



ARTS UNIVERSITY BOURNEMOUTH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2024



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

Name	Area of Principal Expertise	Committee Membership at date of signing accounts
Dorothy Mackenzie MA - Chair	Branding & Environment	Human Resources; Remuneration; Search & Governance
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 (retired 31 July 2024)	Engineering & Construction	Audit & Risk
Gabrielle Parker BA (appointed 1 st August 2024)	AUBSU Student Governor	Finance & Resources
Prue Keely Davies MA (retired 31 July 2024)	Media, Charity & Governance	Human Resources; Audit & Risk; Search & Governance; Remuneration
Ed Earl BA (retired 31 st July 2024)	AUBSU Student Governor	Finance & Resources
James Gray	Digital Learning	Main Board
Malcolm Groat MA ACA	Commodities & Accountancy	Finance & Resources
Simon Hamilton MA	Finance & IT	Audit & Risk; Finance & Resources
Stephen Hocking BA	Legal	Audit & Risk; Remuneration
James Jackson MA	AUB Professional Services Staff	Finance & Resources
Dr Kevan Manwaring PhD	AUB Academic Staff	Audit & Risk
Robert McClatchey MA ACA (retired 31 July 2024)	Banking & Accountancy	Audit & Risk; Search & Governance
Tim Newman LLB ACA (retired 31 July 2024)	Health & Accountancy	Finance & Resources; Search & Governance
Misan Nwokorie RIBA	Property Development	Finance & Resources
Kevin Purcell BBS (retired 31 July 2024)	Human Relations	Human Resources; Remuneration
Claire Whitaker CBE MA (retired 31 July 2024)	Music & Culture	Audit & Risk
Jan Juillerat (appointed 1 st August 2024)	Human Relations	Human Resources; Audit & Risk; Remuneration; Search & Governance
Jane Tabor (appointed 1 st August 2024)	Commercial and Governance	Finance & Resources
Giovanna Viscione (appointed 1 st August 2024)	Finance and Audit	Audit & Risk; Finance & Resources
Ian Wharton (appointed 1 st August 2024)	Creative Industries	Academic Matters
Dr Jon Renyard DBA	University Secretary	



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STRATEGIC REPORT

Vision

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

1. Statement of Public Benefit

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

The University's objects, vision and values underscore its dedication 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.

AUB's strategic plan for 2030 is closely aligned with its mission, vision, and values, reflecting a comprehensive approach to achieving its long-term goals. The mission of AUB is to provide excellence in education and to participate in the advancement of knowledge through teaching, research, and community service. This mission is reflected in the strategic plan's focus on education, research, and community engagement, which are central to achieving the University's goals.

The Strategic Plan 2030 has been crafted to support the University's core mission of developing six academic themes that form a framework for its educational offerings. AUB's charitable purpose extends beyond the provision of higher and further education to encompass broader social, economic, and ethical issues on local, national, and international levels.

The primary beneficiaries of AUB's work are current and prospective students, who have access to a continuum of educational opportunities starting from the age of nine through Saturday Art School, further education, undergraduate, postgraduate, and doctoral programmes in various fields such as art, design, architecture, media, and performance. These programmes equip students with the skills necessary to become creative practitioners and provide them with a versatile set of transferable skills suitable for a diverse job market.

The financial burden of higher education, including tuition fees, accommodation, and living expenses, can pose a significant challenge for many students. To address this, AUB's Student Services offer support in applying for financial aid from various sources and manage the University's Access Bursary Scheme. In 2023-24, this scheme distributed nearly £420,000 in funding to eligible students, in line with AUB's Access and Participation Plan.

The Board of Governors has carefully considered the Charity Commission's guidelines on reporting public benefit and its supplementary guidance on advancing education. Through its diverse activities, AUB delivers benefits to various segments of the public, as detailed below:

1.1 Our Education Offer

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

- The higher education recruitment climate continues to be challenging. AUB saw a decline in recruitment to its undergraduate courses which resulted in the University not achieving its overall recruitment targets.
- Student numbers: In spite of the challenging recruitment climate 2023-24 saw AUB continue to maintain its overall volume of enrolled students around c.4,000 across foundation(pre-degree), undergraduate, and taught postgraduate for all levels. Our volume of on campus postgraduate students has grown by 10% and the first full year of MA online saw 87 enrolments.

STRATEGIC REPORT (continued)

1.1 Our Education Offer (continued)

- Franchise and degree awarding partnerships: In 2023-24, we further expanded and strengthened our franchise and degree awarding programmes through strategic collaborations. Notably, we formed a significant new partnership with the British University Vietnam (BUV). This partnership will initially focus on delivering the BA (Hons) Professional Communication (Business, Design, and Strategy) undergraduate course at BUV's Hanoi campus. Recruitment for this course began in September 2023, with enrolment numbers exceeding expectations, signalling a highly promising start to this initiative. We have also launched new validation partnerships with City & Guilds of London Art School (CGLAS), a small specialist provider in south London; and with ThinkSpace Education, a leading online provider of postgraduate education in music and sound production.
- We have extended our franchise arrangements with the local Bournemouth & Poole College, and now have three Foundation degrees, each with an associated top-up year; and we have expanded our online MA offer, which has been delivered in partnership with Cambridge Education Group (CEG). AUB is to take sole responsibility for these awards from January 2025.
- Our suite of dedicated specialist short courses, evening classes and summer schools augment our home and international Further Education courses, which act as a bridge to our undergraduate courses.
- During 2023/24, AUB developed and implemented a new Learning, Teaching and Assessment Framework (LTAF). This sets out the core principles of education at AUB, the regulatory framework which underpins all awards, and offers detailed advice and guidance on delivery. In doing so, it standardises certain aspects of curriculum delivery, including aspects of teaching, assessment, and feedback, providing greater clarity to students which will in turn deliver greater equivalence of experience. The Graduate Futures Framework which is incorporated within the LTAF identifies the key employment-related outcomes which all graduates will demonstrate, including communication, collaboration, high-level problem-solving abilities, but also a deep understanding of environmental sustainability and a thorough grounding in equality, diversity, and inclusion (EDI) matters.
- We have launched an AI Working Group to ensure that the University takes advantage of the opportunities offered by the swift development of Generative AI. We are aware that our students will graduate into a world where AI tools are an important aspect of life and work, and it is imperative that they understand how they can use these tools to enhance their work, as well as the risks associated with them. Our AI Policy and associated guidance is clear that Gen AI is just another tool which can be used well or badly, and we need our staff and students to be fluent, intelligent, and ethical users of this tool. The AI Working Group has established a number of strands of work to consider the way in which AI can be used to enhance teaching and learning, assessment, and operational effectiveness.
- The Library continues to deliver outstanding resources, with over 90% available electronically, and boasts inspiring special collections. In 2023-24, it collaborated with Costume students, the AUB Costume Archive, and the Gallery to recreate costumes inspired by satirical illustrations of Victorian fashions in *Punch* magazine, which were exhibited alongside archival material in the Library. Professional Library staff actively promote the diversification of course reading lists and support EDI initiatives through dedicated pages. AUB Library scored an impressive 93% satisfaction rating in the 2023 National Student Survey (NSS). Ranking it in the top five university libraries in the UK.
- AUB continues to provide an outstanding learning environment with world-class learning facilities, bespoke studios, workshops, and a highly qualified and capable technical staffing. Along with a well-designed and efficiently used spaces both at the main campus site and in town centre locations, AUB's facilities and access to industry-level equipment remains one of the hallmarks of the student experience, marking us out as 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:

STRATEGIC REPORT (continued)

1.2 Our Commitment to Enabling Participation (continued)

- Access and Participation Steering and Working Groups preparing for delivery of the new 2024-25 to 2027-28 Access and Participation Plan, which was approved by the Office for Students in October 2023. The plan outlines a robust new strategic approach to supporting equality of opportunity in access to creative education at AUB. With four strategic interventions included in the new plan and specific targets for student access, attainment, continuation, and progression.
- This academic year saw the successful set up for the administration of the newly developed bursaries from the University's new Access and Participation Plan (APP). 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. The 2024-25 academic year will be a transitional year while there are students studying on the new APP and previous APP's financial package.
- The All Access AUB scheme, the institution's flagship access programme for post-16, involves a summer residential, 1-2-1 portfolio support, gallery exhibition transition support and a contextual offer to AUB. The 2024 summer residential had 32 attendees from backgrounds which are underrepresented in Higher Education joined the intensive, engaging multi-intervention access programme. For the 2023-24 scheme 17% of participants firmly accepted their offer to study an undergraduate degree at AUB, which increases to 28% when including foundation study.
- The *Being a Boy* project, the University's targeted pre-16 attainment raising initiative supporting boys on free school meals, expanded its suite of student-facing workshops. Engaging with 123 attendees across the 2023 series. The project is recognised nationally as an example of best practice for supporting young men with presentations on the project at both the 2023 and 2024 National Boys' Impact Conferences.
- As a member of the Southern Universities Network (SUN) the university continues to participate in the OfS-funded Uni Connect Programme. Together with partner HEPs, targeted outreach activity and progression opportunities were delivered with learners in the region of Dorset/Hampshire and the Isle of Wight. The programme aims to reduce the gap and realise progression for students from low participation areas. The AUB SUN Team have engaged 32 target schools and are the lead contact for 11 widening participation schools for the network.
- Aligned with the commitments set out in the institution's new Access and Participation Plan, AUB offered enhanced support for students who are estranged, care experienced, or young adult carers 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. A Theory of Change and Progression Framework has been developed to support the university in evaluating the impact of this activity.
- 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 the National Network for the Education of Care Leavers, HELOA, and MyTime Young Carers.
- In the academic year 2023-24, there were 815 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 47 students from the academic year 2022-23.

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:

- Awarded funding of £1.6m to create the Centre for Plastics Innovation and Curation, supported through Research England's Expanding Excellence in England (E3) Fund. The Centre will explore how plastics degrade over time or behave in different environments, resulting in research which will have international relevance to both museum collections and modern manufacturing. It will link knowledge of design history from the Museum of Design in Plastics (MoDiP) with the manufacturing and testing capabilities of the University's Innovation Studio.

