series of onsite exhibitions and events, plus several touring shows, with a deep commitment to Outreach and Access and Participation welcoming schools and colleges from across the southwest (including London) to workshops, events and engagement activities. Building on delivery methods pioneered during the pandemic, the curators developed hybrid forms of lecture, webinars and online discussion fora.
- Amongst the curated shows in the past year were: *Small Anthropologies* by Professor Shawn Naphtali Sobers which asks the question 'what stories can the objects around us say about our past, present and future, and our hopes, fears and dreams?'; and a photography exhibition from recent alumnus Gabriel Bush titled *Lockdown Artists and Artists Returned* which shows the resilience, drive, and determination of AUB students to continue making art while in lockdown.
- AUB Performance courses and technical areas staged a total of eleven acting and dance productions during the academic year and had audience figures in the region of 4,450 people. These were performed at the University theatres; Pavilion Dance South West; and the Royal Bath Hotel and have all been accessible and open to the public. Two new plays were commissioned, *Until the Sun Goes Down* which was written by a recent graduate from BA (Hons) Creative Writing and was set in Bournemouth at the beginning of the AIDS crisis; and *Masque Macabre* a musical set in 19th century Paris. Further productions included *Strictly 12th Night* by William Shakespeare being a contemporary version of the master's play, *The Belle's Stratagem* by Hannah Cowley and the reflective *Stoning Mary* by Debbie Tucker Green.
- 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.
- In January 2022, AUB's Museum of Design in Plastics (MoDiP) was 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 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 REF.
- MoDiP held two main exhibitions both of which have a permanent online presence on the MoDiP website: *Endurance* (September 2022 - March 2023) where objects on display showed how good design and the right choice of plastic materials can play a part in reducing risk to life and help us to survive in a variety of situations, including out at sea, in the air, and when travelling at high speed. *Reuse* (March 2023 - September 2023) which demonstrated ways in which the reuse of raw materials, as well as products, help to reduce our reliance on single-use plastics. They also show how products can be created to support recycling at the end of their useful life, and the variety of ways a single recycling resource can be used.
- The museum also curated a large-scale exhibition, *Designated Design*, in AUB's TheGallery which celebrated the Designated Outstanding Collection status. This was accompanied by a half day seminar for museum professionals. MoDiP also took over an empty shop in the Bournemouth shopping centre 'The Avenue' with an exhibition entitled *At Home with MoDiP*. This had a potential audience of 86,000 people during the time it was in situ.

STRATEGIC REPORT (continued)
1.4 Reaching Out and Collaborating with the Wider Community (continued)

- 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) and maat, Lisbon (22.03.2023 – 09.11.2023) before embarking on a tour to the Far East.
- 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), and a member of the Exhibition Committee of the Russell-Cotes Museum & Art Gallery, Bournemouth. They have represented the museum and AUB at University of Southampton's meeting on Cultural Politics of Preservation and Curation, the UCL run Festival of Plastics at Museum of London, ICON (Institute of Conservation) Modern Materials network, and at the *Designated Design* seminar associated with AUB's TheGallery exhibition of the same name.
- Throughout May and June 2023, the AUB Summer Show Exhibitions took place across the campus, transforming the entire institution into a huge open-air gallery. Providing a showcase for industry professionals, current and prospective students and their families, and the wider community, the shows promote the understanding of contemporary arts regionally and provide a platform for schools, and their students, to explore possible progression routes in the creative industries.

1.5 Our People

AUB continues to implement its People Plan, which is owned by the Director of People and the Vice-Chancellor, with progress overseen by the HR Committee, a sub-committee of the Board of Governors. Through the Plan we are embracing contemporary ways of working and encouraging flexible, family-friendly and inclusive practices to ensure we design and sustain an effective working environment, centred around employee well-being and engagement, and which nourishes a powerful sense of belonging; physical, digital and through remote working. We are committed to creating and sustaining an inclusive workplace, embracing innovative practices to drive equality and embrace diversity to add value to the university and to the employee, throughout the employment journey. A programme of professional development for staff across the university will ensure that colleagues are set up for success in their place of work. To achieve this ambition, we undertook the following work during the 2022-23 academic session:

- AUB's Agile Working Policy was published in the Autumn Term 2022, having been through comprehensive and collaborative development as well as full consultation with the AUB staff unions: UNISON and UCU. The Policy provides a framework for line managers to implement within their teams, with HR Partners supporting with any implementation issues.
- An inaugural Staff Wellbeing Programme was introduced through a new staff Wellbeing identity. Webinars: Mental Health, Menopause, Men's Health, Cost of Living, Building Resilience: Managing Everyday Stress, Navigating Difficult Conversations, were delivered. Health Assessments, whereby staff meet with a physiologist, through our collaboration with AXA, for 15 or 30 minute health consultations, are a popular provision. Flu Vouchers and Eye Test Vouchers were issued and welcomed by staff. A Health App provided by AXA and the Headspace App are free for all staff to download and utilise. A range of wellbeing resources are available within the HR intranet pages. A staff pulse survey was carried out in June 2023 to evaluate the staff wellbeing initiatives introduced for 2022-23 to help shape the programme for the following year.
- The University also continued to proactively support the wellbeing of its staff through the AUB Staff Counsellor; Occupational Health and Employee Assistance Programmes provided by AXA Health; the opportunity to join the Universities Gym and sports activities; special leave arrangements; opportunities for flexible and agile working; support for workers with disabilities and the University's Dignity at Work and Grievance policies.
- Through the Equality, Diversity and Inclusion (EDI) Team, we continued to deliver a variety of initiatives as part of the EDI action plan. Webinars: Confident EDI Conversations, Introduction to Gender Identity, Challenging EDI Thinking in Learning and Teaching, Conversation Integrity, Trans and Non-Binary Identities, Neurodiversity, and Neurodiversity: Inclusion in Practice were delivered. The EDI intranet page continues to be updated with useful resources and signposting. A staff pulse survey was carried out in June 2023 to evaluate the staff EDI initiatives introduced for 2022/23 to help shape the programme for the following year.
- A new programme of accredited ILM: Institute of Leadership and Management (ILM) management training has been developed in collaboration with TCM Group and will be rolled out to Grade 5 Professional Services staff and Course Leaders, following a comprehensive and collaborative process carried out by the Learning and Development Manager (HR).

STRATEGIC REPORT (continued)
.5 Our People (continued)

- Appointing a Senior HR Officer (MIS/Data) has significantly improved HR's ability to respond to the key MIS projects needed to ensure the system works to its full capabilities. With the system migration to the Cloud (HCM) project completed in February 2023, plans are in place to understand system capabilities with a view of introducing more employee 'self-service' options through e-forms and streamlining HR processes.
- Induction processes for established staff were refreshed with the first month induction taking place on campus, mandatory for all new starters and includes overviews from all departments with a more contemporary approach, facilitated by the Learning and Development Manager (HR).
- Average sickness absence levels within both the professional services and academic staffing groups decreased as compared with the 2021-22 academic session. In relation to levels of mental health sickness absence, HR work closely with employees and line managers to ensure appropriate support is provided with the aim of assisting staff to return to work or remain at work; utilising the occupational health and employee assistance programme provisions wherever appropriate. The University's Absence and Attendance Policy enables us to effectively monitor short term and long-term sickness and provide tailored support to individuals accordingly.
- Resourcing continued to be a key area of focus for the HR department to support the University in attracting and appointing high quality staff to the institution. A mix of online and in person interviews were utilised, providing an efficient and effective selection process. A total of 110 vacancies (115 in the previous year) were advertised (19 Academic and 91 Professional Services), with a total of 113 new staff being appointed (20 to Academic roles and 93 to Professional Services). The average cost per post was £1,168 compared with £1,268 for the previous year. Through a collaborative project with Marketing we refreshed the 'Working at AUB' website pages, negating the requirement for an externally hosted recruitment microsite platform.
- 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.

