



Financial Statements

Year Ended 31 July 2009



Contents

Operating and Financial Review	3
Members of the Board of Governors	10
Principal Advisers to the University	12
Corporate Governance Statement	13
Responsibilities of the Board of Governors	16
Report of the Independent Auditors to the governing body	17
Statement of Principal Accounting Policies	19
Consolidated Income and Expenditure Account	22
Consolidated and University Balance Sheets	23
Consolidated Cash Flow Statement	24
Statement of Consolidated Total Recognised Surpluses and Deficits	25
Notes to the Accounts	26



Pictures on the front cover from left to right - **Views of campus:** Senate House, passing Deane Lecture Theatre, Chancellor's Mall, the Special Effects Backlot

Above - **Into the future:** a computer-generated image of the new Bolton One complex, within which the University will house its Health and Wellbeing Centre
Busy now: students at work in Senate House which will overlook the new centre

Operating and Financial Review 2008-09



Context

The University's financial performance in 2008-09 continued to be resilient in the face of further turbulence in the sector and in the economy as a whole.

Key issues referred to in the previous year's report such as HEFCE's policy on non-completions, the funding of Equivalent or Lower Qualifications (ELQs), and the decision to amend the regulations relating to the funding treatment of students recruited part way through an academic year (i.e. non standard entry) were responded to effectively by the University. A productive dialogue was entered into with the Funding Council over the impact of HEFCE's further guidance on the application of the definition of student non-completions, following the emergence of this issue in the sector. As a result of this dialogue, the University agreed an action plan to ensure that its data was compliant with HEFCE guidelines and received reassurance that the Funding Council was satisfied with its actions in August 2009. On this basis the funding implications for 2007-08 and 2008-09 from HEFCE's reconciliation of the University's HESA and HESES data were calculated and transmitted to the University in September 2009. The consequences of this exercise are still under discussion with HEFCE officers however the University has made appropriate provision in its 2008-09 accounts for any subsequent grant holdback.

Taking into account the above and reflecting also a good year in terms of recruitment and the expansion of income from other services rendered, research and international student recruitment on and off campus, the University was able to record a surplus of £613,000 on a historical cost basis set against a forecast budget deficit of £150,000.

This position was achieved while completing the implementation of the national pay settlement and associated back pay claims. It was also in spite of absorbing the financial costs associated with the closure of the Chadwick campus and the relocation of activity on to a single campus, thus completing the final phase of the University's five year Estates Strategy. The longer term benefits of this Strategy are manifold but can be summarised as:

- Significant enhancement of the student experience and better teaching and social facilities.
- Improvement in the overall condition of the Estate as measured by HEFCE Estates indicators.
- Improvement in the Space Utilisation figures as measured by HEFCE indicators, matching the best figures in the sector.
- Improved energy consumption and contribution towards the University's Sustainability policy.

Planning for Financial Sustainability

Going forward, the completion of the Single Campus Strategy is one element in the University's strategic financial planning. Developments in the world and UK economies in 2008-09 and their likely consequences on the affordability of public sector expenditure budgets, particularly for higher education, make it imperative that universities plan prudently to prioritise resources on front line learning, teaching, research and knowledge transfer services and contain costs. The Funding Council's own planned reductions in institutional grant funding announced in 2009, also reinforced this imperative.

To this end, the University established in April 2009, an Institutional Sustainability Review Group, which would report to the Board of Governors on the actions needed to save 10% of staffing costs and 10% in discretionary non pay costs and to look at other areas of expenditure saving. The Group is chaired by an external retired Vice Chancellor and former president of UUK, and has a membership drawn from the Deputy Vice Chancellor, University Registrar and Secretary, Executive Director of Resources, a Dean of School, an independent Governor, staff Governor and officers of the academic and professional staff trade unions. The Group has met regularly and had already made approximately 35% of the agreed target savings by September 2009, with plans continuing to be discussed for the remainder to be achieved during 2010. The main elements of the Sustainability Review include a review and rationalisation of management costs; curtailment/merging of uneconomic academic programmes and subject areas; control of part-time and non-contracted staff expenditure and a business process review to identify where savings and efficiency gains might be made in professional and technical services.

It is expected that a final report will be made to Governors in December 2009 on the actions necessary to achieve the full 10% savings, although many have already been implemented and reported upon.

Key Developments

Progress with the University Campus in Ras Al Khaimah (United Arab Emirates)

In 2008-09 the University took its first students into the new Ras Al Khaimah (RAK) campus opened in September 2008 in partnership with a local educational provider. Recruitment has been better than anticipated with a total of 230 students enrolled (compared to an expected 150) on a range of business, computing, engineering and built environment programmes. This has necessitated a move into larger premises and this was accomplished in June 2009. The University continues to maintain a tight grip on quality matters in RAK and has appointed an Academic Director for the campus from its own staff to oversee developments and operation. University staff are involved in double marking, staff development of RAK colleagues and the setting of course content and assessment tasks in order to ensure appropriate standards. As more experienced staff are appointed to the RAK campus it is hoped to give more academic responsibility to the staff based there but for the moment the University maintains a strong guiding hand on programme content and delivery.

The model being used is being carefully monitored and costed and it is hoped to apply it to other areas of transnational education as a means of diversifying of the University's income streams. Preliminary discussions have been held with our RAK partner about a similar development in India. Transnational programmes are currently operated by the University in China, Hong Kong, Vietnam, Malaysia and Africa, accounting for approximately £1,000,000 annually in terms of income and it is intended to grow this income stream over the next five years through planned strategic developments.

Outcome of the Research Assessment Exercise

Research currently accounts for a relatively small portion of the University's income, but despite this the University received excellent results in the Funding Council's Research Assessment Exercise concluded in December 2008. Nine research areas were submitted: General Engineering (including Materials), Architecture and the Built Environment, Business, Social Policy, Psychology, Education, English, Philosophy and Art and Design, with much of the University's work being assessed as of international significance and quality. With effect from 2009 therefore, the University expects to benefit from a significant annual uplift in research funding from the RAE, rising from £270,000 in 2008-09 to £730,000 in 2009-10. This funding will be used to build up the strength of existing centres of excellence, notably in Materials, but also to pump prime emerging areas of excellence linked to the University's strategic priorities such as Health and Wellbeing and Construction/Engineering.