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

- The creation of a new role of Research Fellow, Social Justice, and Applied Creative Research, supported by Research England's Policy Support fund. Dr Alex Blower explored how gendered perceptions and assumptions by educators are made with working-class boys in school. Also, how the applied creative educational research methods employed can be used to influence public policy. Alongside this, Alex convened the 2024 Boys' Impact Conference which brought together over 200 school leaders, researchers, and outreach practitioners for 2 days of plenary speakers, workshops, and paper sessions. Focusing specifically on meeting the challenge of boys' educational outcomes, this was the largest event of its kind in the UK.
- Linbury Trust funding has supported the post of Professor in Drawing, held by Siân Bowen. This contributed to the development of drawing session packs and pilot schemes, trialed in order to expand involvement with, and support for, youth, community, educational and third sector stakeholders across the local region, in liaison with the AUB Access and Participation Team.
- 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*, which toured to St Martin-in-the Bull Ring, Birmingham, to mark the 30th anniversary of Roadpeace, a charity that supports the victims of road incidents; and a series of public talks and broadcasts about Gilbert Spencer by Professor Paul Gough. Funding to support participatory research awarded by Research England, enabled the University to support several projects including *This is Menopause (UK)* Quilt co-created with women to advocate strategies to improve experience of the menopause, exhibited at the Festival of Quilts, NEC, Birmingham,
- The Innovation Studio has revitalised our Pre-Start Up Programme supporting businesses pre-trade to develop a robust business plan and build and test prototypes. We have supported 23 start-ups in 2023-24. We have also redeveloped our support for trading businesses to develop new products, services or upskill staff with a more flexible model that also allows us the space to do deeper work. We have worked with 49 businesses in 2023-24.
- 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. A series of Research Cafés explored research culture; funding; forging connections with research allies both within and beyond academia; and the co-creation of research with stakeholders. 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 2023-24 we used our Higher Education and Innovation Funding to seed fund projects with external partners. As ever projects spanned the range of AUB's engagement including supporting community led plays, research projects on the experience of young carers and developing new interactive programming systems. We developed our first project in partnership with the Health Sciences University (formerly AECC) looking at MSK and Chronic pain in hybrid workers in the creative industries and how Mixed Reality experiences could have a positive effect. We also supported local entrepreneurs with access to mini-match funded grants through the commercialisation funds.
- The Innovation Studio continued to develop external relationships. Studio members joined the Programme and Core Teams of the NHS Innovation Hub deepening our engagement with the healthcare sector. We also joined the board of Venturefest South to increase our ability to support new business with access to opportunities and finance. We continue our relationship with Evolve hosting and supporting delivery of their Innovation Business Development Programme.

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:

- As Palace Court Theatre entered its third year being owned by AUB, significant works to the building allowed for the presentation of more public- and community-facing work.

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

- AUB Productions culminated their autumn schools tour with a performance at the theatre for an invited audience. The Events Management BA course hosted an experiential family Halloween event, taking over the whole theatre, welcoming visitors of all ages. Access and Participation ran a series of workshops in the space for their *Being a Boy* project and held a showing for an invited audience. Iris on the Move film festival was presented at the theatre offering a different medium to engage with more users.
- In Spring 2024 Palace Court Theatre presented its first full season of work with three AUB Productions shows and a show from the PARTS society. 19 performances were presented over the season. Students from various courses engaged with the space, learning from industry professionals and had the opportunity to try different roles that exist in the professional world including stage management, front of house and marketing.
- Three sessions were held to engage with local creatives and 55 people attended these sessions offering valuable insight into ways to work with the local community on collaborative projects.
- The Gallery at Arts University Bournemouth (AUB) is a key resource for contemporary art and design in the South of England, supporting teaching, learning, and research while hosting exhibitions and touring shows across the UK. It manages AUB's Art Collection, which includes 800 artworks reflecting the institution's history and contributions from staff, alumni, and artists.
- Through The Gallery 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?'; Ian McKeever: *Against Architecture*; *Trinity Buoy Wharf Drawing Prize Touring Exhibition*; 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.
- The AUB Museum of Design in Plastics (MoDiP) is the UK's only accredited museum with a focus on plastics, the most used materials group in manufacture since the 1970s. The museum is open to the public and is also a universal resource as a result of its comprehensive website and the digitisation of its collection.
- AUB's Museum of Design in Plastics (MoDiP) has been awarded Designated Outstanding Collection status by Arts Council England. This highly prestigious award recognises the objects in the museum's care as forming a 'collection of national importance.' The museum's core grant from Research England (HEMG Funding) is in recognition of its 'unique and significant contribution to research and scholarship.' MoDiP staff and research formed a key part of AUB research impact case studies in the last Research Excellence Framework (REF).
- During the academic year MoDiP held three main exhibitions both of which have a permanent online presence on the MoDiP website: *Reuse* (March 2023 - December 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. *Seen and unseen* (January 2024 - March 2023) which considered some of the many plastics objects that carry out their jobs in a quiet, understated, unseen way, for example, protective helmets, road signs, and car bumpers. As well as the many unseen applications, such as in leakproof water and gas pipes, and electrically insulating cable covers hidden in the floors, walls, and streets all around us, where plastics are used because of their specialist properties. *Rethread* (July 2024 - January 2025) investigates some of the innovations in the fashion and textiles industry to mitigate the environmental impact of synthetic fibres. It features objects that are made of biobased alternatives to fossil fuel reliant materials, it looks at the use of recycled rather than virgin fibres, and the avoidance of materials that exploit animals to create fashion items.
- MoDiP continues to loan objects to external partners including to the exhibition *Plastic: Remaking Our World*, which was curated and hosted by Vitra Design Museum (26.03.2022 – 04.09.2022) V&A Dundee (29.10.2022 – 05.02.2023), maat, Lisbon (22.03.2023 – 09.11.2023), National Museum of Singapore (27.01.24 – 23.06.2024), Hyundai Motorstudio Busan (08.2024-05.2024)

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

- MoDiP is a member of the Plastics Heritage European Association (PHEA) which includes among its objectives 'to initiate applications and come to agreements for the exchange of students, researchers and for research co-operations' and 'to apply for funding of European research Programmes on Plastics Heritage.' The Curator is also a committee member and newsletter editor for the Plastics Historical Society (PHS), a co-opted member of the University Museums Group committee, and a member of the Exhibition Committee of the Russell-Cotes Museum & Art Gallery, Bournemouth. They have represented the museum and AUB at the Plastic Fantastic: From lasting quality to ineradicable trash seminar held at Oslo Metropolitan University, and the University of Birmingham Policy Commission on Sustainable Plastics: Report Launch at the House of Commons, and at the University Arts Collections Network.
- MoDiP is a partner with the Innovation Studio in the successful Research England Expanding Excellence in England (E3) funding bid which will see the formulation of the PlastfC: Innovation and Curation Research Centre.

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 2023-24 academic session:

- A review of AUB's Agile Working practices was carried out in the Spring Term 2024, through a Staff Pulse Survey with responses from 36% of AUB staff. Headline results from staff who responded to the survey ascertained that:
 - i. AUB has effective working practices that best serve the needs of our students and stakeholders, where the student experience is paramount
 - ii. Our work practices are true to our values: innovative, collaborative, connected and passionate
 - iii. Our work practises are inclusive and sensitive to individual circumstances
 - iv. Staff are trusted to deliver their work expectations within a collegiate and supportive environment
 - v. Staff are confident in their digital skills when working remotely.
- The results were discussed with the AUB trade unions, UCU, and UNISON, at the Spring Term JNCC meeting where it was agreed that further analysis would be undertaken to identify the outcomes by staffing groups: academic, professional services and technicians as well as by diversity data.
- The 2023-24 Staff Wellbeing Programme was delivered with the most popular provision being the health consultation assessments, where staff can meet with a physiologist, through our collaboration with AXA, for 15 or 30 minute health consultations. HR's Wellbeing and Support intranet page is continually updated, and the Director of People reminded staff of the wide range of wellbeing support available to them at the Autumn Term Town Hall.
- 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 University's 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.
- A new EDI Plan and associated action plan was launched in January 2024 to strengthen the link of our EDI work to AUB's values and Strategy 2030; move from equality to equity; align communications across all platforms; be more proactive and less reactive, embed EDI across AUB's community and ensure staff and student voice.

STRATEGIC REPORT (continued)

1.5 Our People (continued)

- EDI activity for the 2023-24 academic year was delivered with a main area of focus each month e.g. Diwali, International Women's Day and provided webinars, speakers, information etc to provide opportunities for staff involvement and EDI education. The EDI intranet page continues to be updated with useful resources and signposting.
- A change management programme was implemented during the Autumn Term 2023, led by an external consultant, and was ongoing throughout the academic session, focusing on culture change.
- In collaboration with AUB's Information Services team, HR are making good progress with the development of the Power BI reporting and dashboard capabilities of our refreshed HRMIS. Plans are still underway to understand further system capabilities with a view of introducing more employee 'self-service' options through e-forms and streamlining HR processes.
- A new staff Equalities Monitoring Form has been made available for current staff to update their own data and for new staff to provide theirs. The new form will enable much improved data collection and analyses and will be available for staff to update through the MyView system whenever they need to.
- A full staff engagement survey project was completed in the Summer Term, to understand the employee experience in detail, provide baseline data for KPIs and help further shape key areas of People Plan focus. People Insight delivered the survey and will analyse the results as they are the main survey provider for the HE Sector.
- In consultation with the AUB trade unions, AUBUCU and AUBUNISON, AUB delivered a voluntary severance scheme by the end of the Summer Term. Through this scheme, 12 AUB staff left their roles by mutual agreement, providing AUB with salary savings and operational efficiencies going forward.
- 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

After a long period of campus development, AUB has an award-winning campus with strong digital infrastructure to support a studio-based learning environment. This has continued in 2023/24 with focus on enhanced utilisation and improvement works to existing spaces across campus. In addition, professional services teams accommodate office spaces that facilitate agile working to support colleagues and better utilise office space. Over 2023/24 the following works have taken place to continue AUB's commitment to providing a better-utilised and positive physical environment:

- Significant improvement works to North Light Studios were designed during 2023/24 and commenced in July 2024. These works will improve the fabric of the building and mechanical and electrical aspects such as the heating system to allow better utilisation of the studios for BA Fine Art whilst increasing the lifespan of the building by five to ten years. Completion of this project in October 2024 has allowed the relocation of BA Fine Art and MA courses from The Avenue shopping centre in Bournemouth with termination of the lease.
- AUB has made huge progress towards its net zero 2030 ambition with the installation of air source heat pumps (ASHP) to replace gas boilers supplying heat and hot water to North Building and the Library. The project is due to complete during autumn 2024.
- Palace Court Theatre (PCT) underwent notable improvement works during 2023-24. Firstly, the Club Room was enhanced with the restoration of parquet flooring and re-commissioning of its heating and ventilation systems. The entrance lobby and stairs were redecorated and furnished with artwork from AUB's collection. In spring 2024, the changing rooms, green room and make-up spaces underneath the auditorium stage were refurbished. In addition to these works, a new electrical incoming mains board has been installed which will facilitate installation of future permanent electrical supplies to replace current temporary infrastructure. PCT has a full Programme of events for the 2024-25 academic year including multiple external paid bookings and the space being utilised by internal stakeholders. To minimise disruption to the programme of events, there is now detailed planning of upcoming works to refurbish a set of the toilets and installation of tanking in the Club Room to prepare for the installation of a lift in the entrance foyer to upper and lower floors, which is under design.