1.6 Creating a Sense of Belonging

AUB is a truly innovative place: set in a beautifully designed studio-based location underpinned by a deep digital infrastructure, it is a creative community of ideas, images, events and magical moments, nurtured by inspirational people, unified by a powerful sense of belonging. To realise our commitment to place and space we have in the past year achieved the following:

- The fit-out of Unit 1 Elliott Road was completed in January 2023 alongside works to units 2a and 3b. This has resulted in a more efficiently planned Bournemouth Film School studio complex at the site with film studios in units 2a, 3a and 3b and support services such as the workshop, storage units and stop-motion studios in unit 1.
- In autumn 2022 AUB secured £769k of Salix public sector decarbonisation scheme funding to replace the gas boilers in North Building with air source heat pumps (ASHPs). Design work has progressed, and Morgan Sindall has been appointed as the principal contractor to undertake the works. The project is due to complete spring 2024 aligned with Salix funding requirements.
- The North Lights Studio project received planning approval in April 2023. Following this, design work progressed to the tendering process. Tenders resulted in bids returned in excess of the project budget. Therefore, the project is on hold while assessments of options are made. These options include extending use of the existing studios for one to ten years. Having planning approval allows AUB time to assess options with a three-year period allowed before planning needs to be enacted. As part of the decant for this project, retail units at The Avenue shopping centre in Bournemouth were taken on during 2022-23 for the use of BA Fine Art and MA Fine Art and Paint courses. The units are leased until August 2024.
- Works were completed at Palace Court Theatre over winter 2022-23 to install new lighting systems, fire systems and other compliance and H&S requirements to allow enhanced use of the building. This has resulted in events being held at Palace Court Theatre such as *Wake Up to AUB* in February 2023 and a healthy programme of use for academic year 2023-24.
- The planning application for 8,000sqm of academic space on Plot Q was submitted to Bournemouth, Christchurch & Poole Council (BCP) in December 2021 to meet with the outline planning reserved matters' deadlines. This application remains in train with BCP with plans to be confirmed against parking requirements for the development.
- Lifts have been installed in West Building, to replace an aged asset, and a new lift in the Workshop to replace the external lift that was regularly failing and causing accessibility issues.

STRATEGIC REPORT (continued)
1.7 Committed to the Environment and Sustainability

The University has signed the Environmental Association for Universities and Colleges (EAUC) pledge to achieve net zero by 2030. Our Environment Committee has set up a Sustainability and Net Zero Task Force to coordinate this work, and the University has a published [Sustainability and 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:

- Energy and Water
 - Sustainable Resource Management.
 - Travel
 - Sustainable Campus
 - Biodiversity
 - Social Justice
- A new Sustainability and Net Zero (SNZ) programme of works was developed to drive AUB's sustainability and net zero ambitions and includes targets and projects. A Net Zero Task Force was created to deliver actions, results and evaluate progress. The SNZ 'Inventory' has been transitioned to that of the Standard Carbon Emissions Framework (SCEF). The Framework is based on the GHG Protocol and standardised for the HE sector. Furthermore, a Net Zero cost calculator for HE institutions, aligned to SCEF, has been developed by EAUC. Once all emissions data for 2022/23 academic year is available an estimate of net zero cost for AUB will be calculated.
 - The Carbon Trust mapped emissions from AUB supply chain for the 2021/22 academic year with results presented in 2022/23. AUB supply chain emissions are approximately 72% of total emissions. Next steps are to investigate the amount of leverage that AUB has with different suppliers, and how progress to lower the emissions will be made.
 - An air source heat pump project, which will reduce the current fossil fuelled heating systems by over 50% and has received partial Salix funding, is still on track for installation in 2024. The project, developed in 2022-23, has focused on the logistics of technology placement, design, acoustics, aesthetics, electric supply capacity, and planning consent.
 - Belonging to The Energy Consortium (TEC) has shielded AUB from severe energy prices although there are likely still challenges ahead. AUB joined the TEC water consortium in 2023 providing supply savings and background logistic solutions for improved customer service.
 - The 'Travel to AUB' portal was successfully launched during the year. It has enabled easier access to information about travel, promoted sustainable methods, and gives granular data for AUB commuting. For vehicle driving alone it has significantly lowered (more than half) staff commuting emissions through more accurate data than that provided by a survey while at the same time encouraging more sustainable travel methods. In addition, AUB fleet vehicles are predominantly now electrified.
 - A rewilding project continues to progress alongside a herb garden (for the caterers to use), a second dye garden (for student projects), wildflower bank on the campus boundary, further insect hotels, and Hedgehog Friendly Campus criteria being worked through. A biodiversity net-gain group will be formed in 2023-24 to steer suggestions within this remit.
 - In 2019, AUB achieved ISO14001:2015 via the EcoCampus framework. This status was confirmed again in 2022-23, and the assessor was extremely positive in his judgements about the University's commitment and its University-wide approach to sustainability.
 - An external recognition group was established in 2022-23 to organise and develop applications for sustainability awards. People and Planet and Green Gown are the main awards being assessed. The external recognition group in 2023-24 will concentrate on Green Gown only (with a name change) and the Environment and Sustainability Manager will form a People and Planet steering group as the organisational/submission requirements for both are not compatible.

STRATEGIC REPORT (continued)
1.8 Our Digital Information Technology Infrastructure and Innovation

AUB has devised an ambitious four year University Digital Investment Plan which shows a clear provision to stabilise, optimise and transform the Digital Environment in the coming years. The activities highlighted below demonstrate our commitment over the last academic year 2022/23, the second year of the plan, and into the near future:

- The successful project to move the HR System to the cloud (HCM) was completed in February 2023. The new cloud platform has ensured ongoing service and support of the Zellis HR system, as well as driving efficiencies through new modules and features including reporting dashboards.
- In June 2023 the project to migrate the AUB finance system, Access Dimensions, to the cloud was agreed and finalised. The project is due for completion February 2024. With additional modules for procurement and expenses to be implemented soon after, this will enable greater efficiencies and automisation to be achieved.
- Following a full scoping review in late 2022 an agreement has been proposed that AUB will begin the project to move the university's student record system, Tribal SITS, to the cloud in 2025. This will be a large project to ensure all aspects of reporting and functionality remain for both staff processes and student experience.
- Digital Services are supporting several departments with the development of improved data reporting using Microsoft Power BI data dashboards. Initial dashboards for Human Resources (including recruitment) and Equality, Diversity and Inclusion (EDI) have been developed. The next stage will be to work with the Vice Chancellor Executive to develop bespoke KPI dashboards as well as the Application Confirmation Enrolment Progression (AECF) process for the Registry section; and early indicators from enquiry data.
- In April 2023, the new university Wi-Fi solution went live, replacing the Aruba system for a new Extreme Networks solution. As well as providing improved speed and coverage, the new solution allowed the integration of satellite locations, such as Palace Court Theatre, the Avenue and Elliot Road to be integrated into the same platform, creating efficiencies and reducing management overhead.
- All students at AUB are now enrolled in the Canvas Virtual Learning Environment (VLE). The previous solution, Course Blogs, has been decommissioned. As well as continuing with support and training, we promote the use of the Canvas platform in offering a consistent user experience between courses, identifying and encouraging good practice and reviewing further developments and integrations.
- In May 2023 we switched from Panopto to Planet eStream as our video hosting platform. The new platform provides a fully hosted service for hosting video content that can be shared across other systems. The key benefit of the new system is improved integration with Microsoft Teams and Zoom to share recorded online sessions within the Canvas VLE.
- We have completed a successful programme to remove digital debt regarding staff IT resources. Through a phased approach, we have removed all staff IT resources over 4 years old. This has removed all unsupported equipment, delivered a better user-experience and reduced security risks. We are currently working to do the same with student IT resources, due to the higher volume and the costs involved, we hope to complete this in summer 2025 (budget dependent).
- AUB has continued its investment in the provision of software to all students during their studies, providing Microsoft Office, 365, Adobe Creative Suite, Autodesk and LinkedIn Learning on their own devices to support flexible and independent learning. In summer 2023, we signed a three-year JISC agreement for continued discounted access to Adobe Creative Cloud for all students and staff.
- Following a successful first year working with Solace Cyber to manage our Endpoint Detection and Recovery (EDR) software we have continued this arrangement for another year. Part of the agreement is access to a virtual Chief Information Security Officer (vCISO) and the emphasis this year will be working with them to focus on additional processes and protections, which will further strengthen AUB's security posture and help protect against cyber criminals.

STRATEGIC REPORT (continued)

2. Strategy Summary

2.1 Strategic Plan

A new strategy 'AUB 2030: Creating our Futures' was developed during 2020 to underpin the University's updated vision of being 'A world-class arts, design, performance and media university working with professional partners to create excellence, relevance and impact'.

