

**THE ARTS UNIVERSITY BOURNEMOUTH
CHARITABLE FOUNDATION**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

COMPANY NUMBER: 05367067

CHARITY NUMBER: 1109648



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TRUSTEES AND ADVISERS

Trustees

Professor Stuart Bartholomew CBE
Mr Nigel B E Beale
Mr Simon Gorham (appointed 6 September 2018)
Mr Chris Martin (retired 8 June 2018)
Lady Angela Neuberger
Mr Peter Symons

Secretary

Jon Renyard

Principal Office

7 Fern Barrow
Wallisdown
Poole
Dorset
BH12 5HH

Company Number

05367067 (Registered in England and Wales)

Charity Number

1109648

Auditor

KPMG LLP
South Coast Office
Gateway House
Tollgate
Chandlers Ford
Hampshire
SO53 3TG

Bankers

Barclays Bank
61 Old Christchurch Road
Bournemouth
Dorset
BH1 1ER

Investments Managers

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

TRUSTEES' REPORT

Report of the trustees for the year ended 31 July 2018

The trustees (who are also directors for the purposes of the Companies Act) present their report along with the financial statements of the charity for the year 1 August 2017 to 31 July 2018. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities 2015 and in accordance with Financial Reporting Standards (FRS 102). The accounting policies set out on page 7 also comply with the charity's constitution, the Charities Act 1993.

Structure, Governance and Management

The Foundation was incorporated as a company limited by guarantee (Company number 5367067) on 16 February 2005 and became a registered charity on 24 May 2005 (Charity number 1109648). The Foundation's governing document is the memorandum and articles of association.

The day to day affairs of the charity are looked after by Mary O'Sullivan, the Director of Finance of the Arts University Bournemouth.

The power to appoint additional trustees is vested in the current trustees and should new trustees be appointed one of the existing trustees would take responsibility for their induction.

Other than the Principal and Vice-Chancellor of the Arts University Bournemouth each trustee is appointed for a maximum term of three years after which period they may put themselves forward for re-appointment.

The trustees hold at least two meetings per year and at these meetings the trustees agree the broad strategy and areas of activity for the Trust, including consideration of grant making, fund raising, investment, reserves and risk management policies and performance.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the year.

Trustee Training

All new trustees are briefed and made aware of their responsibilities by the charity's secretary. Guidance documentation issued by the Charities Commission is circulated to trustees.

At trustee meetings presentations are arranged to inform the operation of the trust e.g. developments in terms of fund raising and appraisal of the investment markets.

Risk management

The trustees have examined the major strategic, business and operational risks which the charity faces and confirms that systems have been established to enable regular reports to be produced so that any necessary steps can be taken to lessen these risks.

The trustees consider variability of investment returns on the permanent endowment to constitute the charity's major risk. In order to mitigate this risk, the trustees consider reports prepared by the investment managers twice yearly and question investment decisions. Annual grants awarded can be adjusted to ensure that the unrestricted funds capital is preserved.

Public Benefit

Objectives and activities

The objects of the Trust are the advancement of education principally, but not exclusively, within the subject areas of art, design, media and performing arts and such other purposes as the Trustees see fit.

Grant making policy

The charity awards grants to students attending the Arts University Bournemouth. The grants benefit the students by enabling them to produce enhanced works of art which will provide them with long term advantages in terms of their portfolios. The grants are awarded competitively which ensures that a high standard is achieved in respect of all students' work. Further grants have been made to facilitate international exchanges by contributing towards travel costs.

In addition, the charity supports the development of educational facilities by the Arts University Bournemouth which provide students with access to state of the art buildings and equipment.

Achievements and Performance

During the period grants were awarded to 15 students attending the Arts University Bournemouth and another to improve the learning experience on the BA Costume and Performance Design course at the Arts University Bournemouth which is attended by 230 students.

TRUSTEES' REPORT (continued)

Financial Review

Income of £40,067 (2017: £67,963) was generated in the period to fund its charitable activities. Direct charitable expenditure of £48,075 (2017: £39,520) was made in the form of £11,727 to students of the Arts University Bournemouth for grants and the balance being student course prizes, support with developing the university's drawing provision, and the governance costs of the Charitable Foundation.

At present the charity has adopted a medium risk investment strategy to protect, in absolute terms, the capital value of the fund and has invested its funds in a combination of high interest yielding accounts and capital growth equity trusts. Investment income has totalled £13,610 (2017: £14,662) during the period.