STRATEGIC REPORT (continued)**1.6 Creating a Sense of Belonging (continued)**

- A new sculpture space has been erected in the carpark to give students a dedicated area for sculpting and using power tools. This is to replace the lean-to that was demolished as part of the air source heat pumps (ASHP) works. The location of the space is adjacent to Passiv-Haus studios which are now part of the BA Fine Art footprint, as they will be the prominent users of the space.
- In spring 2024, extensive modernisation works were carried out on the South House lift. Derwent FM managed the project from the tendering process through to completion. The former lift was coming to end of life, so the modernisation was needed. The project was completed on time and on budget and AUB now has a modern, well-functioning lift to allow access to the four floors and basement of South House.
- Works commenced early summer 2024 to install access control systems to University House, Block B and Library. This is the first phase of works towards a roll-out of access control systems across campus aligned with security requirements whilst considering the need to keep AUB as a welcoming and inviting place for students, staff, and visitors. Therefore, the access control systems give flexibility to allow management of the systems to provide the right levels of security at the right times.

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 & Net Zero Programme. This sets out AUB's priorities and targets for environmental sustainability, including both reducing emissions and promoting biodiversity and social justice. The six key strands of activity fall under the headings:

- i. Energy and Water
- ii. Sustainable Resource Management
- iii. Travel
- iv. Sustainable Campus
- v. Biodiversity
- vi. Social Justice

- The SNZ 'Inventory' 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. Progress to date has been good, and AUB is showing a 43% reduction against the baseline, against its 2030 target of 50%. We have electrified more than half of our vehicle fleet and have also reduced gas emissions in the last year. Electricity usage rose, but all our electricity is certified Renewable Energy Guaranteed of Origin (REGO) and hence zero emission.
- The 'Travel to AUB' portal provides access to reliable information about staff travel. It promotes 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. Any staff member purchasing a parking permit is also required to pay the offset cost for their travel during the year, based on their home postcode and their vehicle emissions.
- The main rise in emissions in 2023-24 related to student travel from home. This is an area which is not easily controllable, as AUB is keen to enrol international students to boost the diversity of the student population and create a rich, multi-cultural student cohort. The increase is linked in part to a small increase in international student numbers but is also dependent on the student domicile. The challenge for AUB is to find alternative ways of offsetting this increase, which is being addressed through the AUB Environment Committee.
- The appointment of a new Procurement Manager provides AUB with a great opportunity to take forward work on reducing the emissions associated with procurement through the supply chain. The Carbon Trust has mapped emissions from AUB supply chain, which total approximately 72% of total emissions.
- AUB received Salix funding to support a project to introduce air source heat pumps to replace the current fossil fuelled heating systems for half of the campus by volume. Despite some severe logistical challenges, AUB was determined to press ahead with this project and is delighted that it will be completed in late 2024.

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

- Our rewilding project continues to progress. We have introduced a herb garden (for the caterers to use), a second dye garden (for student projects), a wildflower bank on the campus boundary, bird and bat boxes, hedgehog houses, and solitary bee tubes.
- AUB achieved ISO14001:2015 via the EcoCampus framework, re-confirmed in 2022-23, and the assessor was extremely positive in his judgements about the University's commitment and its University-wide approach to sustainability.
- AUB was delighted to be awarded a 2.1 in the latest People and Planet league table, ranking second highest of all providers with fewer than 5,000 students. It has also been shortlisted for two national Green Gown awards, including the overall Sustainable Institution of the Year. The results will be announced in November 2024.

1.8 Our Digital Information Technology Infrastructure and Innovation

The AUB 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 2023-24, the third year of the plan, and into the near future:

- In June 2023, the project to migrate the AUB finance system, Access Dimensions, to the cloud was agreed. The project completed on time in February 2024. We are now in the process of reviewing options for additional modules such as procurement and reporting that could create greater efficiencies and automation.
- Following the successful implementation of the AUB Finance system to the cloud, it was agreed that the next phase was to review efficiencies around the expenses process. After reviewing several options, the decision was made to purchase SAP Concur, a self-service digital system for submitting an approving expense claims. This system is due to go live in Autumn 2024.
- In September 2023 at the start of the academic year a new hardware and software monitoring tool went live on all student computers. The tool, AllSight, has allowed us to review the requirements of each course and look at how resources can be shared. This has provided costs savings with software licenses but also allowed us to identify IT suites that can be repurposed or shared with another course. An example of this is utilising an animation suite to support the new Games course in the 2024-25 academic year.
- Following a successful programme to remove digital debt regarding staff IT resources, we have continued to maintain all staff IT resources. 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, this process will take more time due to the higher volume and the costs involved but we are on track to complete this summer 2025 (budget dependent).
- In June 2024, a successful project took place to replace the university's firewalls that were approaching end of life and not financially viable to continue to support. The firewall devices sit at the heart of the IT network, they provide both interconnectivity across campus and our satellite locations (Elliot Road, Palace Court Theatre, The Avenue etc.) The new devices will bring an increase in performance, as well as a range of new features that will allow us to further enhance and protect AUB from cyber-attacks.
- Students and staff have access to 22 Multi-Function Devices (MFD's) across campus that allow scanning, photocopying, and printing. These devices were previously managed via a tool called Uniflow. Uniflow is going out of support in favour of a cloud model, which would significantly increase our costs. Following a review of the market, it was decided we would purchase a product called Papercut. Papercut will enhance the student experience with new features and improved support for things such as remote printing from personal devices, as well improved integration with a wider range of device manufacturer. Papercut was setup over the summer and went live this academic year for students returning October 2024.
- 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. For this academic year we have put in place a new process for students signing up to the offer of free Adobe Creative Cloud, this will allow us to better monitor its usage and assess the impact of the offer when the 3 year agreement comes to an end.

STRATEGIC REPORT (continued)

1.8 Our Digital Information Technology Infrastructure and Innovation (continued)

- AUB has developed its own in-house online mitigation process. Students who are unable to hand in work to the agreed unit deadlines can either request a one-week extension of deadline or, if more time is needed, request extra time via the mitigation process. The centralised process built around the student record system (SITS), not only creates efficiencies for staff who process these requests, but also improves the level of support we offer our students by providing a simpler, fair and equal process to all students. The system was trialled in the summer term and went live for all students in October 2024.

2. Strategy Summary

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**'. Going into the next planning cycle this strategy still holds true and serves a guiding framework for our strategic priorities.

AUB 2030 vision is achieved by 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 is supported by six enabling plans:

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

Six strategic initiatives were highlighted in previous reports to push ahead with the delivery of the AUB 2030 Strategy. The progress on these initiatives is as below:

<p>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</p>	<p>Growth of BFS – Work is underway to grow BFS to meet the demand on our film, animation, and other courses within the School. The first phase of the growth project will see an increase of students for 2025-26 intake which has begun over the last few weeks. Investment of financial and other resource will be made to realise the growth plans.</p>
<p>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</p>	<p>AUB Open Campus is being rebranded to AUB Academy and will develop the course provision to include online and new products. The new brand was launched at Arts by the Sea Festival in September 2024.</p>
<p>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</p>	<p>Games Art & Design course launch has resulted in creating other opportunities to build on the positive market response to the course. New courses are being developed and other initiatives like AI working group and interactive Digital Student Journey project in collaboration with Canvas are in place. The regional <i>Creative Compact</i> is hosted at AUB.</p>

STRATEGIC REPORT (continued)

2. Strategy Summary (continued)

<p>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 Innovation Studio</p>	<p>We were successful in our first KTP project linked with Thrudark and £1.64m research grant as part of the Expanding Excellence (E3) funding from Research England. The five-year grant will enable the university to create a new Research Centre: Plastics Innovation and Curation. Innovation Studio also working on developing MA in entrepreneurship.</p>
<p>5) AUB Global – enhance our global standing through student activities, research projects and industry partnerships with leading arts, design, media, and performance institutions worldwide</p>	<p>We have developed our first TNE, we have international direct entry students to L5 and L6 this year. We have a new partnership with ARTFX in France, a new MA course to be delivered in London and staff / student exchange opportunities.</p>
<p>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.</p>	<p>Launch of new LTAF and alignment of all courses to the framework is in its last stages. Periodic Course review of all UG and PGT courses across the university and the agile curriculum project is well underway, and we are developing a new delivery model for our online Masters.</p>

3. Financial Information

3.1 2023-24 Financial Review of the Year

The University incurred a deficit after tax and exceptional item for the year ended 31 July 2024 of £3.5m as compared to a prior year deficit of £1.1m. The exceptional items included impairment of £1.5m in relation to development and planning cost of Plot Q and Northlight building projects which are no longer going ahead. 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 persistently high interest rate and rising salary and pension costs have substantially increased the University’s cost base.