This vision will be achieved by our three main Goals:

- **Goal 1** to enhance our standing as a globally leading independent arts, design, performance and media university
- **Goal 2** to create opportunity for our students, alumni, and staff through a passionate belief in collaboration, creativity and innovative practice
- **Goal 3** to impact positively on society, industry and our stakeholders through the excellence and relevance of our practice and research

The Strategy will be supported by six enabling plans:

- 1) **Portfolio Plan** – academic course provision
- 2) **Progression Plan** – ongoing learning to achieve qualifications by diverse students
- 3) **Place Plan** – sustainable estate and digital infrastructure
- 4) **People Plan** – empowering and developing staff
- 5) **Partnership Plan** – working locally, regionally, nationally, and internationally
- 6) **Research and Knowledge Exchange Plan** – expanding research aligned to professions and industries

In order to maintain momentum and push ahead with the delivery of the Strategy, the immediate focus will be on the following six strategic initiatives:

- 1) **AUB Bournemouth Film School** – expand and deepen a global ambition for the AUB Film School through our excellent programmes of study, practice and research
- 2) **AUB Open Campus** – refresh, reshape and grow our pre-degree, short course, future franchise and global pathways with an expanded portfolio of executive education, progression opportunities, summer schools and micro-credentials
- 3) **Creative and Digital Dorset** – as a civic university, maximise our regional relevance through innovative programmes of business development, knowledge exchange and work-integrated learning for students and alumni
- 4) **AUB Lab 4 Creative Technologies** – accelerate our advantage in creative technologies to develop research, doctoral study and industry impact through partnership projects in the new Innovation Studio
- 5) **AUB Global** – enhance our global standing through student activities, research projects and industry partnerships with leading arts, design, media and performance institutions worldwide
- 6) **AUBiTaL: Innovation in Teaching and Learning Lab** – maximise AUB's prowess in Learning & Teaching excellence, DELTA (Digital Environment for Learning, Teaching and Assessment) and pedagogic innovation to realise the step change in hybrid learning, teaching and exchange.

STRATEGIC REPORT (continued)
3 Financial Information
3.1 2022-23 Financial Review of the Year

The University incurred a deficit after tax for the year ended 31 July 2023 of £1.1m as compared to a prior year deficit of £2.3m after FRS102 pension charges of £1.6m and £4.1m respectively. The past year results represent a challenging year for the University as the student demand for degree courses levelled off which was compounded by increased competition for both home and overseas students. Furthermore, the cost-of-living crisis and increasing salary and pension costs have substantially increased the University's cost base.

The key highlights are:

	2023	2022	2021
Financial Summary	£'000	£'000	£'000
Income			
Funding Council Grants	2,645	2,309	2,786
Tuition Fees	38,146	36,072	32,594
Other Income	11,869	10,439	5,726
Total income	52,660	48,820	41,106
Expenditure			
Staff Costs	24,381	24,437	22,274
Operating Expenses	20,982	18,588	15,525
Depreciation	6,195	6,000	5,717
Interest Payable	2,106	2,021	1,842
Total expenditure	53,664	51,046	45,358
Taxation	(26)	(23)	(20)
(Loss)/Gain on Investment	(36)	(30)	99
(Deficit)/Surplus after tax	(1,066)	(2,279)	(4,173)

The start to the 2022-23 financial year was disappointing with lower first year enrolments than that planned (an impact also felt across many parts of the HE sector) however the University continued to have over 4,100 full time students enrolled on AUB programmes of study, our largest ever population. Although International recruitment was strong particularly at postgraduate level, enrolments were delayed or lost due to issues with the processing of study visas and, consequently, a number of postgraduates delayed commencing their studies until the Spring term. In response staff worked hard to keep the retention rate as high as possible with a figure of 97.48% being achieved.

Accommodation income increased significantly due to better management of halls and an improvement in the occupancy rates. In addition, summer occupancy was maximised as a result of contracts with English language. Refectory income has returned to pre-pandemic levels and the turnover exceeded £1m. This agency contract is operated by Chartwells on a cost-plus management fee basis and the subsidy provided by the University reduced in the past year. Short Course income was disappointing with limited success in re-introducing summer courses which appeal to an international market. The impact of the Covid pandemic is still being felt with a diminution in external business confidence.

As a result of an improved outcome in the 2021 REF exercise, research income received from Research England almost tripled in value. Most of this money was reinvested to further develop the AUB research culture with the employment of research fellows and continued investment in PhD students in specific disciplines.

As a result of the lower than expected first year enrolments, an exercise was undertaken to reduce revenue costs in order to achieve savings and offset spiralling costs in energy, software, construction and maintenance. In addition, an additional pay award of approximately 3% was made in February 2023 as instructed by the University and Colleges Employer Association (UCEA) to appease the trade unions and to try and prevent strike action.

In addition, the University continued to make plans for the Palace Court Theatre, a 1930's art deco building in the centre of Bournemouth, which entailed the provision of basic facilities to make the building safe to accommodate group visits and activities. An application was made to Arts Council England seeking funds to refurbish the building, which was well received but could not be funded; however, the feedback received has provided a helpful steer to make another application when funds are available. The executive is in regular contact with potential future funders and sponsors.

STRATEGIC REPORT (continued)

3.1 2022-23 Financial Review of the Year (continued)

Further details are as follows:

Income

Overall total income has increased by 7.9% at £52.7m (2022: £48.8m).

Tuition fees increased by 5.7% as a result of steady recruitment to the HE course provision. Most of the gain was against International students and the award of bursaries and scholarships was tightly controlled. Funding Council grants increased slightly because of additional research grant funding. Other Income recovered with improved occupancy in halls accommodation, increased catering income and higher validation fees income.

Expenditure

Staff Costs were steady at £24.4m (2022: £24.3m) but this was in spite of a reduction of £2.3m in the FRS102 pension valuation adjustments although in practice these have no cash impact. The effective increase in pay costs were in part due to a higher than budgeted pay award as advised by UCEA plus incremental drift of 3% to which half of the staff who are not at the top of their pay scale are entitled. There was a high experience of sick leave during the year particularly amongst teaching staff who are automatically back filled by visiting tutors. This was partly due to long COVID.

The 13% increase in Operating Expenses to £20m (2022: £18.6m) was in the main due to increased inflationary costs and additional property costs incurred as a result of new academic facilities and decanting space for a planned build project. Interest and finance costs increased because of higher base interest rates, increased finance lease charges as result of higher RPI and a decreased FRS102 pension interest charge.

Surplus

Once again a FRS102 deficit has been recorded of £(1.07m) (2022: £(2.3m)) and represents -2% of turnover. A significant contributing factor to the deficit has been the FRS102 pension adjustments which total £1.5m, being £2.5m less than last year, and yet have no impact on cash balances. Despite some underlying performance issues, the institution's results were quite strong as staff worked hard to maintain the student experience and achieve cost savings to offset loss of income and increased revenue costs.

3.2 Statement of Financial Position

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

	2023	2022	2021
Financial Summary	£'000	£'000	£'000
Fixed Assets	107,964	108,538	110,466
Investments	676	699	719
Cash	13,131	12,468	8,392
Net Current (Liabilities)/Assets	(10,122)	(10,235)	(12,607)
Loans, Finance Lease and Deferred Grants	(27,279)	(28,291)	(29,666)
Pension Liabilities	(1,541)	(11,240)	(34,807)
Total Net Assets	69,698	59,471	34,105
Restricted reserves	660	706	735
Revenue Reserves	46,520	45,563	43,353
Pension Reserve	(1,541)	(11,240)	(34,807)
Revaluation Reserve	24,059	24,442	24,824
Total Reserves	69,698	59,471	34,105

STRATEGIC REPORT (continued)
3.2 Statement of Financial Position (continued)
Fixed Assets

Despite annual depreciation charges of approximately £6m over the last four years, the level of fixed assets is maintained by the constant investment in equipment and the extension and refurbishment of buildings. In the past year significant investment has been made in film and animation resources with the fit out of studios and the purchase of specialist equipment.

Cash and Net Current Assets

Cash balances increased slightly by £0.66m due to the healthy positive cashflow generated from the University's activities. The HSBC Revolving Credit Facility (RCF), the outstanding balance of which was reduced to NIL in May 2023 on the receipt of the final Student Loan Company receipt, increased again to its prior year balance of £14.5m. This is in spite of spending £5.6m on capital additions to expand facilities and deal with digital debt that arose during the pandemic period. The large Net Current Liabilities figure is accounted for by the HSBC borrowings which are shown under current liabilities as it had not been converted into a term loan facility.

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. This balance decreased by £1m 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. The receipt of new Salix funded capital grants offset the annual write down of deferred grants.