Public Engagement, Employer Responsiveness and Knowledge Transfer

The University revised its approach to Employer Engagement during 2008-09, creating a new Business Support and Development Unit (BSDU) to coordinate continuing professional development and employer facing activity delivered by academic schools. In addition to increasing CPD short course activity, Knowledge Transfer Partnerships and involvement in Higher Level Skills Partnerships with key sectors, the University has worked closely with the Greater Manchester Strategic Alliance Lifelong Learning Network to build up a Credit and Awards Consortium which will enable employers and their staff to build up continuing professional development into diplomas, full degrees and higher degrees. The consortium, ADVANCE, of which the University is one of two higher education partners, has been shortlisted for one of the prestigious Times Higher's Annual HE awards. The University also successfully bid to HEFCE's Economic Challenge Investment



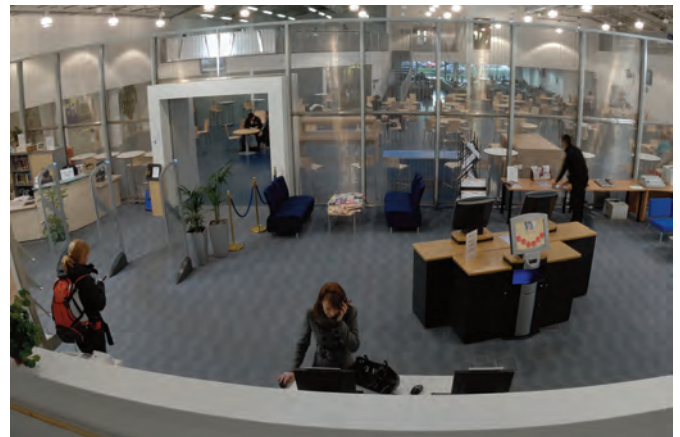
New for students: the Social Learning Zone in the heart of campus



A students' union bar and social centre



Facilities including a students' radio station



Enhanced library facilities next to the SLZ

Fund (ECIF) for funding to support its work in helping companies and individuals overcome the recession and was awarded £250,000 to develop this work. Work with the NHS, the BBC, North West Vision and Media, BAE Systems, Baltex and many other companies on short courses, applied research and consultancy is growing and the University is actively promoting this work in order to diversify its income streams and to promote professional engagement and experience for its staff and students. An innovative development in this respect was the opening of the Bolton Sports Injuries Clinic within the University, a facility open to staff, students, the general public and sporting organisations, run by University Sports Rehabilitation staff and offering real supervised work experience to our Sports Rehabilitation students as part of their course.

Significant partnership work has also developed with the BBC, culminating in placements for our students and the winning of the 2009 BBC Writersroom Future Talent Award by one of our Media Writing and production students. Similar partnerships with the Bolton Museum, the Octagon Theatre and the National Media Museum are also opening up opportunities for staff and student engagement with external communities of practice, giving true expression to our strategic intent of making our students and staff 'professionals in practice'.

Research Partnerships and External Funding

The University joined with the Universities of Manchester and Liverpool and the Daresbury Research Laboratory to secure North West Development Agency funding of £8 million for the creation of a Knowledge Centre for Materials Chemistry, which will pull together the scientific expertise of the partners to support the chemicals and pharmaceuticals industry of the North West and nationally. Opened by the Secretary of State for Education in 2009, the virtual centre will place the University's research in Materials Science at the service of industrial partners by promoting new product innovation and commercialisation. It will create jobs in the North West economy and maintain the preeminent position of the North West chemicals and pharmaceuticals sector in the national and international economies.

The University also received significant research grants during the year from the Technology Strategy Board, the Leverhulme Trust and the Marriott Trust – the latter a £100,000 donation from the Bolton Le Moors Rotary Club to support local students wishing to pursue research and to contribute to the benefit of Bolton as a town.



Royal welcome: HRH, Prince Edward opens the SLZ...



and the new RAK campus, simultaneously, via satellite link



Business Engagement: crowds at a textiles' commercial future event...



hosted by, Imran Hakim, University Fellow of Entrepreneurship

Health and Wellbeing Centre

In partnership with the Bolton Primary Care Trust and Bolton Council, the University concluded an agreement for an ambitious £30 million joint project to build a new Health and Wellbeing Centre on the University's campus. The project combines swimming and fitness facilities for the public and for University staff and students, a primary care treatment centre and linked teaching and research facilities for University staff and students, creating a unique professional teaching and research centre where staff and students can work alongside their fellow practitioners. This development will place the University at the forefront of the new public health agenda. It will create a 'teaching and research laboratory' with primary care, health and fitness professionals working alongside our staff and students on University premises, taking the concept of the 'teaching hospital' into the 21st century. Because of the project's strategic significance for the University and as a model for the sector, the University bid for and was pleased to receive £6 million funding from HEFCE's Strategic Development Fund. The Centre will now be built with a target opening date of 2012.

Addressing the Environmental Sustainability Agenda

The University established an Environmental Sustainability Group in 2008-09 to focus effort on the need to improve performance with regard to energy conservation, carbon reduction and the elimination of waste, in line with the Funding Council's requirement that all institutions should address this issue strategically. A Sustainability Strategy has been developed, targets are being created for savings on energy costs and waste reduction and an awareness raising campaign is being developed, targeted at managers, staff and students. A successful bid has been made to HEFCE's Revolving Green Fund to secure funding for carbon reduction measures which will then be self-funding through the savings made on consumption costs. Also, funding from JISC has been secured for a project to investigate how to cut the energy consumption of the University's computers and the results of this work will be rolled out in 2010.

Executive and Board of Governors ownership of the Sustainability agenda is being ensured through regular reporting to both bodies and training events targeting senior staff and governors.



One campus, new facilities: Eagle Tower now boasts new video rooms...



and filming studios...



and graphic design suite...



while Special Effects thrive in the Holts Mill development

Revising the University's Strategic Plan

2009 marked the mid way point in the University's Strategic Plan which is focused upon the vision of becoming a respected and acknowledged Professional University as the key strategic organising principle for our academic and supporting activities. The mid point review launched in 2008-09 will aim to create a new Strategic Plan from 2009-2015 and involves detailed consultation within and outside the University. The assumption is that we will maintain the concept of the Professional University as our strategic touchstone but will give more specific focus to its expression in a number of our strongest academic areas. We will also look for more strategic collaborations and partnerships, such as the Health and Wellbeing Centre referred to above, to give added strength to our claims to offer rich professional and academic experiences which sustain high quality learning, teaching and research. More specifically, we are developing new supporting strategies in Academic Development, Research and Knowledge Transfer, Learning and Teaching, Widening Participation and Financial Sustainability which will more effectively underpin the achievement of our strategic vision in a changed economic and political climate.

The key issues we will be evaluating and addressing in our review and reformulation of the Strategic Plan will be:

- Building local and international strategic partnerships.
- The balance between undergraduate and postgraduate provision.
- Diversification of income streams.
- Employer and public engagement.
- Greater academic concentration and specialisation.
- Internationalisation and employability.
- Maximising our strength in STEM (Science, Technology, Engineering and Mathematics) subjects.