Like many other universities we faced significant challenges during the 2023/24 academic year, navigating a complex landscape shaped by both global and sector-specific pressures. Enrolment numbers were impacted by shifting demographics and economic uncertainty, with many students rethinking higher education due to rising costs and a volatile job market. International recruitment, while strong, continued to face hurdles, particularly with visa processing delays and global political tensions, leading to disruptions in student arrivals and enrolment timing. We saw a drop in undergraduate (UG) recruitment. Additionally, universities had to address the evolving expectations of students, who increasingly demanded flexible learning options and enhanced mental health and wellbeing support. Coupled with budget constraints and the need to adapt to advancing technologies, including AI in education, these factors put significant pressure on institutions to innovate and maintain quality while ensuring financial sustainability. We saw a drop of 13% in Home UG recruitment to Year 1 while seeing an upliftment in both Overseas Undergraduate and all Postgraduate numbers.

STRATEGIC REPORT (continued)
3.1 2023-24 Financial Review of the Year (continued)

The key highlights are:

	2024	2023	2022
Financial Summary	£'000	£'000	£'000
Income			
Funding Council Grants	3,344	2,645	2,309
Tuition Fees	39,316	38,146	36,072
Other Income	12,240	11,869	10,439
Total income	54,900	52,660	48,820
Expenditure			
Staff Costs	24,844	24,381	24,437
Operating Expenses	23,345	20,982	18,588
Depreciation and Impairment	8,110	6,195	6,000
Interest Payable	2,144	2,106	2,021
Total expenditure	58,443	53,664	51,046
Taxation	(19)	(26)	(23)
(Loss)/Gain on Investment	49	(36)	(30)
(Deficit)/Surplus after tax	(3,513)	(1,066)	(2,279)

Building on the success of previous year Research Excellence Framework (REF) outcomes, research income received from Research England has seen an increase along with release of research income not previously allocated. 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.

The Teachers' Pension Scheme saw a 5% increase starting in April 2024, significantly raising the university's overall payroll costs. Additionally, annual salary scale adjustments were implemented where applicable, further contributing to the rise in pay expenses.

Further refurbishment work was completed on the Palace Court Theatre, a 1930s Art Deco building in central Bournemouth, including the installation of essential facilities to ensure it meets safety standards for hosting shows and activities. Efforts are ongoing in collaboration with the newly appointed Chair and Board of the AUB Charitable Trust to secure additional funding for further improvements and development. The goal is to enhance the building's use as a vibrant venue for AUB students and border community while also generating income for the university by hosting private events.

Income

Overall total income has increased by 4% to £54.9m (2023: £52.7m). Tuition fees increased by 3% and most of the gain was against Postgraduate and International students. Further control was exercised on the award of bursaries and scholarships. Funding Council grants increased 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 went up by 2% to £24.8m (2023: £24.4m). The effective increase in pay costs is mainly due to increase in TPS charge. Voluntary Severance Scheme (VSS) was introduced in May 2024 and completed in June 2024. A total of 16 applications were received to the scheme and 12 were approved. The VSS payment cost for the approved applications came to £155k.

The 11% rise in Operating Expenses, reaching £23.3 million (2023: £21 million), was primarily driven by inflationary pressures, increased property lease costs, and expenditures related to the refurbishment and maintenance of academic facilities. Additionally, costs were incurred for decanting space to support a planned construction project.

STRATEGIC REPORT (continued)
3.1 2023-24 Financial Review of the Year (continued)

Interest and finance costs increased because of higher base interest rates and increased finance lease charges as result of higher RPI.

Deficit

A deficit of £3.51m (2023: £1.07 million), before the FRS102 pension adjustment has been recorded for the year, representing 6% of turnover. The increase in deficit is due to significantly increased costs, adjustments to pay, pension and NIC, and the number of enrolments during the year.

The deficit for the year includes a £1.5 million one-off impairment related to the 'work in progress' capital costs for the Plot Q and North Light Studio development projects. The Plot Q project, originally intended to create additional academic space, has been indefinitely postponed due to high costs and a reduced need for space following lower student numbers. Similarly, the North Light redevelopment project underwent significant changes. Initially planned as a new-build by demolishing the existing structure, the project was adapted to a refurbishment due to escalating costs. Completed successfully in September 2025, the refurbished North Light building now provides a fit-for-purpose space that meets the university's current and foreseeable needs.

3.2 Statement of Financial Position

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

	2024	2023	2022
Financial Summary	£'000	£'000	£'000
Fixed Assets	104,851	107,964	108,538
Investments	741	676	699
Cash	5,309	13,131	12,468
Net Current (Liabilities)/Assets	(11,565)	(10,122)	(10,235)
Loans, Finance Lease & Deferred Grants	(26,358)	(27,279)	(28,291)
Pension Liabilities	-	(1,541)	(11,240)
Total Net Assets	67,669	69,698	59,471
Restricted reserves	735	660	706
Revenue Reserves	43,258	46,520	45,563
Pension Reserve	-	(1,541)	(11,240)
Revaluation Reserve	23,676	24,059	24,442
Total Reserves	67,669	69,698	59,471

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 Palace Court Theatre, North Building Refurbishment, Salix Air Source Heat Pump as well as purchase of specialist equipment.

Cash and Net Current Assets

Cash balances at the year end are lower than previous year due to repayment of RCF decreasing the balance outstanding to £9m (2023: £14.5m). The HSBC Revolving Credit Facility (RCF) was settled and replaced by Barclay's RCF for £20m. The agreement was finalised in January 2024 with initial 3 year term of the facility and interest rate of 1.425% over SONIA.

STRATEGIC REPORT (continued)
3.2 Statement of Financial Position (continued)
Loans, Finance Lease and Deferred Grants

The application of FRS102 has meant that deferred grants are reflected in long term creditors rather than under Total Funds. The balance of long-term creditors decreased by £0.9m due to the repayment of term loans and the finance lease. The rate of reduction of the finance lease is affected by the rate of inflation which determines the annual lease payments.

Pension Liabilities/Reserves

In the current financial year, we reported a small pension scheme surplus of £0.129m (2023: -£1.541m). However, in compliance with FRS 102 accounting standards, this surplus has not been recognised in the financial statements. Accordingly, no pension provision has been posted to the accounts, and there is no movement in the pension reserve for this period.

Cash flow

Net cash inflow from operating activities was £5.1m, which was below last year's at £8.6m. The RCF usage at the end of the year was £9m (2023: £14.5m) giving us a headroom of £11m (2023: £4.5m) at the end of the year.

3.3 Key Performance Indicators

The critical financial KPIs monitored in the past year were:

KPI	Description	Aim	Actual
Debt Service Cover	Net cash inflow to total interest and capital repayments	>125%	178%
Operational Leverage	Net Borrowings to Adjusted Operating surplus	<450%	398%
Minimum Net Assets	P&L Reserve excluding pension liability	> £2m	£43.25m
Minimum Cash Balance	Cash or Cash Equivalents including RCF availability	>£5m	£17.05m
Gearing	Total external debt to EDITDA	<500%	474%

3.4 A Financial Strategy for Sustainability

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

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

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

STRATEGIC REPORT (continued)
3.4 A Financial Strategy for Sustainability (continued)

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

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

3.5 Treasury Management

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

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

Currently, £3 million in liquidity funds are actively managed, with a third of these funds entrusted to a Cash Manager. The performance of these investments has benefited from the higher interest rates, contributing to the University's goal of sustaining a healthy liquidity position without compromising its low-risk approach.

3.6 Long Term Borrowing Facility

The University's borrowings come from two banks; Barclays who are now the main day to day bank for the university and Lloyds Bank.

We arranged a Revolving Credit Facility (RCF) of £20 million with Barclays in January 2024. This is the only debt arrangement we have with Barclays as at the end of FY 2023-24. We have three loans outstanding with Lloyds with a mix of variable and fixed interest rate and terms.

The purpose, term, and interest rate of these outstanding loans at 31 July 2024 is as below;

<u>Loan purpose</u>	<u>Bank</u>	<u>Original Amount</u>	<u>Start</u>	<u>Term</u>	<u>Bal at 31 Jul 2024</u>	<u>Interest rate</u>	<u>Type</u>
University House	Lloyds	4,000,000	Jan-08	25	1,213,782	0.2% over base	Variable
Talbot Village Land	Lloyds	3,800,000	Dec-15	10	2,375,000	2.27%	Fixed
Talbot Village Land	Lloyds	3,200,000	Dec-15	20	2,000,000	1.68% over base	Variable
Revolving Credit Facility (RCF)	Barclays	20,000,000	Jan-24	3	9,000,000	1.425% over SONIA	Variable

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

STRATEGIC REPORT (continued)**3.7 Outlook**

Following Paul Gough's period of medical leave earlier this year, he has made the decision to retire as Vice-Chancellor on 31 December 2024 to prioritise his health and wellbeing. We deeply respect and fully support his decision and are immensely grateful for his outstanding leadership and the significant achievements realised during his tenure. To ensure a smooth leadership transition, the Board of Governors has appointed Lisa Mann as Vice-Chancellor for a fixed-term period until July 2026, following her successful term as Acting Vice-Chancellor. This approach will maintain the University's momentum, stability and strategic direction, particularly as we navigate pressing financial challenges. We remain committed to building on our successes, seizing future opportunities and advancing creative education and innovation at AUB.

The higher education sector faces a harsh funding and policy environment including:

- **HE Funding:** The landscape for higher education funding is in flux, with uncertainty around, and potential changes in, government funding, tuition fee policies, and the availability of project and research grants.
- **Student Enrolments:** Student demographics, including the impact of Brexit on EU student enrolment, affordability/cost of living crisis, and the post-pandemic educational preferences of students is impacting student enrolments.
- **Global Competition:** The University faces increased competition for students from both domestic and international institutions, necessitating innovative strategies to attract and retain students.
- **Economic Conditions:** Economic factors, including inflation and potential economic downturns, cause uncertainty and increase in cost base for the University.
- **Evolving Educational Pathways:** Growing competition from evolving educational pathways for school leavers, such as apprenticeships, trade opportunities, and workforce shortages, which can lure students directly into employment.