Reserves Policy

The trustees seek to maintain a capital element of free reserves of at least £500,000 of the funds to ensure that through investment, sufficient income is generated and the capital amount enhanced so that future returns in real terms will be maintained. The trustees wish to increase this level of reserves through fund raising with the long term aim of having endowments sufficiently large to fund the charity's objectives on a sustainable basis.

Reserves currently stand at £625,468 with recent annual increases due to positive returns on equity investments. The trustees will consider realising this investment growth with the aim of funding identified activities.

Plans for the Future

The trustees intend to continue providing grants in a similar manner as in previous years. There will be continued efforts to raise funds to support the development of facilities for students by the Arts University Bournemouth availing of the experience gained whilst fund raising for the Drawing Studio.

Auditor

The Company's auditor is KPMG LLP.

The trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The trustees are not aware of any relevant audit information of which the auditor is unaware.

Trustees

The Trustees who served during the period were:

Professor Stuart Bartholomew CBE

Mr Nigel B E Beale

Mr Simon Gorham

Mr Chris Martin

Lady Angela Neuberger

Mr Peter Symons

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF THE ARTS UNIVERSITY BOURNEMOUTH CHARITABLE FOUNDATION IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the group and parent company 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*.

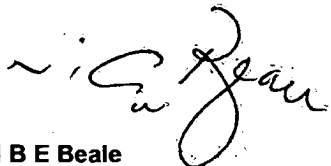
Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are 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; and
- assess the group's and the charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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 them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees on 17 October 2018 and signed on their behalf by:



Nigel B E Beale
Trustee



Professor Stuart Bartholomew CBE
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARTS UNIVERSITY BOURNEMOUTH CHARITABLE FOUNDATION

Opinion

We have audited the financial statements of The Arts University Bournemouth Charitable Foundation ("the charitable company") for the year ended 31 July 2018 which comprise the statement of financial activities (including income and expenditure account), balance sheet, statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at July 31 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- 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*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Trustees' responsibilities

As explained more fully in their statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group's and the charitable company'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 they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARTS UNIVERSITY BOURNEMOUTH CHARITABLE FOUNDATION (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



Victoria Sewell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Tollgate
Chandlers Ford
SO53 3TG

26 November 2018

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Income and endowments from:					
Donations and legacies	2	26	-	26	53
Investment income	3	13	1	14	15
Total income and endowments		39	1	40	68
Expenditure on:					
Charitable activities	4	(48)	-	(48)	(40)
Total expenditure		(48)	-	(48)	(40)
Net gains on investments	5	22	-	22	44
Net income and net movement in Funds for the year		13	1	14	72
Reconciliation of funds					
Total funds brought forward		572	39	611	539
Total funds carried forward		585	40	625	611

The Charity has no recognised gains and losses other than the income and expenditure shown above for either the current or the preceding financial year.

The income and expenditure derive from continuing activities.

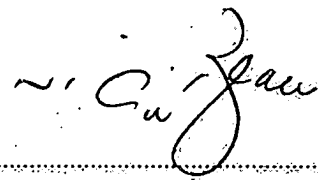
BALANCE SHEET
AS AT 31 JULY 2017

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Fixed assets					
Investments	5	639	-	639	604
Current assets					
Debtors	6	-	-	-	1
Cash at bank and in hand		19	40	59	45
Total current assets		19	40	59	46
Liabilities					
Creditors: amounts falling due within one year	7	(73)	-	(73)	(39)
Net current (liabilities)/assets		(54)	40	(14)	7
Net assets		585	40	625	611
Funds					
Restricted Funds		-	40	40	39
Unrestricted Funds		585	-	585	572
Total Charity Funds	8	585	40	625	611

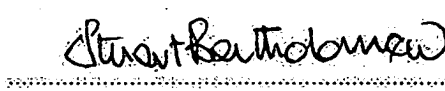
The financial statements on pages 7 to 9 were approved and authorised for issue by the board of trustees on 17 October 2018.

Signed on its behalf by:

Nigel B E Beale
Trustee



Professor Stuart Bartholomew
Trustee



The notes on pages 10 to 12 form part of these financial statements.