Partnerships: with the Marriott Trust, to research social cohesion...



with the Institute of Financial Accountants to develop in collaboration...



with the National Media Museum to advance teaching and learning...



and as a key partner in the new NW materials chemistry research hub

Financial

The University has reported a surplus of £613,000, (on a historical cost basis) which is equal to 1.3% of our turnover in the year.

Operating Surplus

The operating surplus was £26,000. The main variations from the previous year are:

performance this has helped to maintain strong cash balances through the year.

Recent financial turmoil meant that the Chadwick Campus could not be disposed of for an acceptable price; consequently this is being retained.

The University's financial strategy sets a target of cash balances being maintained at, or higher than, 6% of turnover.

Head	Increase	Decrease	Reason (significant items only)
Funding Council Grants		£1,033,000	Impact of ELQ's and non-completions.
Academic fee income	£1,961,000		Mainly an increase in home full-time fees, this being the third year of variable fees for undergraduate full-time students and an increase in overseas student fees
Interest Receivable		£342,000	Reduction in interest rates and impact of FRS17.
Staff Costs	£1,547,000		Pay increases.

Liquidity

The Funding Council allocated capital grants of £5.2 million for the period 2008-11 and these were drawn down during the early part of the year. Together with a good operating

This would equate to a value of £2,809,000 in 2008-09. This target was achieved during 2006-07 and has been maintained through 2007-08 and 2008-09.

Reserves

At 31 July 2009 the University's Income & Expenditure Account reserves amounted to £6,950,000 before the impact of FRS17. The volatile pension reserve rose to a £13,003,000 deficit taking the retained reserves down to a deficit of £6,053,000.

Borrowings

The University's current borrowings relate mostly to the finance leases in respect of the two halls of residence.

Sustainability

The University views the potential cuts in government funding as a serious threat to its financial position and has established the Institutional Sustainability review group

referred to above. The budget for 2009-10 and the forecasts for the years beyond anticipate some reductions in funding and action is being taken to reduce the University's cost base accordingly.

Disclosure of Information to Auditors

The members of the Board of Governors who held office at the date of approval of the report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.



Graduation celebrations: for more than 3,000 students...



For alumni, co-founders of the Buzzcocks, Pete Shelley and Howard Devoto



For former Chair of Governors, Lorraine Brannan...



and for England and Manchester Utd footballer, Gary Neville

Members of the Board

1 August 2008 to 31 July 2009



Name	Category	Sub Committee Member	Note
Ms M Neville-Rolfe CB BA	Independent	Resources Remuneration Nominations Ad Hoc Appointments	Chair of the Board
Mr M Sheen PGCE BA FCA CTA	Independent	Audit Remuneration Nominations Ad Hoc Appointments	Deputy Chair of Board from 26 August 2008/ Chair of Audit Committee
Mr N Myerson LLB Solicitor of the Supreme Court	Independent	Resources Remuneration Ad Hoc Appointments	Chair of Resources Committee
Mrs L Brannan FCMI FRSA	Independent		To 12 November 2008
Mr S Conn FCA FIPA	Independent	Resources Nominations Ad Hoc Appointments	From 4 March 2009
Mr R Gould MA FCA CCMI	Independent	Resources Remuneration Ad Hoc Appointments	
Mr A Horne	Independent		To 12 November 2008
Ms S Kay LLB Barrister	Independent	Audit Remuneration Nominations Ad Hoc Appointments	Deputy Chair of Board to 26 August 2008

Members of the Board

Name	Category	Sub Committee Member	Note
Rt. Reverend N McCulloch MA DCL	Independent	Audit Ad Hoc Appointments	From 12 November 2008
Prof I Memon MBBS LRCP (Glas) LRCS (Glas) LRCP & S(Edin) DCH DCCH DTM & H MPH DFPHM DMS MBA	Independent	Resources Ad Hoc Appointments	
Dr B Tomkins MA PhD FEng FRSA FIOMMM FINucEng CEng	Independent	Audit Nominations Ad Hoc Appointments	
Dr G Holmes BSc MBA PGCE PhD FlntD	Vice Chancellor	Resources Nominations Remuneration	
Ms G Richards	Statutory Co-opted	Audit	
Mr C Minta BA MBA TCERT AIOsh SIRSM	Academic Co-opted		From 1 August 2008
Prof O Liber FBCS CIPF FCyBS CMATH MIMA CSci FRSA	Senate Member		From 1 August 2008
Ms S Burkinshaw MCIPD FHEA MA PGCE BA	Senate Member		
Mr M Higgins	Students' Union President		To 30 June 2009
Mr A Howell BSc Game Design	Students' Union President		From 1 July 2009
Mr K Govarthanam	Student Elected Member		To 30 June 2009
Mr E Matsika PGDip (Management Studies) BEng (Mechanical Engineering) MEng (Thermofluids Engineering)	Student Elected Member		From 1 July 2009
Mrs P Lonsdale	Support Staff Co-opted	Nominations	

Principal Advisers to the University



Bankers

Co-operative Bank plc

PO Box 101
1 Balloon Street
Manchester, M60 4EP

Solicitors

DLA LLP

India Buildings
Water Street
Liverpool, L2 0NH

Eversheds LLP

Eversheds House
70 Bridgewater Street
Manchester, M1 5ES

Nexus Solicitors

Carlton House
16-18 Albert Square
Manchester, M2 5PE

External Auditors

Grant Thornton UK LLP

4 Hardman Square
Spinningfields
Manchester, M3 3EB

Internal Audit

UNIAC

Armstrong House
Oxford Road
Manchester, M1 7ED



Student at work in the relaxed setting of the SU bar...



... or in the more formal, and enhanced, library

Corporate Governance Statement (Internal Statement of Control)



The University is committed to exhibiting best practice in all aspects of corporate governance and that was fully achieved in 2008-09.

This summary describes the manner in which the Governing Body has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the University complies with all the provisions of the Combined Code in so far as they apply to the Higher Education Sector, and it has complied throughout the year ended 31 July 2009.

The Governing Body

The Board of Governors meets at least four times a year and has the following committees:

- Audit Committee
- Resources Committee
- Nominations Committee
- Remuneration Committee
- Ad hoc Appointments Committee

All of these committees are formally constituted with terms of reference approved and regularly reviewed by the Governing Body. They comprise mainly independent members of the Governing Body, one of whom is the Chair. The Remuneration Committee is a decision making body and determines the remuneration of the designated senior post holders, including the Vice Chancellor, the Deputy Vice

Chancellor and the University Registrar and Secretary who is also Clerk to the Governors.