The University's immediate challenge remains driving growth in student recruitment by attracting and converting high-quality applicants across its courses. While expanding undergraduate recruitment is a major priority, we are also planning for growth from other student demographics, including online learners and participants in short courses. In an increasingly competitive environment, it is also essential for AUB to diversify its income sources outside student recruitment, optimise operational efficiencies, and generate greater value from existing assets. This dual approach, focused on both efficiency and revenue diversification, will be critical to navigating financial pressures and securing AUB's future growth.

Student Recruitment as a North Star Metric: Student recruitment will be the key focus for the five-year plan and serve as the University's North Star metric, guiding all activities and initiatives across departments. This strategic focus ensures that every facet of AUB, from academic faculties to administrative teams, is aligned in attracting, converting, and retaining quality applicants. It requires a university-wide effort, with cohesive messaging, collaborative engagement in outreach efforts, and consistent enhancement of the student experience. Recruitment is not just the responsibility of admissions or marketing; it is an institutional priority that involves all staff in promoting AUB's unique strengths, from academic excellence to career-readiness and campus life. By embedding recruitment as a core measure of success, AUB ensures that every action taken contributes to this overarching goal, helping secure our future growth and sustainability.

We continue to optimise our physical campus, digital resources, and academic programmes to not only improve the student experience but also enhance financial performance. In the coming years, our primary focus will be on utilising existing academic and other facilities to accommodate the planned student growth while minimising the need for major capital building projects in the near future. At the same time, areas where demand is declining or where costs of provision are disproportionately high will undergo strategic reductions to ensure more efficient resource allocation.

Additionally, significant progress has been made this year in making the Palace Court Theatre accessible and ready for external use, opening up new avenues for fundraising opportunities. The Theatre is anticipated to become a permanent venue for acting performances and a state-of-the-art facility for Bournemouth Film School, fostering creativity, experimentation, and learning. It will also provide an exciting new space for the Students' Union, while fostering engagement with the local community. These developments aim to strengthen the institution's cultural and creative offerings, while also building stronger ties with the community and enhancing the University's long-term sustainability.

STRATEGIC REPORT (continued)

3.7 Outlook (continued)

Although the HE environment is tougher than ever, the University is confident in its ability to meet the challenges ahead, leveraging its unique position in a niche area of education with sustained global demand for its specialised courses. Our bold strategic vision is underpinned by detailed plans and initiatives designed to bring this ambition to life, ensuring the University remains at the forefront of its field.

In addition to optimising its physical footprint, the University is also taking significant steps to optimise its internal resources. A comprehensive review of its academic portfolio has led to the closure of underperforming courses, enabling the institution to focus on high-demand programmes that deliver strong educational and financial outcomes. These measures not only streamline operations but also ensure that resources are allocated efficiently to areas with the greatest potential for growth and impact.

Furthermore, the University has introduced cost-cutting initiatives aimed at enhancing long-term financial sustainability. These efforts, combined with the expansion of validation services to national and international institutions, reflect a strategic focus on maximising value while maintaining the quality of education and support services.

The University's commitment to innovation is reflected in its expanding course portfolio and growing partnerships, which strengthen its position in a competitive global market. This forward-thinking approach ensures the institution remains agile, adaptable, and well-prepared for the future, all while reinforcing its reputation as a leading provider of creative and professional education. By continuously optimising resources and aligning them with strategic priorities, the University is well-placed to achieve sustainable growth and continue delivering excellence.

3.8 Risks and Uncertainties

Financial Sustainability remains the key risk for the University in this challenging HE environment. Like many other universities student recruitment remains the single biggest risk for the organisation. We have therefore put student recruitment and tuition fee revenues as a key focus of our Risk Register. 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. Our average retention rate is around 97% however for the purposes of its forecasts the retention rate has been estimated at 95% to remain prudent.
- **Overseas growth:** - Growth of overseas student has seen challenges last year due to various factors including government policy position especially the Migration Advisory Committee review concluded in early half of 2024. Even though the findings of the Committee have been favourable for graduate route visa the impact on confidence of international student has been impacted. We anticipate some pressures on international recruitment however it is not as bad as the rest of the sector. Work is in hand to develop overseas partnership arrangements, to engage with effective agents and to selectively target the European market.
- **Alternative income:** - Summer course income is projected to grow by at least 10% over the planning period as well as success in project funding e.g. Knowledge Transfer Partnerships and degree awarding arrangements will help diversify our income to bolster our tuition fee revenue.
- **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 selected academic staff to professorial status. The pay award for 2024-25 Academic year has added circa 2.5% to the base payroll cost.
- **Capital expenditure:** - Due to the difficult market conditions, AUB has scaled back its future capital 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. Work is ongoing to raise external funding to support the further refurbishment of the Palace Court Theatre.

STRATEGIC REPORT (continued)**3.8 Risks and Uncertainties (continued)**

- **Interest rates:** Although initial forecasts suggested that the Bank of England base rate would decrease 2 to 3 times during the 2024-25 cycle, recent trends indicate a more cautious approach. Persistent core inflation, rising wages, and ongoing geopolitical uncertainties have tempered the outlook for significant rate cuts. While expert predictions do not anticipate rate hikes, there could still be modest rate reductions. For planning purposes, we have not factored in potential gains from interest rate drops, but we also do not expect rate increases that could negatively impact our financial position. Of the total potential loan portfolio of up to £25.6 million (including an unused revolving credit facility of £11 million as of 31 July 2024), £2.4 million is secured at fixed rates.
- **Pensions:** The University's pension scheme is subject to market fluctuations and regulatory changes, which could impact future funding requirements. Rising inflation and potential shifts in interest rates may increase the pension liability, affecting the University's cash flow and financial commitments. Regular reviews and scenario analysis are conducted to monitor these risks, ensuring we are prepared to manage potential impacts on the University's financial position.

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

3.9 Going Concern

The activities of the Group and parent University, along with factors influencing future development, performance, and position, are detailed in the Strategic Report, a component of the Board of Governors' Report. This report also outlines the University's financial status, cash flows, liquidity, and borrowing capacity.

The Board of Governors has prepared cash flow forecasts covering a 24-month period from the date of these financial statements' approval. In developing these forecasts, the Board has carefully assessed anticipated financial performance through the fiscal years ending 31 July 2025 and 31 July 2026, factoring in expected operating results, principal risks, and uncertainties. Key risks considered include heightened competition in student recruitment, increasing cost base, and lack of political support for the Home Tuition fee increases.

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

To address these challenges, the University has proactively implemented a comprehensive recovery budget plan focused on cost management, strategic revenue diversification, and a resilient growth strategy. This plan includes:

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

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

The cost reduction measures put in place as a result of reduction in income due to lower levels of recruitment and retention has started to show some impact. The outturn for the first quarter for 2024-25 shows that we remain on track to achieve the budgeted operating result.

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

STRATEGIC REPORT (continued)**3.10 Sensitivity Analysis and Risk Management**

With the cost savings measures in place and first quarter's results delivered, the University's Council has undertaken its review of going concern, evaluating the ability of the University to withstand and respond to foreseeable financial risks whilst retaining an adequate buffer to address further risks.

In line with our commitment to financial sustainability, we conducted a comprehensive sensitivity analysis against key risk areas, including student recruitment, fee structures, and operational cost increases. This analysis evaluates the impact of various scenarios on our financial health and covenant compliance, with both Barclays and Lloyds, which remain the University's biggest risk.

Our analysis underscores the potential financial impact of significant challenges such as a 10% to 20% reduction in student recruitment, an unexpected freeze in home fee levels, and increased non-pay costs of up to 5% annually, which accounts for the recent NIC increases in the National Budget. These sensitivities were tested individually and in combination, revealing a high level of sensitivity on specific points of covenant pressure, including potential breaches in operational leverage and gearing ratios in certain scenarios.

3.11 Mitigation Strategy and Financial Resilience

To address these risks proactively, the University has implemented a set of targeted mitigation measures:

- **Cost Management and Control:** A structured budget planning cycle and stringent cost controls across all non-pay areas are being put in place, including centralising procurement to reduce expenses.
- **Staffing and Resource Optimisation:** Key initiatives include a recruitment freeze, strict hiring controls on visiting and casual staff, and the development of a teaching hours allocation framework to ensure efficient deployment of teaching resources. Additionally, targeted restructuring and potential redundancy schemes are being evaluated as necessary measures to align staff costs with institutional needs.
- **Monitoring and Scenario Planning:** The University employs a rolling five-year forecast, which annually assesses capital expenditures, cash generation, and debt requirements. This proactive approach allows us to adapt quickly to financial changes and minimise reliance on revolving credit facilities, thereby reducing loan interest charges over time.

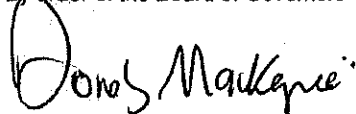
While current and future projections indicate that the University can achieve covenant compliance by realising the cost savings as per our recovery plans, we recognise that potential challenges remain. By maintaining vigilance over costs, enhancing income diversification, and adopting strategic efficiencies, we are positioning the University for resilience and growth, supporting our objective to remain a sustainable going concern. The University has shared the forecasts, including sensitivities and potential mitigation measures to reduce ongoing costs, with both Lloyds and Barclays. The University maintains a positive, ongoing relationship with both banks, engaging in open dialogue to ensure mutual understanding. Both banks are aware of the challenges faced by the higher education sector, as reflected by OfS projections that over 60% of HE institutions could be in deficit by 2025-26.

Through disciplined financial planning, programme diversification, and risk management, the university is well-positioned to navigate future uncertainties, safeguard its mission, and continue delivering value to students and stakeholders alike.

After a careful review of these projections, the Board is confident that, despite current challenges, such as recruitment difficulties, inflationary pressures, and ongoing political uncertainties, the University possesses adequate funds to meet obligations as they arise for at least the 12-month going concern period.

Consequently, the Board of Governors believes 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.

By order of the Board of Governors



Dorothy Mackenzie
Chair of the Board of Governors

Date: 28th November 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 2023-24 is given on page 1 of these financial statements along with the individual membership of Committees as at the date of signature of the accounts.

The Board met on five occasions during the year.