STATEMENT OF CASH FLOWS
AS AT 31 JULY 2018

	Notes	2018 £'000	2017 £'000
Cash flow from operating activities			
Net income for the year		14	72
Adjustment for non-cash items			
(Gain) on investments		(21)	(44)
Decrease in debtors		1	2
Increase/(Decrease) in creditors		34	(107)
Investment income (held in investment portfolio)		(14)	(15)
		<u>14</u>	<u>72</u>
Net cash inflow/(outflow) from operating activities		<u>14</u>	<u>(92)</u>
Cash flows from investing activities			
Cash flows from financing activities			
		<u>14</u>	<u>(92)</u>
Increase/(Decrease) in cash and cash equivalents in the year		<u>14</u>	<u>(92)</u>
Cash and cash equivalents at beginning of the year		45	137
		<u>59</u>	<u>45</u>
Cash and cash equivalents at end of the year	9	<u>59</u>	<u>45</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

1. Statement of Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. The grants are accounted for where either the trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the Trust.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Staff Costs

There are no staff costs incurred by the charity. All staff costs associated with the administration of grants are borne by the Arts University Bournemouth.

Investments

Endowment Asset Investments are included at current market values. All other investments are included at the lower of cost and net realisable value.

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.

Debtors

Debtors are recognised at the amount that the trustees anticipate is recoverable or the amount it has received as advanced payments for the goods or services it must provide.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the trustees anticipate it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Related party transactions and trustees' remuneration

Trustees received no emoluments, nor reimbursement of any expenses in the period.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The trustees do not consider there are any critical accounting estimates or assumptions requiring disclosure.

Critical areas of judgement

The trustees do not consider there are any other critical judgements or sources of estimation uncertainty requiring disclosure.

Filing of Accounts

The Trustees' Annual Report and the Financial Statements will be filed at Companies House within the required filing deadline.

Related Party Transactions

The charity has relied on the exemption from having to disclose transactions with related parties and associated entities including the Arts University Bournemouth.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JULY 2018

	2018 £'000	2017 £'000
2. Donations and legacies		
Bursaries and bequests	26	53

3. Investment Income

Interest on cash deposits & investments	14	15
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4. Expenditure on Charitable Activities

The Charity awarded grants to a number of individuals attending as students of the Arts University Bournemouth during the year in furtherance of its charitable activities.

Charitable activities also include governance costs consisting of auditor's remuneration for the provision of audit services £1,645 (2017: £1,645)

5. Investments

Opening balance at market value	604	545
Addition to investments at cost	14	15
Add profit on revaluation	21	44
	<u>639</u>	<u>604</u>
Carrying market value at end of year	639	604

Analysis of Investments

Investments listed on a recognised stock exchange or held in investment funds, open ended investment companies, unit trusts or other collective investment schemes

639	604
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6. Debtors

Trade debtors	-	1
	<u>-</u>	<u>1</u>

7. Creditors: Amounts falling due within one year

Accruals	2	2
Other creditors	71	37
	<u>73</u>	<u>39</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JULY 2018

8. Analysis of Charitable Funds

	At 31 st July 2017 £'000	Incoming Resources £'000	Resources Expended £'000	At 31 st July 2018 £'000
Oswald Morris Scholarship	20	-	-	20
Huw Penalt-Jones Bursaries	2	-	-	2
Crab Drawing Studio Appeal	17	1	-	18
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted Funds	39	1	-	40
Unrestricted Funds	572	61	(48)	585
	<hr/>	<hr/>	<hr/>	<hr/>
Total	611	62	(48)	625
	<hr/>	<hr/>	<hr/>	<hr/>

The restricted funds comprise:

- Oswald Morris Scholarship – these scholarships are available to support students attending Cinematography courses at the Arts University Bournemouth.
- Huw Penalt-Jones Bursary – this bursary is available to support students attending Film Production courses at the Arts University Bournemouth
- Crab Drawing Studio Appeal – the funding raised through this appeal is available to fund the appropriate furnishing of the new CRAB Drawing Studio built on the University's Wallisdown campus and to support the position of a Professor of Drawing

The unrestricted funds are available to be spent for any of the purposes of the charity however the trustees have decided to ring fence a capital sum of £275,000 for investment purposes in order to preserve the fund and ensure the sustainability of future awards.

9. Cash and cash equivalents

	At 1 st August 2017 £'000	Cash Flows £'000	At 31 st July 2018 £'000
Restricted Funds	39	1	40
Unrestricted Funds	6	13	19
	<hr/>	<hr/>	<hr/>
Total	45	14	59
	<hr/>	<hr/>	<hr/>

10. Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received. Within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The charity is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

11. Ultimate Controlling Party

Arts University Bournemouth is the ultimate controlling party of The Arts University Bournemouth Charitable Foundation by virtue of the dominant influence over its operating and financial policies. Therefore the Charitable Foundation is consolidated within the Arts University Bournemouth's group financial statements which are available from:

Arts University Bournemouth
Wallisdown
Poole
Dorset
BH12 5HH