Pension Liabilities/Reserves

The FRS102 calculated Pension Liability decreased again by a large amount of £9.7m as a result of an increase in the value of the scheme assets and the increase in gilts which are used as the discount factor when calculating the schemes liabilities. This is due to the rise in interest rates. Furthermore, the reduction in the deficit has improved the level of reserves.

Cash flow

Net cash inflow from operating activities was £8.6m, which was slightly below last year's at £9.3m, due to the weaker operating result offset by the increased collection of accrued income before the year end.

3.3 Key Performance Indicators

The critical financial KPIs monitored in the past year were:

KPI	Description	Aim	Actual
Debt Service Cover	Ratio of net cash inflow to total interest and capital repayments	2.0:1 min	5.8:1
Financial Commitments Threshold	Ratio of net borrowings to adjusted operating cash flow	6.00:1 max	3.40:1
Minimum Net Assets	Net Assets excluding pension liability	> £65m	£71.3m
Surplus/ Cash Generation	EBITDA as percentage of Income Surplus as percentage of Income	15% min 3% min	13.10% -2.02%
Liquidity	Liquid assets as days of total expenditure	60 min	101 days
Financial Gearing	Net financial debt as percentage of net assets	40% max	33.91%

The University has comfortably met the first three financial KPIs which reflect the amended bank covenants. The Surplus and Cash Generation measures have not been met due to the impact of FRS102 pension adjustments that affect in year Staff and Interest costs but have no cash flow impact. It has been recognised that the Financial Gearing measure would be exceeded once the Halls loan was drawn down and added to the Madeira Road Halls finance lease obligation but as a result of the large reduction in the FRS102 pension provision, the reserves position has improved resulting in the Gearing measure falling below the KPI Aim of 40% to 33.9% from 42.8% last year.

Other measures of the University's health are the excellent outcome in the last Research Excellence Framework assessment when the number of quality outputs doubled, receipt of Higher Education Innovation Funding (HEIF) for the first time in a decade following significant achievements, the increase in International students, the number of student winners in external competitions and the quality of the collaborations it undertakes.

STRATEGIC REPORT (continued)

3.4 A Financial Strategy for Sustainability

The financial strategy is one of the supporting strategies to the University's Strategic Plan. It has an enabling role to ensure that the appropriate resources are provided to support the University's strategic objectives and academic development.

The main features of the University's financial strategy are:

- operating surplus before FRS102 adjustments, in all years sufficient to meet loan capital repayments;
- continued efficient delivery in schools, support and overhead areas;
- investment of cash reserves accumulated over previous years, with cash balances being maintained at a level to deal with cyclical fluctuations but not by means of borrowing additional funds;
- use of loan funding for major estates developments;
- maintaining investment in infrastructure and resources, including the estate to ensure efficient utilisation and fitness for purpose in all areas; and
- development of commercial income streams in terms of fully funded courses such as summer and bespoke courses; and the letting of the estate during quiet periods.

3.5 Treasury Management

Treasury management encompasses the management of the University's cash flows, banking, money and capital market transactions and the effective control of the risks associated with those activities. The policy of the University is to safeguard its assets whilst at the same time aiming to achieve the best possible return on its investments. The overriding principle however must be to minimise risk rather than maximise returns.

The University's financial strategy sets out the minimum liquidity levels needed to ensure that financial and operational control is maintained. A rolling five-year forecast is prepared each year, which incorporates a review of capital expenditure, cash generation and any future borrowings that may be required. Although interest rates have increased significantly, treasury management focus has been directed at minimising the RCF to reduce loan interest charges. Liquidity funds of £3m are invested with a third of these funds placed with a Cash Manager whose performance has improved with the higher interest rates.

3.6 Long Term Borrowing Facility

The University's original borrowings are provided by its main banker Lloyds Bank with a mix of variable and fixed interest rate term repayment loans. The library building loan at a fixed rate of 1.512% was fully repaid during the year. The University has a further variable loan at Bank Base Rate plus a margin of 0.28% and repayable over a maximum of 25 years which had a balance of £1.28m outstanding.

In 2015 a further loan facility with Lloyds was agreed for £7m over a ten-year period at LIBOR (now SONIA) plus a margin of 1.6%. In keeping with the University's treasury management policy £3.8m of this loan was fixed at a rate of 2.273% until December 2025 and the remaining £3.2m is at a variable rate. The outstanding balance was £4.76m.

The development of the Campus Halls project in 2018 necessitated a £20m RCF which was provided by HSBC and was to be available for 5 years until July 2023 at which time there was a break point. The AUB decided to exercise the break and engaged with HSBC and other banks to negotiate a competitive refinancing package.

The HSBC negotiated margin is 1.5% (previously 1.15% - amended during the pandemic) over SONIA and the non-utilisation rate is 35% of the margin thus equating to 0.525%. At the yearend £14.5m of the RCF was utilised.

A new RCF agreement for £20m was signed with Barclays on 9 January 2024 for a term of 3 years with the option to extend by one or two years and at a margin of 1.3% above SONIA. The arrangement fee is £60k and the non-utilisation rate is 40% of the margin thus equating to 0.52%.

The University has complied with all its HSBC and Lloyds' loan covenants in the past year. No security other than a negative pledge has been given in respect of any loans.

3.7 Going Concern

The Group and parent 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.

The Board of Governors has prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of the current difficulties in student recruitment, the cost of living crisis, trade union unrest and endemic political uncertainty, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

STRATEGIC REPORT (continued)

3.7 Going Concern (continued)

In preparing these forecasts, the Governors have considered the expected financial performance for the financial years ending 31 July 2024 and 31 July 2025, taking into account expected trading performance and the principal risks and uncertainties as set out in the Strategic Report, including the impact of a competitive recruitment environment, high inflation, rising interest rates and labour unrest on its operations. The University has not secured its budget income for 2023-24 due to unexpected changes in potential student behaviour with more students deferring university places. In response the University has implemented a recovery budget plan which reduces revenue expenditure and focuses attention on a new course portfolio, expanding online provision and existing income lines that utilise the campus and accommodation in particular; and increasing validation income.

As of 31 July 2023, the University had a loan facility of £20m with the HSBC of which only £14.5m was drawn in spite of having incurred £27m of costs on the project to which the loan relates. This agreement had been extended to 17 January 2024. After yearend an agreement was signed with Barclays to provide a replacement £20m RCF on the terms noted above. The institution therefore has adequate finance and liquidity to maintain its operations during the uncertain conditions caused by falling demand for existing provision and the ongoing impact of the cost-of-living crises.

However, the Governors acknowledge that the unprecedented level of uncertainty caused by these uncertain conditions and rapidly changing circumstances mean that the judgements and estimates made in the operation of budgets and forecasts are more challenging than under normal circumstances. The University's budget and forecasts to 31 July 2024 and beyond demonstrate that it will be able to meet all financial covenants; however, sensitivity analysis of plausible worst case scenarios has been undertaken on future years' forecasts in order to identify cost cutting and efficiency measures that may be required in order to ensure compliance with all its financial covenants. The Governors are confident that they are able to deploy sufficiently available and appropriate mitigating actions to protect the financial stability of the University, to ensure satisfactory cash levels are preserved and to meet the financial covenants with lenders, allowing for headroom, based on a good track record of achieving cost reductions and efficiencies in the past.

Consequently, the Board of Governors is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3.8 Outlook

The immediate challenge for the University is to exploit its brand further to expand its provision and secure more quality applications for its courses. This will require identification of key communication messages which are reflected on the website and known by all staff who are engaged with recruitment. Having secured applications, efforts will be enhanced to convert those prospective students into acceptances and then enrolment. This requires consistent messaging and a demonstration of all the services that AUB provides that give additional value, the most important of which is a rewarding career.

The new Strategic Plan will drive further developments on the campus to improve the current student experience and to provide additional space for postgraduate students and growth in particular subject areas and contraction in some areas where demand is falling and/or provision is expensive. The University has purchased accommodation and premises in the centre of Bournemouth with a view to supporting community and regional engagement and plans are being developed for its complete refurbishment. Work has been undertaken during the year to make our new theatre accessible and thus provide fund raising opportunities. It is anticipated that the theatre will provide a stable venue for its acting performances, an enhanced facility for the Bournemouth Film School to explore creativity and make and learn from mistakes; and an exciting location for the Students' Union.