The AUB Board undertook an external Governance Effectiveness Review in 2023/24. It was conducted by Advance HE, following an open tender process. The review report opens with the statement that: "Governance at AUB is well-organised and underpinned by good working relationships between the Chair, Vice Chancellor and University Secretary, and good communications with and between members. The Board is effectively fulfilling its governance role, seeking, and receiving assurance about the management of the university and its fulfilment of its strategic and regulatory obligations. We saw no evidence of issues with regulatory compliance." The review resulted in recommendations and suggestions to improve Board effectiveness; the Board has agreed an extensive action plan in response to the report, which is overseen by Search & Governance Committee and will be reported to the full Board on a regular basis.

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

During 2023-24, the Committees were as follows:

Academic Matters Committee

This was a new Committee, established as a pilot during 2023/24. The Board had recognised the challenge of managing business effectively, given the number of complex items with which the Board had to engage. The creation of this new Committee was intended to relieve some of that pressure, and also to create a specific forum to focus on the academic work of the University. As this was an area where independent Governors felt less confident, it was also intended to provide a space for a number of members to gain greater understanding and insight into the core business. The Committee does not seek to duplicate or supplant the work of Academic Board, as the sovereign academic body, but to review progress against the key academic plans (Portfolio Plan and RKE Plan), to "demystify" the work and to provide assurance that the associated risks had been identified and were being mitigated. The Committee was agreed to have been a useful addition, and its work will continue in 2024/25.

CORPORATE GOVERNANCE (continued)**Audit & Risk Committee**

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

Finance & Resources Committee

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

Human Resources Committee

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

Remuneration Committee

The Remuneration Committee determines the remuneration to be awarded to the University's senior officers including the 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. 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.

CORPORATE GOVERNANCE (continued)**Risk Management and Internal Control (continued)**

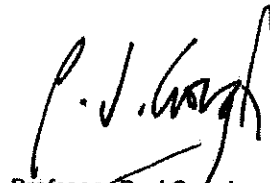
The University Executive is responsible for preparing and overseeing the University's risk register, which is also approved by Academic Board. The risk register employs a RAG system to flag those risks which require specific action in mitigation. It also notes potential early warning mechanisms against 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 2024 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.



Dorothy Mackenzie
Chair of the Board of Governors



Professor Paul Gough
Principal and Vice-Chancellor

28th November 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 of Governors is required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 edition of the Statement of Recommended Practice – Accounting for Further and Higher Education and with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

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

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

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

The Board of Governors is also responsible for ensuring that:

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

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



Dorothy Mackenzie
Chair of the Board of Governors

Date: 28th November 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 2024 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 2024, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on matters prescribed by other legal and regulatory requirements

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

In our opinion, in all material respects:

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

**INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF THE ARTS UNIVERSITY BOURNEMOUTH
(continued)****Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

Responsibilities of the Board of Governors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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



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

Use of our report

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

Sedulo Audit Limited

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

Date: *5 December 2024*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 31 JULY 2024**

	Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	39,316	39,316	38,146	38,146
Funding body grants	2	3,344	3,344	2,645	2,645
Other income	3	11,928	11,893	11,754	11,719
Investment income	4	279	263	111	98
Donations and endowments	5	33	-	4	-
Total income		54,900	54,816	52,660	52,608
Expenditure					
Staff costs	6	24,814	24,814	24,381	24,381
Fundamental restructuring costs	6	30	30	-	-
Other operating expenses	7	23,345	23,424	20,982	21,080
Depreciation and impairment	11	8,111	7,937	6,195	6,020
Interest and other finance costs	8	2,144	2,144	2,106	2,106
Total expenditure	9	58,444	58,349	53,664	53,587
(Deficit) before other gains		(3,544)	(3,533)	(1,004)	(979)
Gain/(loss) on investments	13	49	-	(36)	-
(Deficit) before tax		(3,495)	(3,533)	(1,040)	(979)
Taxation	10	(20)	-	(26)	-
(Deficit) for the year		(3,515)	(3,533)	(1,066)	(979)
Actuarial gain in respect of pension schemes	25	1,484	1,484	11,293	11,293
Total comprehensive income for the year		(2,031)	(2,049)	10,227	10,314
Represented by:					
Endowment comprehensive income/(expenditure) for the year		74	-	(46)	-
Unrestricted comprehensive income for the year		(1,722)	(1,705)	10,656	10,659
Revaluation reserve comprehensive (expenditure) for the year		(383)	(344)	(383)	(345)
		(2,031)	(2,049)	10,227	10,314

All items of income and expenditure relate to continuing activities.

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

**CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2024**

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

University	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Unrestricted £'000	£'000	£'000
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 income / (expenditure) for the year	-	10,659	(345)	10,314
Balance at 1 August 2023	-	45,825	23,406	69,231
(Deficit) from the I&E statement	-	(3,533)	-	(3,533)
Other comprehensive income/(expenditure)	-	1,484	-	1,484
Transfers between revaluation and I&E reserve	-	344	(344)	-
Total comprehensive income / (expenditure) for the year	-	(1,705)	(344)	(2,049)
Balance at 31 July 2024	-	44,120	23,062	67,182

**CONSOLIDATED AND UNIVERSITY BALANCE SHEET
AS AT 31 JULY 2024**

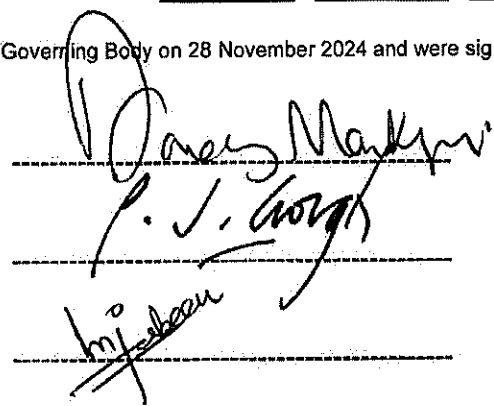
	Notes	As at 31 July 2024		As at 31 July 2023	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	104,850	101,348	107,964	104,288
Investments	13	741	-	676	-
		<u>105,591</u>	<u>101,348</u>	<u>108,640</u>	<u>104,288</u>
Current assets					
Trade and other receivables	14	1,519	3,722	626	2,911
Cash and cash equivalents	19	5,307	5,198	13,131	13,047
		6,826	8,920	13,757	15,958
Less:					
Creditors: amounts falling due within one year	15	(18,392)	(18,332)	(23,879)	(23,820)
Net current (liabilities)		(11,566)	(9,412)	(10,122)	(7,862)
Total assets less current liabilities		94,025	91,936	98,518	96,426
Creditors: amounts falling due after more than one year	16	(26,341)	(24,754)	(27,260)	(25,654)
Provisions					
Pension provisions	25	-	-	(1,541)	(1,541)
Other provisions	17	(17)	-	(19)	-
Total net assets		<u>67,667</u>	<u>67,182</u>	<u>69,698</u>	<u>69,231</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	18	734	-	660	-
Unrestricted Reserves					
Income and expenditure reserve - unrestricted:					
Income and expenditure account		43,257	44,120	46,520	47,366
Pension reserve		-	-	(1,541)	(1,541)
		<u>43,257</u>	<u>44,120</u>	<u>44,979</u>	<u>45,825</u>
Revaluation reserve		23,676	23,062	24,059	23,406
Total Reserves		<u>67,667</u>	<u>67,182</u>	<u>69,698</u>	<u>69,231</u>

The financial statements were approved by the Governing Body on 28 November 2024 and were signed on its behalf by:

Dorothy Mackenzie
Chair of the Board of Governors

Professor Paul Gough
Principal and Vice-Chancellor

Mehjabeen Patrick
Director of Finance



CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED 31 JULY 2024

	Notes	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Cash flow from operating activities			
(Deficit) for the year		(3,515)	(1,066)
Adjustment for non-cash items			
Depreciation and impairment	11	8,111	6,195
(Gain)/Loss on investments	13	(49)	36
(Increase)/Decrease in debtors	14	(893)	870
Increase/(Decrease) in creditors	15	56	(283)
Difference between pension charges and cash contributions	25	(57)	1,594
(Decrease)/Increase in other provisions	17	(2)	3
Adjustment for investing or financing activities			
Investment income	4	(279)	(111)
Interest payable	8	2,144	1,726
Endowment income	5	(33)	(4)
Loss on disposal of fixed assets		-	-
Capital grant income		(354)	(362)
Net cash inflow from operating activities		<u>5,129</u>	<u>8,598</u>
Cash flows from investing activities			
Proceeds from the sale of investments		-	-
Investment income		263	98
Capital grants received		300	470
Payments made to acquire fixed assets		(4,997)	(5,620)
		<u>(4,434)</u>	<u>(5,052)</u>
Cash flows from financing activities			
Interest paid		(887)	(657)
Interest element of finance lease		(1,257)	(1,069)
Endowment cash received		33	4
New unsecured loans		-	-
Repayments of amounts borrowed		(6,040)	(633)
Capital element of finance lease		(368)	(528)
		<u>(8,519)</u>	<u>(2,883)</u>
(Decrease)/Increase in cash and cash equivalents in the year		<u><u>(7,824)</u></u>	<u><u>663</u></u>
Cash and cash equivalents at beginning of the year		13,131	12,468
Cash and cash equivalents at end of the year	19	<u><u>5,307</u></u>	<u><u>13,131</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 2025 and 31st July 2026 taking into account expected trading performance and the principal risks and uncertainties as set out in the Strategic Report. The Board of Governors has a reasonable expectation that the Institution has sufficient access to adequate resources to continue in operational existence for the foreseeable future, and for at least the period of twelve months following the date of approval of the financial statements. The Governors therefore consider it appropriate to continue to adopt the going concern principal in preparing the financial statements.

Basis of consolidation

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

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

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

Income recognition

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

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

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

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

Grant funding

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

STATEMENT OF ACCOUNTING POLICIES (continued)

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

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

Donations and endowments

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

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

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

Capital grants

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

Operating leases

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

Tangible fixed assets

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

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

a) Freehold land and buildings

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

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

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

b) Computers, software and other equipment

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

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

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

STATEMENT OF ACCOUNTING POLICIES (continued)**Finance leases**

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

Intangible Assets

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

Heritage assets

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

Borrowing costs

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

Pension schemes

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

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

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

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

Employee benefits

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

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

All subsidiary companies (with the exception of the Arts University Bournemouth Charitable Foundation, which is a registered charity) are liable to corporation tax in the same way as any other commercial organisation.