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

All Governors have access to the Clerk to the Governing Body, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Governing Body as a whole.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Vice Chancellor are separate.

The following processes have been established:

- The Board of Governors met four times in the year.
- Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.



Prize winners: Alumnus Matt Mills wins BBC writing talent trophy...

- In addition to the above meetings the Board members underwent two training days in 2008-09, (12 November 2008 and 13 May 2009). Topics covered included an update on the Wellbeing Centre, review of progress against the Strategic Plan, Effective Governance, an update on the United Arab Emirates Campus Development, and Institutional Financial Sustainability/2030 Vision.
- The Board of Governors receives reports, including the annual report, from the Audit Committee. Reports are received from managers of key activities and projects. For example in the last year the Board has received reports on the estates strategy and individual items, recovery plan; key strategic resource issues, Institutional Sustainability Review updates, financial regulations; monthly management accounts; funding; risk management and risk appetite statement; HEFCE's Assessment of Institutional Risk international recruitment; human resources and implementation of the new pay framework; industrial relations, health and safety matters; student retention; student recruitment; student fees; Students' Union and relevant student issues; University policies, including the Revised Grievance Procedure, the Disciplinary Procedure and the Health & Safety Policy, and relevant governance issues. Implicitly these documents consider risk and internal control.
- The Board of Governors takes responsibility for overseeing risk management, as stated in the Risk Management Policy and has determined and approved a risk appetite statement for inclusion therein. The Audit Committee reports to the Board of Governors on aspects of risk management and the risk register is presented to the Board of Governors. The Executive Team takes operational responsibility for risk management within the University.

Attendance at meetings by individual members of the Board for the period 1 August 2008 - 31 July 2009 has been recorded as follows (see table, below)

Number of Board meetings attended:-	
Ms M Neville-Rolfe	4 of 4
Mr M Sheen	3 of 4
Mr N Myerson	4 of 4
Mrs L Brannan	1 of 1
Mr S Conn	3 of 3
Mr R Gould	4 of 4
Ms S Kay	3 of 4
Bishop N McCulloch	3 of 4
Prof I Memon	4 of 4
Dr B Tomkins	3 of 4
Dr G Holmes	4 of 4
Ms G Richards	1 of 4
Mr C Minta	4 of 4
Prof O Liber	4 of 4
Ms S Burkinshaw	4 of 4
Mr M Higgins	3 of 3
Mr A Howell	1 of 1
Mr K Goverthanam	3 of 3
Mr E Matsika	1 of 1
Mrs P Lonsdale	4 of 4

- Board members have been actively engaged in all Committees and involved in working groups and University procedures when required.

Audit Committee

The Audit Committee met three times in the year, with the University's external and internal auditors in attendance. Each meeting considered specific reports on risk management. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and once a year the Committee meets the External Auditors on their own for independent discussions. Risk management (including the risk register) is a standing item on every agenda.

Internal Control

The Board of Governors is responsible for the University's system of internal control and for reviewing its effectiveness. The system of internal control is based on an ongoing process designed to identify risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively and economically. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view 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 2009 and up to the date of approval of the annual report and accounts and that it is regularly reviewed by the Board of Governors.

The University has an Executive Board of 20 individuals that comprises academic and support managers who are responsible for ensuring that risk management is embedded within all of the University's activities. The Executive Board receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. Risk prioritisation is based upon



Flying High: PhD student, Matt Bell, winner of the Royal Aeronautical Society Young Persons Achievement Award

impact and likelihood. Key strategic risks to the institution are brought out of the general risk register into a separate section so they can be more easily monitored with cross references to the more detailed Business Risks and Corporate Objectives. The Executive Board is actively involved in risk prioritisation, the information from these discussions being reported to the Board of Governors.

The Governing Body's review of the effectiveness of the system of internal control is informed by internal audit, (Uniac) which operates to standards defined in the HEFCE Audit Code of Practice and, in its annual opinion for 2008-09, Uniac concluded that at the year end the University's risk management, corporate governance and internal control environment were all operating effectively, but have drawn the Governing body's attention to recent improvements in the controls regarding student data management.

Going concern

After making appropriate enquiries, the Governing Body considers the University has access to resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Responsibilities of the Board of Governors



In accordance with the Education Reform Act 1988 the Board of Governors is responsible for the administration and management of the University's affairs, including an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988 (as amended by the Further and Higher Education Act 1992), the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant standards. In addition, within the terms and conditions of Financial Memorandum agreed between the Higher Education Funding Council for England and the University's Board of Governors, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficits and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that :

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from the Higher Education Council for England, and the Learning and Skills Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the relevant Funding Council and any other conditions which the Funding Councils may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and prevent and detect fraud; and
- Secure the economic, efficient and effective management of the University's resources and expenditure.

Report of the independent auditors to the governing body of the University of Bolton

We have audited the group and university financial statements (the 'financial statements') of the University of Bolton for the year ended 31 July 2009 which comprise the group and university income and expenditure accounts, the group and university balance sheets, the group cash flow statement, the group and university statements of total recognised surpluses and deficits and the notes 1 to 37. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the governing body, 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 governing body those matters we are required to state to it 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 board of governors for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University's board of governors and auditors

The governors' responsibilities for preparing the report of the governors and group financial statements in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities on page 16.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England, and the Learning and Skills Council.

We also report to you whether the information in the report of the governors is consistent with the financial statements.

In addition we report to you if in our opinion the University has not kept adequate accounting records, if the University's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the financial statements and consider whether it is consistent with the audited financial statements. This information comprises only the report of the governors and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and the Audit Code of Practice issued by the funding council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in the preparation of the financial statements and of whether the accounting policies are appropriate to the group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view of the state of the group and the University's affairs as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended.
 - The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.
 - The information given in the report of the governors is consistent with the financial statements for the year ended 31 July 2009.
- In all material respects, income from the funding council, and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received.
 - In all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council, and the funding agreement with the Learning and Skills Council.

Grant Thornton UK LLP

Registered Auditor

Chartered Accountants

Manchester

Statement of Principal Accounting Policies



a) Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and applicable Accounting Standards.

b) Scope of the Accounts

The University has two subsidiary companies, Bolton Institute Enterprises Ltd and The University of Bolton Enterprises Ltd. The results of these companies are included within the consolidated Income and Expenditure Account, and are fully consolidated within the Balance Sheet.

c) Tangible Fixed Assets

(i) Land and Buildings

Land and buildings inherited from Bolton MBC and buildings acquired since incorporation are stated in the balance sheet at valuation as at 31 July 2009 on the basis of depreciated replacement cost, with the exception of Holts Mill and the Chadwick site which were valued on a market value basis.