Although the student demographic has improved, all UK universities are challenged by the growth of study options for school leavers to include apprenticeships, trades in demand and workforce shortages which encourage them to seek employment on leaving school. Furthermore, the creative subjects are being squeezed out of the school curriculum which again reduces the number of students aware of and willing to study the subjects that AUB provides.

During the year AUB successfully launched 3 online MA courses in January 2023 in conjunction with a specialist online delivery partner and recruitment and retention thus far has been promising. A further 4 courses are being written to be launched in 2023-24 and will cover the main subject areas of the University to include Graphic Design, Illustration and Photography. This provision has got great potential and working with an experienced partner has meant that AUB is managing the risk when any new provision is established.

The University believes that it is well placed to meet the challenges ahead as it operates in a niche area of provision with global demand for the courses that it offers. With its new Strategic Plan there is a clear focus on the University's vision to be 'A world-class arts, design, performance and media university working with professional partners to create excellence, relevance and impact' and the supporting Plans and Initiatives to realise this ambition. It continues to be forward looking as evidenced by the acquisition of land in Wallisdown, the purchase of a theatre and other sites in Bournemouth, the expansion of the course portfolio and provision of validation services to other smaller specialist institutions.

STRATEGIC REPORT (continued)
3.9 Risks and Uncertainties

Arts University Bournemouth has updated its Risk Register to reflect the more challenging recruitment environment, the need for diversification and its new strategic priorities. The key financial risks facing the Arts University Bournemouth are:

- HE numbers – Home: - The demand by applicants for our courses has reduced in the past year creating very difficult recruitment challenges which are also compounded by a change in behaviour of potential students who are deferring deciding to go to university. In response new courses have been developed to provide greater appeal and the existing portfolio is being reviewed against demand and delivery costs.
- HE retention: - The retention of students on their courses can have a huge impact on the income earned and fortunately this is a positive for the University. For the purposes of its forecasts the retention rate has been estimated at 97%. Should the retention rate fall to 95% the surplus would reduce by £0.75m in 2023-24
- Overseas growth: - It is anticipated that the student numbers here will grow from a current 650 to 850 over the planning period as AUB builds steadily on the relationships that have been established in China, India, Japan and Korea. Work is in hand to develop overseas partnership arrangements, to engage with effective agents and to selectively target the European market.
- Alternative income: - Prior to COVID-19 this had been an area where AUB anticipated growth in Summer and Bespoke courses that use its facilities during quiet times. It is expected that in due course summer rental income will increase by 25% due to more campus facilities.
- Salary costs: - These account for at least 45% of income and this percentage will rise over the planning period because of pay increases, higher pension contribution rates and the progression of academic staff to professorial status. A 1% increase in pay inflation will have an adverse impact of more than £250k on the bottom line.
- Capital expenditure: - Due to the difficult market conditions, AUB has scaled back its future building works but will continue to invest in plant and equipment to maintain the currency of its course provision and facilitate the development of new course provision. As part of a detailed Resource Allocation Model exercise, the value of space is being considered with the aim of achieving better space utilisation through enhanced timetabling. A new Masterplan will be commissioned that recognises the changing environment and ensures that AUB achieves more effective use of its exiting space as opposed to creating more. Funding applications will be made to support the refurbishment of the Palace Court Theatre.
- Interest rates: - With current borrowings AUB is vulnerable to changes in interest rates. Of the total potential loan portfolio of a maximum of £26m, £2.6m is at fixed rates. Were interest rates to increase by 1% AUB would incur an additional £230k charge per annum. Approximately 50% of current term loans are fixed at 2.273% and whilst the RCF facility of £20m does not facilitate the certainty of a fixed interest rate, its flexibility allowing periodic repayment depending on cashflow provides a very useful tool in terms of managing interest rate exposure.
- Pensions: - Total funds have been reduced by £1.5m due to the recognition of the deficit on the local government pension scheme in Dorset which is an improvement on last year's deficit of £11.2m. The most recent triennial valuation as at March 2022 confirmed an employer rate of 16.4% as compared to the current rate of 14.1%. The risks associated with the scheme were recently reviewed and assurances were received from Dorset Council that their valuation assumptions and provision of their employment covenant to all participating bodies will not change in the foreseeable future. Academic staff are members of the Teachers' Pension Scheme which is unfunded and the employer contribution rate was increased by 7.2% to 23.68% at the last valuation however recent edicts from the Government's Actuary are suggesting that contribution rates may increase to 30%.

The Governors and university management team are optimistic for the future of the institution and are confident of rising to the challenges ahead in achieving the University's Strategic Plan.

By order of the Board of Governors

Dorothy Mackenzie

Dorothy Mackenzie
Chair of the Board of Governors

12 January 2024

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 Principal and Vice-Chancellor (and other members of the University's Integrated 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

In accordance with the Instrument and Articles of Government, the Board has confirmed an overall membership of 17. This comprises 13 independent members; the Principal and Vice-Chancellor; one student representative; and two AUB staff representatives, one academic and one from the professional services.

The membership of the Board 2022-23 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 most recent Governance Effectiveness Review took place in 2019-20. It was conducted by the Good Governance Institute (GGI), following an open tender process. *The review confirmed that: "Arts University Bournemouth (AUB) is compliant with all statutory and regulatory governance obligations, guidance and the current Committee of University Chairs Code of Governance (CUC Code) and, overall, the Board is compliant with its Statement of Primary Responsibilities"*. The review resulted in recommendations to improve Board effectiveness, with a particular focus on how the Board would monitor progress of the new AUB Strategy. The Board is holding its next external effectiveness review in 2023-24.

The Board has established five 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 2022-23, the Committees were as follows:

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.

CORPORATE GOVERNANCE (continued)
Remuneration Committee

The Remuneration Committee determines the remuneration to be awarded to the University's senior officers including the Principal and Vice-Chancellor. 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, following an open tender process. 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.

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 2023 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.

External Auditor

Sedulo Audit Limited were appointed as auditors for this period.

Dorothy Mackenzie

Dorothy Mackenzie
Chair of the Board of
Governors

Paul Gough

Professor Paul Gough
Principal and Vice-Chancellor

12 January 2024

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 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.

Dorothy Mackenzie

Dorothy Mackenzie
Chair of the Board of
Governors

12 January 2024

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 2022 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and related notes, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2022, 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 22, 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.

Sedulo Audit limited

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

Date:12/1/2024.....

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 31 JULY 2023

	Notes	Year Ended 31 July 2023		Year Ended 31 July 2022	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	38,146	38,146	36,072	36,072
Funding body grants	2	2,645	2,645	2,309	2,309
Other income	3	11,754	11,719	10,403	10,371
Investment income	4	111	98	19	9
Donations and endowments	5	4	-	17	-
Total income		52,660	52,608	48,820	48,761
Expenditure					
Staff costs	6	24,381	24,381	24,349	24,349
Fundamental restructuring costs	6	-	-	88	88
Other operating expenses	7	20,982	21,080	18,587	18,706
Depreciation	11	6,195	6,020	6,000	5,826
Interest and other finance costs	8	2,106	2,106	2,022	2,022
Total expenditure	9	53,664	53,587	51,046	50,991
(Deficit) before other gains		(1,004)	(979)	(2,226)	(2,230)
(Loss) on investments	13	(36)	-	(30)	-
(Deficit) before tax		(1,040)	(979)	(2,256)	(2,230)
Taxation	10	(26)	-	(23)	-
(Deficit) for the year		(1,066)	(979)	(2,279)	(2,230)
Actuarial gain in respect of pension schemes	25	11,293	11,293	27,645	27,645
Total comprehensive income for the year		10,227	10,314	25,366	25,415
Represented by:					
Endowment comprehensive (expenditure) for the year		(46)	-	(29)	-
Unrestricted comprehensive income for the year		10,656	10,659	25,777	25,758
Revaluation reserve comprehensive (expenditure) for the year		(383)	(345)	(382)	(343)
		10,227	10,314	25,366	25,415

All items of income and expenditure relate to continuing activities

**CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2023**

Consolidated	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2021	735	8,546	24,824	34,105
(Deficit) from the I&E statement	(29)	(2,250)	-	(2,279)
Other comprehensive income/(expenditure)	-	27,645	-	27,645
Transfers between revaluation and I&E reserve	-	382	(382)	-
Total comprehensive income / (expenditure) for the year	(29)	25,777	(382)	25,366
Balance at 1 August 2022	706	34,323	24,442	59,471
(Deficit) from the I&E statement	(46)	(1,020)	-	(1,066)
Other comprehensive income/(expenditure)	-	11,293	-	11,293
Transfers between revaluation and I&E reserve	-	383	(383)	-
Total comprehensive income / (expenditure) for the year	(46)	10,656	(383)	10,227
Balance at 31 July 2023	660	44,979	24,059	69,698