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

STATEMENT OF ACCOUNTING POLICIES (continued)**Deferred taxation**

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

Foreign currency

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

Cash and cash equivalents

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

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

Reserves

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

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

Judgments in applying accounting policies and key sources of estimation uncertainty

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

a) Leases

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

STATEMENT OF ACCOUNTING POLICIES (continued)**b) Tangible fixed assets**

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

c) Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability or asset. Furthermore, a roll forward approach which projects results from the latest published full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Financial Instruments

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

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

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

a) Financial assets

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

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

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

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

b) Financial liabilities

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

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

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

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

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2024**

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Higher education				
UK and EU students	29,841	29,841	29,924	29,924
Non EU students	8,314	8,314	7,043	7,043
Further education				
UK and EU students	768	768	850	850
Non EU students	393	393	329	329
	<u>39,316</u>	<u>39,316</u>	<u>38,146</u>	<u>38,146</u>
2 Funding body grants				
Recurrent grants				
Office for Students	909	909	858	858
Education and Skills Funding Agency	990	990	1,063	1,063
Specific grants				
Research England	1,270	1,270	501	501
Other	-	-	49	49
Capital grants				
Office for Students	164	164	163	163
Education and Skills Funding Agency	7	7	7	7
Access funding				
Education and Skills Funding Agency	4	4	4	4
	<u>3,344</u>	<u>3,344</u>	<u>2,645</u>	<u>2,645</u>
3 Other income				
Residences, catering and conferences	9,412	9,412	9,118	9,118
Other services rendered	67	44	54	31
Other income	2,266	2,273	2,390	2,397
Other capital grants	183	164	192	173
	<u>11,928</u>	<u>11,893</u>	<u>11,754</u>	<u>11,719</u>
4 Investment income				
Investment income on endowments	16	-	13	-
Other investment income	263	263	98	98
	<u>279</u>	<u>263</u>	<u>111</u>	<u>98</u>

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	1,073	1,073	1,021	1,021
Grant income from other bodies	2,271	2,271	1,624	1,624
Fee income from non-qualifying courses (exclusive of VAT)	1,161	1,161	1,179	1,179
Fee income for taught awards (exclusive of VAT)	38,155	38,155	36,967	36,967
	<u>42,660</u>	<u>42,660</u>	<u>40,791</u>	<u>40,791</u>

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5 Donations and endowments				
Unrestricted donations	33	-	4	-
	<u>33</u>	<u>-</u>	<u>4</u>	<u>-</u>
6 Staff costs				
Salaries	19,450	19,450	18,086	18,086
Social security costs	1,947	1,947	1,863	1,863
Other pension costs: Local Government Pension Scheme	1,421	1,421	2,580	2,580
Teachers' Pension Scheme	1,996	1,996	1,852	1,852
	<u>24,814</u>	<u>24,814</u>	<u>24,381</u>	<u>24,381</u>
			2024	2023
Fundamental restructuring costs			£	£
Compensation for loss of office			30,000	0
Number of individuals to whom redundancy payments were made			<u>1</u>	<u>0</u>

A Voluntary Severance Scheme was implemented in the year. This was taken up and agreed with 12 members of staff, with a cost of £155k and is included in salaries.

	2024	2023
Emoluments of the Vice-Chancellor, Paul Gough:	£	£
Salary	228,000	228,000
Salary in lieu of pension contributions	40,898	53,990
Pension costs	-	-
Benefits	3,824	3,796
	<u>272,722</u>	<u>285,786</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	6.71	6.94
Vice-Chancellor's total remuneration to the median for staff	6.94	7.15

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

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

- Comparative data of equivalent role from the UCEA annual survey of compensation paid to senior staff, within post 92 institutions with income of £40 million - £70 million
- Comparative data of equivalent role from the CUC annual survey of the remuneration of Vice-Chancellors/ Principals
- Internal compensation equity to other AUB Senior Postholders
- Organisational and individual performance against objectives as agreed with the Chair of the Board

The Board of Governors is confident that the Vice Chancellor's remuneration represents good value for money.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024

6 Staff costs (continued)

	31 July 2024	31 July 2023
	£'000	£'000
Emoluments of key management personnel:		
Salary and benefits	1,122	1,103
Pension costs	166	136
	<u>1,288</u>	<u>1,239</u>

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

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

	2024	2023
Average staff numbers by major category :		
Teaching departments	244	267
Teaching support services	16	14
Library	12	15
Other support services	46	41
Administration and central services	115	108
General education	2	3
Income generating activities	13	10
	<u>448</u>	<u>458</u>
Access and Participation	£'000	£'000
Access Investment	234	241
Financial Support	-	-
Disability Support	340	339
Research and Evaluation	22	26
	<u>596</u>	<u>606</u>

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Other operating expenses				
Teaching departments	3,784	3,784	3,462	3,462
Teaching support services	2,191	2,187	2,498	2,495
Other support services	376	376	418	418
Administration and central services	4,094	4,311	3,045	3,258
General education expenditure	819	819	560	560
Premises costs	5,770	5,647	4,839	4,745
Planned maintenance	149	149	288	288
Grants to Student Union	141	141	159	159
Other income generating activities	4	-	11	-
External auditor's remuneration - Audit fees	69	62	63	56
External auditor's remuneration - Other fees	8	8	7	7
Internal auditor's remuneration - Audit fees	23	23	42	42
Operating lease rentals plant/machinery	87	87	64	64
Operating lease rentals land and buildings	4,308	4,308	4,139	4,139
Catering and residencies	1,522	1,522	1,387	1,387
	23,345	23,424	20,982	21,080

Reimbursements to governors and trustees for the expenditure incurred in attending Board meetings amounted to £5,990 (2023: £6,070), of which £nil was outstanding at 31 July 2024. 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	887	887	657	657
Finance lease interest	1,257	1,257	1,069	1,069
Net charge on pension scheme	-	-	380	380
	2,144	2,144	2,106	2,106

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9a Analysis of total expenditure by activity				
Academic and related expenditure	25,686	25,681	24,265	24,262
Administration and central services	10,775	10,984	10,770	10,975
Premises	14,325	14,029	11,450	11,182
Residences, catering and conferences	6,676	6,677	6,223	6,223
Other operating expenses	1,040	1,036	956	945
	<u>58,502</u>	<u>58,407</u>	<u>53,664</u>	<u>53,587</u>
Other operating expenses include:				
External auditors fees in respect of audit services	69		63	
External auditors fees in respect of non-audit services	8		7	
Operating lease rentals:				
Land and buildings	4,308		4,139	
Other	87		64	
Fundamental restructuring costs	<u>30</u>		<u>-</u>	
9b Access and Participation				
Access investment	1,361	1,361	1,139	1,139
Financial support	418	418	459	459
Disability support	345	345	351	351
Research and evaluation	22	22	26	26
	<u>2,146</u>	<u>2,146</u>	<u>1,975</u>	<u>1,975</u>
£596k (2023: £606k) of these costs are already included in the overall staff costs figures included in the financial statements, see note 6				
The University's published access and participation plan is available at https://aub.ac.uk/schools-hub/widening-access-to-aub				
10 Taxation				
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	22	-	23	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	<u>22</u>	<u>-</u>	<u>23</u>	<u>-</u>
Deferred tax				
Origination and reversal of timing differences	(2)	-	3	-
Deferred tax expense	<u>(2)</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total tax expense	<u>20</u>	<u>-</u>	<u>26</u>	<u>-</u>

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**

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 2023	133,035	3,543	11,327	12,459	160,364
Additions	-	3,218	425	1,354	4,997
Transfers	1,379	(1,597)	-	218	-
Impairments	-	(1,527)	-	-	(1,527)
Disposals	-	-	-	(21)	(21)
At 31 July 2024	<u>134,414</u>	<u>3,637</u>	<u>11,752</u>	<u>14,010</u>	<u>163,813</u>
Depreciation					
At 1 August 2023	33,298	-	8,996	10,106	52,400
Charge for the year	4,703	-	1,130	751	6,584
Disposals	-	-	-	(21)	(21)
At 31 July 2024	<u>38,001</u>	<u>-</u>	<u>10,126</u>	<u>10,836</u>	<u>58,963</u>
Net book value					
At 31 July 2024	<u>96,413</u>	<u>3,637</u>	<u>1,626</u>	<u>3,174</u>	<u>104,850</u>
At 31 July 2023	<u>99,737</u>	<u>3,543</u>	<u>2,331</u>	<u>2,353</u>	<u>107,964</u>
University					
Cost or valuation					
At 1 August 2023	127,586	3,542	10,660	12,153	153,941
Additions	-	3,218	425	1,354	4,997
Transfers	1,379	(1,597)	-	218	-
Impairments	-	(1,527)	-	-	(1,527)
Disposals	-	-	-	(21)	(21)
At 31 July 2024	<u>128,965</u>	<u>3,636</u>	<u>11,085</u>	<u>13,704</u>	<u>157,390</u>
Depreciation					
At 1 August 2023	31,526	-	8,312	9,815	49,653
Charge for the year	4,529	-	1,130	751	6,410
Disposals	-	-	-	(21)	(21)
At 31 July 2024	<u>36,055</u>	<u>-</u>	<u>9,442</u>	<u>10,545</u>	<u>56,042</u>
Net book value					
At 31 July 2024	<u>92,910</u>	<u>3,636</u>	<u>1,643</u>	<u>3,159</u>	<u>101,348</u>
At 31 July 2023	<u>99,060</u>	<u>3,542</u>	<u>2,348</u>	<u>2,338</u>	<u>104,288</u>

On transition to FRS102 the deemed cost approach was adopted.

Impairments of £1.5m were accounted for in the year. This was not a transfer or disposal of assets.

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**

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 £7.4m (2023: £8.6m), 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 2024**
13 Non-Current Investments

Consolidated	Subsidiary	Other	Total
	companies	fixed asset	
	£'000	investments	£'000
At 1 August 2023	-	676	676
Additions to investments at cost	-	16	16
Sale of investments	-	-	-
Gain on revaluation	-	49	49
At 31 July 2024	-	741	741

Non-current investments have been valued at market value.