The depreciation charged in 2008-09 (Note 12) is based upon the economic lives of the buildings as determined by the valuation made as at 31 July 2004, and these range between 5 and 50 years.

Freehold land is not depreciated. Freehold buildings will be depreciated over their expected useful economic life to the University of up to 50 years. The University has a policy of depreciating major adaptations to buildings over the period of their useful economic life of up to 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of those assets.

Assets whilst in the course of construction are not depreciated.

(ii) Equipment

On 1 April 1989 the University acquired unrestricted title to all assets then in use. Because accurate inventories were not available valuation of transferred equipment for balance sheet purposes had been agreed with the auditor on the basis of one half of insured value, which has now been fully depreciated. Purchases greater than £10,000 since 1 April 1989 have been capitalised at purchase price and will be written down over the period indicated as follows: -

Equipment	Economic Life (Years)
Equipment acquired after	
1 August 1998	3
Telephone Equipment	5
Halls of Residence Furniture	10

d) HEFCE Grants

HEFCE grant income is accounted for in accordance with the purpose of the grant. Recurrent and other revenue grants are credited directly to the Income and Expenditure Account. Grants, which are applied to acquire tangible fixed assets, are credited to the Income and Expenditure account over the estimated useful life of the assets. Grants received from HEFCE, which are attributable to future years, are included in creditors as deferred income.

e) Other Grants

Certain grants are received for specific purposes. Income from continuing research grants and contracts has been included in the financial statements to the extent that it is due.

f) Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within the categories covered by section 505 of the Taxes Act 1988 or section 256 of the Chargeable Gains Act, to the extent that such income or gains are applied exclusively to charitable purposes.

The University receives no such similar exemption in respect of Value Added Tax.

g) Restructuring and Early Retirement Costs.

Costs of voluntary restructuring and early retirement are provided for in full from the date applications are formally approved.

h) Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. 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. No investments, however liquid, are included as cash.

i) Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased asset at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges, which are amortised over each term to give a constant charge on the remaining balance of the obligations.



Expanding science: the University received a significant uplift in research funding following the RAE award

j) Foreign Currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are transferred to the Income and Expenditure Account.

k) Pension Schemes

The pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Greater Manchester Pension Fund (GMPF), and the Universities' Superannuation Scheme (USS). The schemes are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. The TPS is valued every five years by the Government Actuary, the GMPF every three years by the actuaries using the retained age method, and the USS every three years by the actuary using the projected unit method.

In the cases of the TPS and USS since it is not possible to identify the University's share of the underlying assets and liabilities FRS17 requires that these schemes are accounted for as defined contribution schemes, with contributions



Business in the community: the University spine and sports injury clinic...

recognised in the year they are paid. In the case of the GMPF the University's share is identifiable and hence FRS17 is fully applicable; accordingly its share in the scheme is fully incorporated in the accounts.

Contributions are paid by the University at the rate specified by the actuary. Pension costs are assessed on the latest actuarial valuation of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employee's services. Variations from regular cost are spread over the expected average remaining lifetime of members of the schemes after making allowances for future withdrawals.

The University's provision for enhancing pensions was last revalued 31 July 2004.



open to all and set to move to the Health and Wellbeing Centre when it opens in 2012

l) Repairs and Maintenance.

In accordance with FRS12 all maintenance costs are charged to the Income and Expenditure account as incurred.

m) Research and Development

Costs of Research and Development are charged to the Income and Expenditure Account in the year in which they are incurred.

Consolidated Income and Expenditure Account

For the Year to 31 July 2009

	Note	2008-09 £000	2007-08 Restated £000
Income			
Funding Council Grants	1	22,791	23,824
Academic Fees and Support Grants	2	17,110	15,149
Research Grants and Contracts	3	2,317	2,161
Other Operating Income	4	4,365	4,441
Endowment Income and Interest Receivable	5	234	576
Total Income		<u>46,817</u>	<u>46,151</u>
Expenditure			
Staff Costs	6	27,334	25,787
Staff Costs – Restructuring	6	16	202
Other Operating Expenses	9	16,550	16,275
Depreciation	12	1,919	1,899
Interest payable	10	972	806
Total Expenditure		<u>46,791</u>	<u>44,969</u>
Surplus After Depreciation of Assets at Valuation		<u>26</u>	<u>1,182</u>

Consolidated Statements of Historical Cost Deficits and Surpluses for the Year ended 31 July 2009

	Note	2008-09 £000	2007-08 £000
Surplus After Depreciation of Assets at Valuation		26	1,182
Difference between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	23	587	844
Historical Cost Surplus		<u>613</u>	<u>2,026</u>

The Income and expenditure of the Group relates wholly to continuing operations.
The notes on pages 26 to 40 form part of the financial statements.

Consolidated and University Balance Sheets

As at 31 July 2009

	Note	Consolidated 2008-09 £000	University 2008-09 £000	Consolidated 2007-08 Restated £000	University 2007-08 Restated £000
Fixed Assets					
Tangible Assets	12	52,857	52,857	55,552	55,552
Investments	13	0	0	1	1
		<u>52,857</u>	<u>52,857</u>	<u>55,553</u>	<u>55,553</u>
Endowment Asset Investments	14	160	160	157	157
Current Assets					
Debtors	15	3,719	3,719	3,727	3,727
Short Term Deposits	16	39	39	12	12
Cash at Bank and in Hand		10,479	10,479	6,959	6,959
		<u>14,237</u>	<u>14,237</u>	<u>10,698</u>	<u>10,698</u>
Creditors:					
Amounts Falling Due Within One Year	17	13,573	13,573	10,669	10,669
Net Current Assets		<u>664</u>	<u>664</u>	<u>29</u>	<u>29</u>
Total Assets Less Current Liabilities		53,681	53,681	55,739	55,739
Creditors: Amounts Falling Due After One Year	18	6,654	6,654	7,125	7,125
Provisions for Liabilities and Charges	19	3,154	3,154	5,104	5,104
Net Assets Excluding Pension Liability		43,873	43,873	43,510	43,510
Net Pension Liability	31	(13,003)	(13,003)	(6,020)	(6,020)
Total Net Assets		<u>30,870</u>	<u>30,870</u>	<u>37,490</u>	<u>37,490</u>
Represented by:					
Deferred Capital Grants	20	17,061	17,061	12,337	12,337
Endowments					
Specific	21	160	160	157	157
Reserves					
Income and Expenditure Account	23	6,950	6,950	6,068	6,068
Pension Reserve	31	(13,003)	(13,003)	(6,020)	(6,020)
Income and Expenditure Account		(6,053)	(6,053)	48	48
Revaluation Reserve	22	19,702	19,702	24,948	24,948
Total Reserves		<u>13,649</u>	<u>13,649</u>	<u>24,996</u>	<u>24,996</u>
Total Funds		<u>30,870</u>	<u>30,870</u>	<u>37,490</u>	<u>37,490</u>