University	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2021	-	9,408	24,094	33,502
(Deficit) from the I&E statement	-	(2,230)	-	(2,230)
Other comprehensive income/(expenditure)	-	27,645	-	27,645
Transfers between revaluation and I&E reserve	-	343	(343)	-
Total comprehensive (expenditure) for the year	-	25,758	(343)	25,415
Balance at 1 August 2022	-	35,166	23,751	58,917
Deficit from the I&E statement	-	(979)	-	(979)
Other comprehensive income/(expenditure)	-	11,293	-	11,293
Transfers between revaluation and I&E reserve	-	345	(345)	-
Total comprehensive expenditure for the year	-	10,659	(345)	10,314
Balance at 31 July 2023	-	45,825	23,406	69,231

**CONSOLIDATED AND UNIVERSITY BALANCE SHEET
AS AT 31 JULY 2023**

	Notes	As at 31 July 2023		As at 31 July 2022	
		Co solidated £'000	University £'000	Co solidated £'000	University £'000
Non-current assets					
Fixed assets	11	107,964	104,288	108,539	104,688
Investments	13	676	-	699	-
		<u>108,640</u>	<u>104,288</u>	<u>109,238</u>	<u>104,688</u>
Current assets					
Trade and other receivables	14	626	2,911	1,496	3,902
Cash and cash equivalents	19	13,131	13,047	12,468	12,360
		13,757	15,958	13,964	16,262
Less: Creditors: amounts falling due within one year	15	(23,879)	(23,820)	(24,199)	(24,142)
Net current (liabilities)		(10,122)	(7,862)	(10,235)	(7,880)
Total assets less current liabilities		<u>98,518</u>	<u>96,426</u>	<u>99,003</u>	<u>96,808</u>
Creditors: amounts falling due after more than one year	16	(27,260)	(25,654)	(28,276)	(26,651)
Provisions					
Pension provisions	25	(1,541)	(1,541)	(11,240)	(11,240)
Other provisions	17	(19)	-	(16)	-
Total net assets		<u><u>69,698</u></u>	<u><u>69,231</u></u>	<u><u>59,471</u></u>	<u><u>58,917</u></u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	18	660	-	706	-
Unrestricted Reserves					
Income and expenditure reserve - unrestricted:					
Income and expenditure account		46,520	47,366	45,563	46,406
Pension reserve		(1,541)	(1,541)	(11,240)	(11,240)
		44,979	45,825	34,323	35,166
Revaluation reserve		24,059	23,406	24,442	23,751
Total Reserves		<u><u>69,698</u></u>	<u><u>69,231</u></u>	<u><u>59,471</u></u>	<u><u>58,917</u></u>

The financial statements were approved by the Governing Body on 12 January 2024 and were signed on its behalf by:

Dorothy Mackenzie
Chair of the Board of Governors

---Dorothy Mackenzie---

Professor Paul Gough
Principal and Vice-Chancellor

---Paul Gough---

Mary O'Sullivan
Director of Finance

-----Mary O'Sullivan-----

**CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED 31 JULY 2023**

	Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flow from operating activities			
(Deficit) for the year		(1,066)	(2,279)
Adjustment for non-cash items			
Depreciation	11	6,195	6,000
Loss on investments	13	36	30
Decrease/(Increase) in debtors	14	870	(414)
(Decrease)/Increase in creditors	15	(283)	795
Difference between pension charges and cash contributions	25	1,594	4,078
Increase/(Decrease) in other provisions	17	3	(2)
Adjustment for investing or financing activities			
Investment income	4	(111)	(19)
Interest payable	8	1,726	1,513
Endowment income	5	(4)	(17)
Loss on disposal of fixed assets		-	-
Capital grant income		(362)	(336)
Net cash inflow from operating activities		<u>8,598</u>	<u>9,349</u>
Cash flows from investing activities			
Proceeds from the sale of investments		-	-
Investment income		98	9
Capital grants received		470	-
Payments made to acquire fixed assets		(5,620)	(4,073)
		<u>(5,052)</u>	<u>(4,064)</u>
Cash flows from financing activities			
Interest paid		(657)	(396)
Interest element of finance lease		(1,069)	(1,117)
Endowment cash received		4	17
New unsecured loans		-	1,500
Repayments of amounts borrowed		(633)	(729)
Capital element of finance lease		(528)	(484)
		<u>(2,883)</u>	<u>(1,209)</u>
Increase in cash and cash equivalents in the year		<u><u>663</u></u>	<u><u>4,076</u></u>
Cash and cash equivalents at beginning of the year		12,468	8,392
Cash and cash equivalents at end of the year	19	<u><u>13,131</u></u>	<u><u>12,468</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 2023 and 31st July 2024 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; 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

STATEMENT OF ACCOUNTING POLICIES (continued)
Grant funding (continued)

government grant is deferred it is recognised 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 company. 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 31 July. 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.

STATEMENT OF ACCOUNTING POLICIES (continued)
Taxation (continued)

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.

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.

STATEMENT OF ACCOUNTING POLICIES (continued)
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.

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. 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 2023. 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.

STATEMENT OF ACCOUNTING POLICIES (continued)**Financial Instruments (continued)**

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 2023**

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Higher education				
UK and EU students	29,924	29,924	29,173	29,173
Non EU students	7,043	7,043	5,892	5,892
Further education				
UK and EU students	850	850	515	515
Non EU students	329	329	492	492
	38,146	38,146	36,072	36,072
2 Funding body grants				
Recurrent grants				
Office for Students	858	858	847	847
Education and Skills Funding Agency	1,063	1,063	1,017	1,017
Specific grants				
Research England	501	501	224	224
Other	49	49	58	58
Capital grants				
Office for Students	163	163	151	151
Education and Skills Funding Agency	7	7	7	7
Access funding				
Education and Skills Funding Agency	4	4	5	5
	2,645	2,645	2,309	2,309
3 Other income				
Residences, catering and conferences	9,118	9,118	8,343	8,343
Other services rendered	54	31	33	13
Other income	2,390	2,397	1,849	1,856
Other capital grants	192	173	178	159
	11,754	11,719	10,403	10,371
4 Investment income				
Investment income on endowments	13	-	10	-
Other investment income	98	98	9	9
	111	98	19	9

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	1,021	1,021	998	998
Grant income from other bodies	1,624	1,624	1,311	1,311
Fee income from non-qualifying courses (exclusive of Vat)	1,179	1,179	1,007	1,007
Fee income for taught awards (exclusive of Vat)	36,967	36,967	35,065	35,065
	40,791	40,791	38,381	38,381

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5 Donations and endowments				
Unrestricted donations	4	-	17	-
	<u>4</u>	<u>-</u>	<u>17</u>	<u>-</u>
6 Staff costs				
Salaries	18,086	18,086	16,295	16,295
Social security costs	1,863	1,863	1,712	1,712
Other pension costs: Local Government Pension Scheme	2,580	2,580	4,626	4,626
Teachers' Pension Scheme	1,852	1,852	1,716	1,716
	<u>24,381</u>	<u>24,381</u>	<u>24,349</u>	<u>24,349</u>
			2023	2022
Fundamental restructuring costs			£	£
Compensation for loss of office			0	88
Number of individuals to whom redundancy payments were made			<u>0</u>	<u>7</u>
			2023	2022
Emoluments of the Vice-Chancellor, Paul Gough:			£	£
Salary			228,000	225,000
Salary in lieu of pension contributions			53,990	46,819
Pension costs			-	-
Benefits			3,796	3,133
			<u>285,786</u>	<u>274,952</u>
The Vice Chancellor takes responsibility for his own life assurance and pension arrangements.				
The pay ratios are:			Times	Times
Vice-Chancellor's salary to the median for staff			6.94	7.16
Vice-Chancellor's total remuneration to the median for staff			7.15	7.29

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:

- a) 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
- b) Comparative data of equivalent role from the CUC annual survey of the remuneration of Vice-Chancellors/ Principals
- c) Internal compensation equity to other AUB Senior Postholders
- d) Organisational and individual performance against objectives for the preceding 12 months as evaluated by the Chair of the Board of Governors; including a comprehensive 360 review process comprising of feedback from line manager, internal colleagues, Board members and peers from the HE sector.