Subsidiary undertakings

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

The University has incorporated the Arts University Bournemouth Charitable Foundation, a company limited by guarantee. The trustees of the company are also members or associates of the Board and they have agreed to pay up to £10 towards costs and liabilities should the company be dissolved. The object of the company is the advancement of education principally within the subject areas of art, design, media and the performing arts. The University endowments have been transferred to this company. The charity had opening reserves of £660k, income and resources for the year of £75k and closing reserves of £735k.

14 Trade and other receivables

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Due in one year:				
Trade receivables	602	602	91	91
Other receivables	23	23	109	109
Prepayments and accrued income	894	895	426	426
Amounts due from subsidiary companies	-	2,202	-	2,285
	<u>1,519</u>	<u>3,722</u>	<u>626</u>	<u>2,911</u>

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

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Creditors : amounts falling due within one year				
Unsecured loans	9,515	9,515	15,041	15,041
Obligations under finance leases	512	512	538	538
Trade payables	1,651	1,651	489	489
Social security and other taxation payable	901	879	883	859
Other creditors	436	436	646	646
Accruals and deferred income	4,924	4,906	5,537	5,521
Amounts owed to Funding Councils	78	78	379	379
Deferred capital grants	375	355	366	347
	<u>18,392</u>	<u>18,332</u>	<u>23,879</u>	<u>23,820</u>
16 Creditors : amounts falling due after more than one year				
Deferred capital grants	6,007	4,420	6,070	4,464
Obligations under finance lease	15,195	15,195	15,537	15,537
Unsecured loans	5,139	5,139	5,653	5,653
	<u>26,341</u>	<u>24,754</u>	<u>27,260</u>	<u>25,654</u>
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 15)	<u>10,027</u>	<u>10,027</u>	<u>15,579</u>	<u>15,579</u>
Due between one and two years	4,665	4,665	1,098	1,098
Due between two and five years	2,498	2,498	4,888	4,888
Due in five years or more	13,171	13,171	15,204	15,204
Due after more than one year	<u>20,334</u>	<u>20,334</u>	<u>21,190</u>	<u>21,190</u>
Total secured and unsecured loans	<u>30,361</u>	<u>30,361</u>	<u>36,769</u>	<u>36,769</u>
17 Provisions for liabilities				
		Defined Benefit Pension Obligations (Note 25) £'000	Deferred tax £'000	Total Other £'000
Consolidated				
At 1 August 2023		1,541	19	1,560
Utilised in year		(1,541)	(2)	(1,543)
Additions in 2023/24		-	-	-
At 31 July 2024		<u>-</u>	<u>17</u>	<u>17</u>
University				
At 1 August 2023		1,541	-	1,541
Utilised in year		(1,541)	-	(1,541)
Additions in 2023/24		-	-	-
At 31 July 2024		<u>-</u>	<u>-</u>	<u>-</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 2024**
18 Endowment Reserves

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	2024 Total £'000	2023 Total £'000
Balances at 1 August 2023				
Capital	22	648	670	702
Accumulated income	22	(32)	(10)	4
	<u>44</u>	<u>616</u>	<u>660</u>	<u>706</u>
New endowments	-	32	32	4
Investment income	1	15	16	14
Expenditure	-	(23)	(23)	(28)
Increase in market value of investments	-	49	49	(36)
	<u>1</u>	<u>73</u>	<u>74</u>	<u>(46)</u>
Total endowment comprehensive income/(expenditure) for the year				
At 31 July 2024	<u><u>45</u></u>	<u><u>689</u></u>	<u><u>734</u></u>	<u><u>660</u></u>
Represented by:				
Capital	22	729	751	670
Accumulated income	23	(40)	(17)	(10)
	<u>45</u>	<u>689</u>	<u>734</u>	<u>660</u>
Analysis by type of purpose:				
Scholarships and bursaries	24	82	106	78
Prize funds	-	2	2	2
General	21	606	627	580
	<u>45</u>	<u>690</u>	<u>735</u>	<u>660</u>
Analysis by asset and liability:				
Current and non-current asset investments			741	676
Accrued Income				-
Cash & cash equivalents			91	75
Current liabilities			(97)	(91)
			<u>735</u>	<u>660</u>
19 Cash and cash equivalents				
	At 1st August 2023	Cash Flows	At 31st July 2024	
	£'000	£'000	£'000	
Consolidated				
Cash and cash equivalents	13,131	(7,824)	5,307	
	<u>13,131</u>	<u>(7,824)</u>	<u>5,307</u>	

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**

20 Consolidated reconciliation of net debt	31 July 2024	
	£'000	
Net debt 1 August 2023	23,638	
Movement in cash and cash equivalents	(7,824)	
Other non-cash changes	9,241	
Net debt 31 July 2024	25,054	
Change in net debt	<u><u>1,416</u></u>	
Analysis of net debt:	31 July 2024	31 July 2023
	£'000	£'000
Cash and cash equivalents	5,307	13,131
Borrowings: amounts falling due within one year		
Unsecured loans	9,515	15,041
Obligations under finance leases	512	538
	<u>10,027</u>	<u>15,579</u>
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	15,195	15,537
Unsecured loans	5,139	5,653
	<u>20,334</u>	<u>21,190</u>
Net debt	<u><u>25,054</u></u>	<u><u>23,638</u></u>

21 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2024:

	31 July 2024		31 July 2023	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	580	580	391	391
	<u>580</u>	<u>580</u>	<u>391</u>	<u>391</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 2024**

23 Lease obligations

Total rentals payable under operating leases:

	31 July 2024		31 July 2023	
	Land and Buildings	Plant and Machinery	Total	
	£'000	£'000	£'000	£'000
Payable during the year	-	4,395	4,395	4,203
Future minimum lease payments due:				
Not later than 1 year	4,487	75	4,562	4,432
Later than 1 year and not later than 5 years	1,146	126	1,272	1,488
Later than 5 years	629	-	629	858
Total lease payments due	6,262	201	6,463	6,778

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 £140k to the Arts University Bournemouth Students' Union the president of which is a Board Governor. In addition a further £151k 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 £304k ; and
- details of transactions with the Teachers' Pension Scheme and Local Government Pension Scheme are set out in note 25 of the accounts
- transactions totalling £5k took place with Kortext Ltd, a company of which the governor James Gray has been a director during the year. There were no amounts outstanding at the year end.
- transactions totalling £36k took place with Advance HE, a company of which the governor Jan Juillerat has been a lead associate during the year. There were no amounts outstanding at the year end.

**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**
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:	2024	2023
	£'000	£'000
Teachers' Pension Scheme	1,996	1,852
Local Government Pension Scheme	1,421	2,580
	<hr/>	<hr/>
	3,417	4,432
	<hr/>	<hr/>

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

Contributions owing at 31 July 2024 were £422,954 (2023: £383,465) and have been included within creditors.

Teachers' Pension Scheme

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

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

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

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

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

The pension costs paid to the TPS in the year amounted to £1,996,000 (2023: £1,852,000).

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 2024**
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 2024 and as such this has been reflected in the financial statements of the University.

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

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

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

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

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

Assumptions

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

	2024	2023
	%	%
Price inflation (CPI)	2.85	2.80
Rate of salary increases	3.85	3.80
Rate of increase of pensions in payment	2.85	2.80
Discount rate	5.10	5.10
Assumed commutation rate	50	50



**NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024**

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:

	2024	2023
	Years	Years
Retiring today		
Males	21.8	21.8
Females	23.9	23.9
Retiring in 20 years		
Males	23.1	23.1
Females	25.3	25.3
	£'000	£'000
Amounts recognised in the statement of comprehensive income		
Service cost	1,421	2,580
Net interest on defined liability	40	360
Administration expenses	19	20
	<u>1,480</u>	<u>2,960</u>
Actuarial loss/(surplus)	(1,480)	(11,293)
	<u>(-)</u>	<u>(8,333)</u>

The Actuarial surplus of £1,609k was limited to the value of 2022/23 deficit, as there was not sufficient information available for an asset to be identified.

	2024	2023
	£'000	£'000
Analysis of movement in the present value of the scheme liabilities		
The institution's estimated assets share	36,659	32,022
Present value of the institution's scheme liabilities	(36,530)	(33,563)
Actuarial scheme surplus not recognised	(129)	-
	<u>-</u>	<u>-</u>
Deficit in the scheme – net pension liability	-	(1,541)
	<u>-</u>	<u>(1,541)</u>

Analysis of movement in the present value of the scheme liabilities

At beginning of year	33,563	41,119
Current service cost	1,421	2,578
Interest cost	1,704	1,396
Change in financial and demographic assumptions	296	(17,834)
Employee contributions	616	573
Benefit payments	(920)	(722)
Experience (gain)/loss on defined benefit obligation	(150)	6,451
Curtailments	-	2
	<u>36,530</u>	<u>33,563</u>
At the end of the year	<u>36,530</u>	<u>33,563</u>



NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 JULY 2024

25 Pension Schemes (continued)

Analysis of movement in the fair value of the scheme assets

	2024	2023
	£'000	£'000
At beginning of year	32,022	29,879
Interest on assets	1,664	1,036
Return on assets less interest	1,759	(469)
Administration expenses	(19)	(20)
Other actuarial gains	-	379
Employer contributions	1,537	1,366
Employee contributions	616	573
Benefit payments	(920)	(722)
At the end of the year	<u>36,659</u>	<u>32,022</u>

The estimated value of employer contributions for the year ended 31 July 2025 is £1,622,000.

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

	Fair value	Fair value
	2024	2023
	£'000	£'000
Equities	23,146	19,893
Gilts	-	-
Cash	587	465
Other bonds	2,396	2,082
Diversified growth fund	2,408	2,157
Secured Income Funds	-	-
Property	2,827	2,765
Infrastructure	2,728	2,452
Multi Asset Credit	<u>2,567</u>	<u>2,208</u>
	<u>36,659</u>	<u>32,022</u>

The actual return on scheme assets was £3,423,000 for 2024 compared to that of £567,000 for 2023.