The Financial Statements on pages 19 to 40 were approved by the Board of Governors on 10 November 2009 and signed on its behalf by;

Ms M Neville-Rolfe CB, Chair of the Board of Governors

Dr G Holmes Vice Chancellor

Consolidated Cash Flow Statement

For the Year to 31 July 2009

	Note	2008-09 £000	2007-08 Restated £000
Net Cash Inflow from Operating Activities	26	2,925	6,368
Returns from Investments and Servicing of Finance	27	(444)	(377)
Capital Expenditure and Financial Investment	28	1,466	(5,636)
Cash Inflow before use of Liquid Resources and Financing		<u>3,947</u>	<u>355</u>
Management of Liquid Resources (Short Term Deposits)	30	(27)	6,811
Financing	29	(400)	(287)
Increase in Cash	30	<u>3,520</u>	<u>6,879</u>

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2008-09 £000	2007-08 Restated £000
Increase in Cash in the Period		3,520	6,879
(Decrease)/Increase in Short Term Deposits	30	27	(6,811)
Repayment of Debt	29	419	287
Change in Net Debt		<u>3,966</u>	<u>355</u>
Net Debt at 1 August		(512)	(867)
Net Debt at 31 July	30	<u>3,454</u>	<u>(512)</u>

Statement of Consolidated Surpluses and Deficits

For the Year to 31 July 2009

Statement of Consolidated Surpluses and Deficits for the Year to 31 July 2009

	Note	2008-09 £000	2007-08 Restated £000
Surplus after Depreciation of Assets at Valuation		26	1,182
Revaluation of Property	22	(4,659)	0
Endowment Income	21	3	8
Actuarial Gain/(Loss) in respect of Pension Scheme	31	(6,714)	(2,199)
Revaluation Reserve Eliminated on Disposal	22	0	(1,379)
Total Recognised Losses Since Last Report		<u>(11,344)</u>	<u>(2,388)</u>
Reconciliation			
Opening Reserves and Endowments		25,153	27,541
Total Recognised (Losses) relating to the Year		<u>(11,344)</u>	<u>(2,388)</u>
Closing Reserves and Endowments		<u>13,809</u>	<u>25,153</u>

Notes to the Accounts

I. Funding Council Grants

	HEFCE £000	LSC £000	2008-09 Total £000	2007-08 Total £000
Recurrent Grant				
Teaching	15,556	338	15,894	18,880
Research	270	0	270	157
Widening Access	3,104	0	3,104	3,238
Other Recurrent Grants	1,941	0	1,941	155
Total Recurrent Grants	<u>20,871</u>	<u>338</u>	<u>21,209</u>	<u>22,430</u>
Specific Grants				
Teaching Quality Enhancement Fund	316	0	316	299
GMSA	471	0	471	277
Science Research Investment Fund	0	0	0	182
Other	298	0	298	221
Total Specific Grants	<u>1,085</u>	<u>0</u>	<u>1,085</u>	<u>979</u>
Releases of Deferred Capital Grants (Note 20)	497	0	497	415
	<u>22,453</u>	<u>338</u>	<u>22,791</u>	<u>23,824</u>

2. Academic Fees and Support Grants

Fees paid by or on behalf of Individual Students

UK Higher Education Students	9,575	7,975
European Union (Excluding UK) Students	329	232
Non EU Students	4,162	4,114
UK Further Education Students	86	145
Part-Time Fees	2,096	1,826
Other Fees and Grants	254	146
Total Fees Paid by and on behalf of individual students	<u>16,502</u>	<u>14,438</u>
NHS Contract	608	711
Total Fees	<u>17,110</u>	<u>15,149</u>

3. Research Grants and Contracts

Research Councils	338	320
UK Based Charities	6	45
EU Government Bodies	399	315
Other Grants and Contracts	1,574	1,462
Releases from Deferred Grants (Note 20)	0	19
	<u>2,317</u>	<u>2,161</u>

4. Other Operating Income

	2008-09	2007-08
	£000	£000
Residences, Catering and Conferences	2,042	2,023
Other Income Generating Activities	1,159	990
Releases from Deferred Capital Grants (Note 20)	131	43
EU Government Bodies	33	540
Other Income	1,000	845
	<u>4,365</u>	<u>4,441</u>

5. Endowment Income and Interest Receivable

Income from Short Term Investments	221	421
Donations	13	0
Pension Finance Income (Note 31)	0	155
	<u>234</u>	<u>576</u>

6. Staff Costs

Staff Costs		
Wages and Salaries	22,537	20,607
Social Security Costs	1,809	1,643
Other Pension Costs (including FRS17 adjustment Note 31)	2,788	3212
	<u>27,134</u>	<u>25,462</u>
Contribution to Pension Provision (Note 19)	200	325
Total Staff Costs	<u>27,334</u>	<u>25,787</u>
Restructuring Costs – SSAP24 Provision (Note 19)	0	10
Restructuring Costs – Cash	16	192
	<u>16</u>	<u>202</u>
Total Staff Costs Restructuring Scheme	<u>27,350</u>	<u>25,989</u>

Analysis of Staff by Major Category

	2008-09	2007-08
	FTE	FTE
Academic	263	261
Support	354	354
Management and Specialist	47	48
	<u>664</u>	<u>663</u>

The Staff numbers exclude temporary and casual staff because the information is not available to convert them to full-time equivalents.

7. Higher Paid Staff Emoluments

The number of staff, including the Vice Chancellor, who received emoluments, excluding pension contributions and payments for compensation for loss of office under the University's restructuring scheme, in the following ranges was:

	2008-09	2007-08
	No.	No.
£100,000 - £109,999	0	0
£110,000 - £119,999	1	0
£120,000 - £129,999	0	0
£130,000 - £139,999	0	0
£140,000 - £149,999	0	0
£150,000 - £159,999	0	0
£160,000 - £169,999	0	1
£170,000 - £179,999	0	0
£180,000 - £189,999	1	0
£190,000 - £199,999	0	0
£200,000 - £209,999	0	0

8. Emoluments of the Vice Chancellor

	2008-09	2007-08
	£	£
Salary	178,500	157,500
Temporary Relocation expenses	0	7,100
Benefits in kind (healthcare)	2,500	2,700
Employer's Pension Contribution to Teachers' Pension Scheme	25,200	22,200
Total Emoluments	<u>206,200</u>	<u>189,500</u>

The pension contributions in respect of the Vice Chancellor are employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as other academic staff.