The Board of Governors is confident that the Vice Chancellor's remuneration is commensurate with their level of performance, taking into account their achievements within AUB and the wider HE Sector, as well as with due regard to independent Vice Chancellor salary and benefits benchmarking. The Board of Governors is satisfied that appropriate scrutiny has been exercised by the University's Remuneration Committee in making the decision.

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

6 Staff costs (continued)

	31 July 2023	31 July 2022
	£'000	£'000
Emoluments of key management personnel:		
Salary and benefits	1,103	1,311
Pension costs	136	166
	<u>1,239</u>	<u>1,477</u>

Key management personnel were the University's Integrated Leadership Team.

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

	2023	2022
	No.	No.
Average staff numbers by major category :		
Teaching departments	267	258
Teaching support services	14	12
Library	15	11
Other support services	41	37
Administration and central services	108	103
General education	3	4
Income generating activities	10	8
	<u>458</u>	<u>433</u>

	£'000	£'000
Access and Participation		
Access Investment	241	139
Financial Support	-	-
Disability Support	339	220
Research and Evaluation	26	36
	<u>606</u>	<u>395</u>

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Other operating expenses				
Teaching departments	3,462	3,462	2,985	2,985
Teaching support services	2,498	2,495	1,945	1,942
Other support services	418	418	278	278
Administration and central services	3,045	3,258	2,663	2,884
General education expenditure	560	560	293	293
Premises costs	4,839	4,745	4,797	4,719
Planned maintenance	288	288	312	312
Grants to Student Union	159	159	180	180
Other income generating activities	11	-	7	-
External auditor's remuneration - Audit fees	63	56	54	49
External auditor's remuneration - Other fees	7	7	8	-
Internal auditor's remuneration - Audit fees	42	42	38	38
Operating lease rentals plant/machinery	64	64	54	54
Operating lease rentals land and buildings	4,139	4,139	3,877	3,877
Catering and residencies	1,387	1,387	1,095	1,095
	20,982	21,080	18,587	18,706

Reimbursements to governors and trustees for the expenditure incurred in attending Board meetings amounted to £6,070 (2022: £4,872), of which £nil was outstanding at 31 July 2023. 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	657	657	396	396
Finance lease interest	1,069	1,069	1,117	1,117
Net charge on pension scheme	380	380	509	509
	2,106	2,106	2,022	2,022

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9a Analysis of total expenditure by activity				
Academic and related expenditure	24,265	24,262	22,296	22,293
Administration and central services	10,770	10,975	11,056	11,263
Premises	11,450	11,182	11,084	10,832
Residences, catering and conferences	6,223	6,223	5,868	5,869
Other operating expenses	956	945	742	734
	<u>53,664</u>	<u>53,587</u>	<u>51,046</u>	<u>50,991</u>
Other operating expenses include:				
External auditors fees in respect of audit services	63		54	
External auditors fees in respect of non-audit services	7		8	
Operating lease rentals:				
Land and buildings	4,139		3,877	
Other	64		54	
Fundamental restructuring costs	-		88	
	<u>-</u>		<u>88</u>	
9b Access and Participation				
Access Investment	1,139	1,139	785	785
Financial Support	459	459	387	387
Disability Support	351	351	232	232
Research and Evaluation	26	26	36	36
	<u>1,975</u>	<u>1,975</u>	<u>1,440</u>	<u>1,440</u>
£606k (2022: £395k) 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	23	-	25	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	<u>23</u>	<u>-</u>	<u>25</u>	<u>-</u>
Deferred tax				
Origination and reversal of timing differences	3	-	(2)	-
Deferred tax expense	<u>3</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
Total tax expense	<u>26</u>	<u>-</u>	<u>23</u>	<u>-</u>

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

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 2022	131,071	2,213	10,239	11,263	154,786
Additions	-	3,984	1,088	548	5,620
Transfers	1,964	(2,654)	-	690	-
Disposals	-	-	-	(42)	(42)
At 31 July 2023	133,035	3,543	11,327	12,459	160,364
Depreciation					
At 1 August 2022	28,640	-	8,136	9,471	46,247
Charge for the year	4,658	-	860	677	6,195
Disposals	-	-	-	(42)	(42)
At 31 July 2023	33,298	-	8,996	10,106	52,400
Net book value					
At 31 July 2023	99,737	3,543	2,331	2,353	107,964
At 31 July 2022	102,431	2,213	2,103	1,792	108,539
University					
Cost or valuation					
At 1 August 2022	125,622	2,212	9,572	10,957	148,363
Additions	-	3,984	1,088	548	5,620
Transfers	1,964	(2,654)	-	690	-
Disposals	-	-	-	(42)	(42)
At 31 July 2023	127,586	3,542	10,660	12,153	153,941
Depreciation					
At 1 August 2022	27,043	-	7,452	9,180	43,675
Charge for the year	4,483	-	860	677	6,020
Disposals	-	-	-	(42)	(42)
At 31 July 2023	31,526	-	8,312	9,815	49,653
Net book value					
At 31 July 2023	96,060	3,542	2,348	2,338	104,288
At 31 July 2022	98,579	2,212	2,120	1,777	104,688

On transition to FRS102 the deemed cost approach was adopted.

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023****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 £8.6m (2022: £9.8m), on which £1.2m 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 2023**
13 Non-Current Investments

Consolidated	Subsidiary companies £'000	Other fixed asset investments £'000	Total £'000
At 1 August 2022	-	699	699
Additions to investments at cost	-	13	13
Sale of Investments	-	-	-
(Loss) on revaluation	-	(36)	(36)
At 31 July 2023	<u>-</u>	<u>676</u>	<u>676</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 (Company No. 03334141) and AUB Enterprises Limited (Company No. 04669879), 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 (Charity No. 1109648, Company No. 05367067), 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 £706k, income and resources for the year of £(46)k and closing reserves of £660k.

14 Trade and other receivables

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Due in one year:				
Trade receivables	91	91	501	501
Other receivables	109	109	99	99
Prepayments and accrued income	426	426	896	896
Amounts due from subsidiary companies	-	2,285	-	2,406
	<u>626</u>	<u>2,911</u>	<u>1,496</u>	<u>3,902</u>

The amounts due from subsidiary companies includes a £2.20m 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 2023**

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Creditors : amounts falling due within one year				
Unsecured loans	15,041	15,041	15,125	15,125
Obligations under finance leases	538	538	538	538
Trade payables	489	489	922	922
Social security and other taxation payable	883	859	817	791
Other creditors	646	646	253	253
Accruals and deferred income	5,537	5,521	5,798	5,786
Amounts owed to Funding Councils	379	379	427	427
Deferred capital grants	366	347	319	300
	<u>23,879</u>	<u>23,820</u>	<u>24,199</u>	<u>24,142</u>
16 Creditors : amounts falling due after more than one year				
Deferred capital grants	6,070	4,464	6,009	4,384
Obligations under finance lease	15,537	15,537	16,065	16,065
Unsecured loans	5,653	5,653	6,202	6,202
	<u>27,260</u>	<u>25,654</u>	<u>28,276</u>	<u>26,651</u>
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 15)	<u>15,579</u>	<u>15,579</u>	<u>15,663</u>	<u>15,663</u>
Due between one and two years	1,098	1,098	1,129	1,129
Due between two and five years	4,888	4,888	3,593	3,593
Due in five years or more	15,204	15,204	17,545	17,545
Due after more than one year	<u>21,190</u>	<u>21,190</u>	<u>22,267</u>	<u>22,267</u>
Total secured and unsecured loans	<u>36,769</u>	<u>36,769</u>	<u>37,930</u>	<u>37,930</u>
17 Provisions for liabilities		Defined Benefit Pension Obligations (Note 25) £'000	Deferred tax £'000	Total Other £'000
Consolidated				
At 1 August 2022		11,240	16	11,256
Utilised in year		(9,699)	-	(9,699)
Additions in 2022/23			3	3
At 31 July 2023		<u>1,541</u>	<u>19</u>	<u>1,560</u>
University				
At 1 August 2022		11,240	-	11,240
Utilised in year		(9,699)	-	(9,699)
Additions in 2022/23			-	-
At 31 July 2023		<u>1,541</u>	<u>-</u>	<u>1,541</u>

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 2023**

18 Endowment Reserves

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	2023 Total £'000	2022 Total £'000
Balances at 1 August 2022				
Capital	22	680	702	715
Accumulated income	22	(18)	4	20
	<u>44</u>	<u>662</u>	<u>706</u>	<u>735</u>
New endowments	-	4	4	17
Investment income	1	13	14	10
Expenditure	(1)	(27)	(28)	(26)
(Decrease) in market value of investments	-	(36)	(36)	(30)
	<u>-</u>	<u>(46)</u>	<u>(46)</u>	<u>(29)</u>
Total endowment comprehensive (expenditure) for the year				
At 31 July 2023	<u><u>44</u></u>	<u><u>616</u></u>	<u><u>660</u></u>	<u><u>706</u></u>
Represented by:				
Capital	22	648	670	702
Accumulated income	22	(32)	(10)	4
	<u>44</u>	<u>616</u>	<u>660</u>	<u>706</u>
Analysis by type of purpose:				
Scholarships and bursaries	24	54	78	83
Prize funds	-	2	2	3
General	20	560	580	620
	<u>44</u>	<u>616</u>	<u>660</u>	<u>706</u>
Analysis by asset and liability:				
Current and non-current asset investments			676	699
Accrued Income			-	-
Cash & cash equivalents			75	70
Current liabilities			(91)	(63)
			<u>660</u>	<u>706</u>

19 Cash and cash equivalents

	At 1st August 2022 £'000	Cash Flows £'000	At 31st July 2023 £'000
Consolidated			
Cash and cash equivalents	12,468	663	13,131
	<u>12,468</u>	<u>663</u>	<u>13,131</u>

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**
20 Consolidated reconciliation of net debt
**31 July 2023
£'000**

Net debt 1 August 2022	25,462
Movement in cash and cash equivalents	663
Other non-cash changes	(2,487)
Net debt 31 July 2023	23,638

Change in net debt	<u>(1,824)</u>
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Analysis of net debt:
**31 July 2023
£'000**
**31 July 2022
£'000**

Cash and cash equivalents	13,131	12,468
Borrowings: amounts falling due within one year		
Unsecured loans	15,041	15,125
Obligations under finance leases	538	538
	<u>15,579</u>	<u>15,663</u>
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	15,537	16,065
Unsecured loans	5,653	6,202
	<u>21,190</u>	<u>22,267</u>
Net debt	<u>23,638</u>	<u>25,462</u>

21 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2023:

	31 July 2023		31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	391	391	2,076	2,076
	<u>391</u>	<u>391</u>	<u>2,076</u>	<u>2,076</u>

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 2023**

23 Lease obligations

Total rentals payable under operating leases:

	31 July 2023		31 July 2022	
	Land and Buildings £'000	Plant and Machinery £'000	Total £'000	£'000
Payable during the year	4,139	64	4,203	3,962
Future minimum lease payments due:				
Not later than 1 year	4,359	73	4,432	4,105
Later than 1 year and not later than 5 years	1,315	173	1,488	5,155
Later than 5 years	858	-	858	1,075
Total lease payments due	<u>6,532</u>	<u>246</u>	<u>6,778</u>	<u>10,335</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 £146k to the Arts University Bournemouth Students' Union the president of which is a Board Governor. In addition a further £88k 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 £247k ; 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 £30k took place with Carbon Trust Advisory Ltd , a subsidiary company of The Carbon Trust of which the Chair of governors, Dorothy Mackenzie has been a director during the year. There were no amounts outstanding at the year end.
- 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.

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**
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:

	2023	2022
	£'000	£'000
Teachers' Pension Scheme	1,852	1,716
Local Government Pension Scheme	2,580	4,626
	4,432	6,342

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 2016 and of the LGPS 31 March 2022.

Contributions owing at 31 July 2023 were £383,465 (2022: £333,740) 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 2014 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 2016 and the valuation report was published by the Department for Education in April 2019. The key elements of the valuation and the subsequent consultation are:

- With effect from 1 September 2019 employer contribution rates set at 23.68% of pensionable pay including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion giving a notional past service deficit of £22 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 TPS valuation for 2016 determined an employer rate of 23.68% from September 2019, to be payable during the implementation period until the next valuation as at March 2020, whereupon the employer contribution rate is expected to be reassessed and will be payable from April 2022.

The pension costs paid to the TPS in the year amounted to £1,852,000 (2022: £1,716,000).

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 2023**
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 2023 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.

This year's calculation includes the impact of the McCloud / Sargeant judgement which has been a national issue. The Local Government Pension Scheme (LGPS) introduced a new Career Average Revalued Earnings (CARE) benefit structure with effect from 1 April 2014. However, for members who were 10 years or less from Normal Retirement Age on 1 April 2012, an 'underpin' was provided based on the existing final salary scheme to provide transitional protection to those members.

In December 2018, the Court of Appeal found that transitional protections in the pension schemes for firefighters ("McCloud") and the judiciary ("Sargeant") resulted in unlawful age discrimination. The implications of the ruling are therefore expected to apply to all public sector schemes including the LGPS.

The Government sought permission to appeal this decision to the Supreme Court but that permission was denied on 27 June 2019. The eventual remedy for the LGPS will be confirmed following the publication of remedial regulations in October 2023.

The Government Actuary's Department's (GAD) has estimated the potential impact to be between 0.1% and 3.2% of total LGPS active member liabilities, depending on a number of assumptions.

In terms of the University, last year the actuaries Barnett Waddingham estimated the impact of the McCloud / Sargeant judgement is equivalent to 1.0% of the Employer's total liabilities and this treatment has been rolled forward and remeasured to obtain the accounting results as at 31 July 2023.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and on 13 May 2021 the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits. Barnett Waddingham do not believe that there are any material differences between the approach underlying their estimated allowance and the proposed remedy.

Assumptions

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

	2023	2022
	%	%
Price inflation (CPI)	2.80	2.75
Rate of salary increases	3.80	3.75
Rate of increase of pensions in payment	2.80	2.75
Discount rate	5.10	3.40
Assumed commutation rate	50	50

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**
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:

	2023	2022
	Years	Years
Retiring today		
Males	21.8	22.1
Females	23.9	24.2
Retiring in 20 years		
Males	23.1	23.4
Females	25.3	25.6

	£'000	£'000
Amounts recognised in the statement of comprehensive income		
Service cost	2,580	4,658
Net interest on defined liability	360	548
Administration expenses	20	21
	2,960	5,227
Actuarial loss/(surplus)	(11,293)	(27,645)
Total charge/(surplus)	(8,333)	(22,418)

	2023	2022
	£'000	£'000
Analysis of movement in the present value of the scheme liabilities		
The institution's estimated assets share	32,022	29,879
Present value of the institution's scheme liabilities	(33,563)	(41,119)
	(1,541)	(11,240)

Analysis of movement in the present value of the scheme liabilities		
At beginning of year	41,119	63,947
Current service cost	2,578	4,658
Interest cost	1,396	1,023
Change in financial and demographic assumptions	(17,834)	(28,619)
Employee contributions	573	507
Benefit payments	(722)	(548)
Experience (gain)/loss on defined benefit obligation	6,451	151
Curtailments	2	-
At the end of the year	33,563	41,119

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**
25 Pension Schemes (continued)
Analysis of movement in the fair value of the scheme assets

	2023	2022
	£'000	£'000
At beginning of year	29,879	29,140
Interest on assets	1,036	475
Return on assets less interest	(469)	(823)
Administration expenses	(20)	(21)
Other actuarial gains	379	-
Employer contributions	1,366	1,149
Employee contributions	573	507
Benefit payments	(722)	(548)
	<hr/>	<hr/>
At the end of the year	32,022	29,879

The estimated value of employer contributions for the year ended 31 July 2024 is £1,493,000.

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

	Fair value	Fair value
	2023	2022
	£'000	£'000
Equities	19,893	16,130
Gilts	-	3,313
Cash	465	390
Other bonds	2,082	1,463
Diversified growth fund	2,157	2,003
Secured Income Funds	-	-
Property	2,765	3,051
Infrastructure	2,452	2,194
Multi Asset Credit	<u>2,208</u>	<u>1,335</u>
	<hr/>	<hr/>
	32,022	29,879

The actual return on scheme assets was £567,000 for 2023 compared to that of (£348,000) for 2022.

26 Post Balance Sheet Event

After the year end a new Revolving Credit Facility (RCF) for £20m was agreed with Barclays plc and the agreement was signed on 9 January 2024. This replaced a similar financing facility with HSBC plc.

Document Activity Report

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Dorothy Mackenzie E-Signed

Paul Gough E-Signed

Mary O'Sullivan E-Signed

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