9. Other Operating Expenses

	2008-09	2007-08
	£000	£000
Academic Departments	4,236	4,975
Academic Services	776	1,115
Administration and Central Services	5,562	4,108
Premises	3,600	3,777
Residences and Catering	989	874
Research Grants and Contracts	641	737
Other Expenditure	746	689
	<u>16,550</u>	<u>16,275</u>
Other Operating Expenses include:-		
External Auditor's Remuneration in respect of the Audit of the Financial Statements	32	31
External Auditor's Remuneration in respect of Non-Audit Services – Corporation Tax Compliance	4	49
Operating Lease Rentals		
Land and Buildings	0	0
Other	22	16

10. Interest Payable

	2008-09	2007-08
	£000	£000
Loans not wholly repayable within five years	19	24
Finance Leases	630	782
Pension Finance Interest (Note 31)	323	0
	<u>972</u>	<u>806</u>

11. Surplus on Continuing Operations for the Year

The Surplus on continuing operations for the year is made up as follows:

Group's surplus for the year	26	1,182
Surplus generated by subsidiary undertakings and transferred to the University under Gift Aid	0	0
	<u>26</u>	<u>1,182</u>

12. Tangible Assets Group and University

	Land and Buildings Freehold £000	Land and Buildings Leased £000	Equipment £000	Leased Equipment £000	Total £000
Cost or Valuation					
At 1 August 2008	48,162	14,200	12,909	599	75,870
Additions at Cost	3,050	0	745	0	3,795
Buildings in the course of Construction	88	0	0	0	88
	<u>3,138</u>	<u>0</u>	<u>745</u>	<u>0</u>	<u>3,883</u>
Revaluation of Land and Buildings (Note 22)	(10,803)	(2,330)	0	0	(13,133)
At 31 July 2009	<u>40,497</u>	<u>11,870</u>	<u>13,654</u>	<u>599</u>	<u>66,620</u>
Depreciation					
At 1 August 2008	5,467	1,352	12,900	599	20,318
Charge for Year	1,317	338	264	0	1,919
Transfer to Revaluation Reserve (Note 22)	(6,784)	(1,690)	0	0	(8,474)
At 31 July 2009	<u>0</u>	<u>0</u>	<u>13,164</u>	<u>599</u>	<u>13,763</u>
Net Book Value					
At 31 July 2009	<u>40,497</u>	<u>11,870</u>	<u>490</u>	<u>0</u>	<u>52,857</u>
At 1 August 2008	<u>42,695</u>	<u>12,848</u>	<u>9</u>	<u>0</u>	<u>55,552</u>
Financed by Capital Grant	16,773	0	288	0	17,061
Finance Lease	0	6,839	0	0	6,839
Other	23,724	5,031	202	0	28,957
	<u>40,497</u>	<u>11,870</u>	<u>490</u>	<u>0</u>	<u>52,857</u>

Included within land and buildings is land valued at £7,039,250 (freehold) and £1,490,000 (Leased) which is not depreciated.

The University's land and buildings have been valued at 31 July 2009 by Eddisons Chartered Surveyors, an external firm of professional valuers. The valuation was prepared on a depreciated replacement cost basis with the exception of Holts Mill and the Chadwick site which were valued on a market value basis since the University does not actively use these properties.

13. Investments

The University owns 100 £1 Ordinary shares in Bolton Institute Enterprises Limited and 1 £1 ordinary share in the University of Bolton Enterprises Company Ltd. These are both wholly owned subsidiaries of the University. It also owns 25% of Auxetic Technologies Ltd.

Bolton Institute Enterprises Limited holds 30,000 £1 Ordinary shares valued at £1,456, in c-Lect Medical Ltd representing 25% of the issued share capital. Auxetic Technologies was set up in October 2004 to develop some of the University's intellectual property. The investment being 25% of its issued capital (with the remainder being held by Global Composites Group Ltd 45%; the founders 25%, and others 5%). Since the University no longer has the ability to exert influence over Auxetic Technologies Ltd it has been treated as an investment in the financial statements.

14. Endowment Asset Investments

	Consolidated 2008-09 £000	University 2008-09 £000	Consolidated 2007-08 £000	University 2007-08 £000
Balance at 1 August	157	157	149	149
Increase in cash balances	3	3	8	8
Balance at 31 July	<u>160</u>	<u>160</u>	<u>157</u>	<u>157</u>
Bank Balances	<u>160</u>	<u>160</u>	<u>157</u>	<u>157</u>
Total Endowment Asset Investments	<u>160</u>	<u>160</u>	<u>157</u>	<u>157</u>

15. Debtors

Debtors	2,537	2,537	2,187	2,187
Prepayments	487	487	223	223
Government Grant	695	695	1,317	1,317
	<u>3,719</u>	<u>3,719</u>	<u>3,727</u>	<u>3,727</u>

16. Short Term Deposits

In accordance with the policy of the Board all surplus cash is invested in deposit accounts with, or on the sterling money market via the University's own banker.

17. Creditors Amounts Falling Due within one Year

Mortgages and Unsecured Loans (Note 24)	50	50	50	50
Obligations Under Finance Leases (Note 24)	360	360	308	308
Payments Received on Account	2,389	2,389	2,013	2,013
Creditors	5,118	5,118	4,601	4,601
Social Security & Other Taxation Payable	1,268	1,268	1,205	1,205
Accruals and Deferred Income	880	880	692	692
Government Grants	3,508	3,508	1,800	1,800
	<u>13,573</u>	<u>13,573</u>	<u>10,669</u>	<u>10,669</u>

18. Creditors Amounts falling due after more than one year

	Consolidated	University	Consolidated	University
	2008-09	2008-09	2007-08	2007-08
	£000	£000	£000	£000
Mortgages secured on residential and other properties repayable by 2013	175	175	225	225
Obligations Under Finance Leases (Note 24)	6,479	6,479	6,900	6,900
	<u>6,654</u>	<u>6,654</u>	<u>7,125</u>	<u>7,125</u>

The mortgage is a loan secured upon Chadwick Campus, repayable by equal instalments of principal of £50,000 pa and at an effective annual interest rate of 7¼ %.

The finance leases are payable by rental payments (covering principal and interest), and both expire in June 2018.

The rentals on the Hollins residence escalate at 3%pa; the effective annual interest rate is 8.05%.

The rentals on the Orlando residence are variable, based on the 3 month London Inter Bank Offered Rate (LIBOR).

19. Provisions for Liabilities and Charges

	Group and University				
	Pension	HERA	Severances	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 August	2,836	2,078	154	36	5,104
Utilised in Year	(182)	(1,778)	(154)	(36)	(2,150)
Transfer From Income and Expenditure Account	200	0	0	0	200
At 31 July	<u>2,854</u>	<u>300</u>	<u>0</u>	<u>0</u>	<u>3,154</u>

20. Deferred Capital Grants

	Group and University		
	HEFCE £000	Other £000	Total £000
Balance at 1 August			
Buildings	9,234	3,073	12,307
Equipment	0	30	30
	<u>9,234</u>	<u>3,103</u>	<u>12,337</u>
Cash Received and Receivable			
Buildings	4,921	0	4,921
Equipment	277	154	431
	<u>5,198</u>	<u>154</u>	<u>5,352</u>
Released to Income and Expenditure – Depreciation			
Buildings (Notes 1 and 4)	405	80	485
Equipment (Notes 1 and 3)	92	51	143
	<u>497</u>	<u>131</u>	<u>628</u>
Written out on Disposal			
Transfer from Equipment	0	30	30
Transfer to Building	0	(30)	(30)
	<u>0</u>	<u>0</u>	<u>0</u>
Balance at 31 July			
Buildings	13,750	3,023	16,773
Equipment	185	103	288
Total	<u>13,935</u>	<u>3,126</u>	<u>17,061</u>

The value of the interest retained by HEFCE is £16,093,541 (2007-08 £12,332,880).

21. Specific Endowments

	Restricted Expendable	Restricted Permanent	Total £000
	£000	£000	
Balance at 1 August	70	87	157
Income for Year	2	2	4
Expenditure for Year	(1)	0	(1)
At 31 July	<u>71</u>	<u>89</u>	<u>160</u>
Represented by:			
Capital Value	46	38	84
Accumulated Income	25	51	76
	<u>71</u>	<u>89</u>	<u>160</u>

22. Revaluation Reserve

	Group and University	
	2008-09	2007-08
	£000	£000
Balance at 1 August	24,948	27,171
Released in Year(Depreciation)	(587)	(844)
Revaluation of Fixed Assets (Note 12)	(4,659)	0
Eliminated on Disposal	0	(1,379)
Balance at 31 July	<u>19,702</u>	<u>24,948</u>

23. Income and Expenditure Account

	Consolidated	University	Consolidated	University
	2008-09	2008-09	2007-08	2007-08
	£000	£000	Restated £000	Restated £000
Balance at 1 August	48	48	221	221
Surplus after Depreciation of Assets at Valuation	26	26	1,182	1,182
Release from Revaluation Reserve (Note 22)	587	587	844	844
Historical Cost Surplus	<u>613</u>	<u>613</u>	<u>2,026</u>	<u>2,026</u>
Actuarial (Loss) in respect of Pensions (Note 31)	(6,714)	(6,714)	(2,199)	(2,199)
Balance at 31 July	<u>(6,053)</u>	<u>(6,053)</u>	<u>48</u>	<u>48</u>
Balance Represented by:				
Income and Expenditure Reserve	6,950	6,950	6,068	6,068
Pension Reserve	(13,003)	(13,003)	(6,020)	(6,020)
Balance at 31 July	<u>(6,053)</u>	<u>(6,053)</u>	<u>48</u>	<u>48</u>

24. Financing Obligations

	Group and University			
	Loan	Lease	Total	Total
	2008-09	2008-09	2008-09	2007-08
	£000	£000	£000	£000
Financing Obligations fall due as follows:				
Between two and five years	175	2,285	2,460	2,175
Over five years	0	4,194	4,194	4,950
Total over one year (Note 18)	<u>175</u>	<u>6,479</u>	<u>6,654</u>	<u>7,125</u>
Within one year (Note 17)	50	360	410	358
	<u>225</u>	<u>6,839</u>	<u>7,064</u>	<u>7,483</u>

Rentals due on the Orlando Residences Lease are geared to 3 month LIBOR, the amount included here is based upon the assumption that this rate remains at that prevailing as at 31 July 2009.

25. Capital Commitments

	Group and University	
	2008-09	2007-08
	£000	£000
Committed Contracts at 31 July	159	2,295
Authorised but not contracted at 31 July	0	764
	<u>159</u>	<u>3,059</u>

26. Reconciliation of Consolidated Operating Surplus to Net Cash From Operating Activities

	2008-09	2007-08
	£000	Restated £000
Surplus before Tax	26	1,182
Depreciation (Note 12)	1,919	1,899
Deferred Capital Grants Released to Income (Note 20)	(628)	(477)
Investment Income (Note 5)	(221)	(576)
Decrease in Value of Investments	1	2
Interest Payable (Note 10)	649	806
Pension Cost less Contributions payable (Note 31)	269	602
Decrease/(Increase) in Debtors	8	(729)
Increase in Creditors	2,852	2,959
(Decrease)/Increase in Provisions	(1,950)	700
Net Cash Inflow from Operating Activities	<u>2,925</u>	<u>6,368</u>

27. Returns on Investments and Servicing of Finance

	2008-09	2007-08
	£000	£000
Income from Endowments (Note 21)	3	8
Income from Short Term Investments (Note 5)	221	421
Interest Paid (Note 10)	(19)	(24)
Leasing Finance Charge (Note 30)	(649)	(782)
	<u>(444)</u>	<u>(377)</u>

28. Capital Expenditure and Financial Investment

	2008-09	2007-08
	£000	Restated £000
Tangible Assets Acquired (other than leased equipment) (Note 12)	(3,883)	(6,176)
Endowment Asset Investments Acquired (Note 14)	(3)	(8)
Total Fixed and Endowment asset Investments Acquired	<u>(3,886)</u>	<u>(6,184)</u>
Deferred Capital Grants Received (Note 20)	5,352	548
	<u>1,466</u>	<u>(5,636)</u>

29. Analysis of Changes in Consolidated Financing During the Year

	Mortgages and Loans £000	Finance Leases £000	Total £000
Balance at 1 August 2007	325	7,445	7,770
Capital Repayments	(50)	(237)	(287)
Balance at 31 July 2008	<u>275</u>	<u>7,208</u>	<u>7,483</u>
Capital Repayments	(50)	(350)	(400)
Interest Rolled Up	0	(19)	(19)
Net Amount Acquired in Year	<u>(50)</u>	<u>(369)</u>	<u>(419)</u>
Balance at 31 July 2009	<u>225</u>	<u>6,839</u>	<u>7,064</u>

30. Analysis of Changes in Net Funds

	At 1 August 2008 £000	Cash flow £000	Other Changes £000	At 31 July 2009 £000
Cash at Bank and in hand	6,959	3,520	0	10,479
Short Term Deposits	12	27	0	39
Debt due within one year	(358)	400	(452)	(410)
Debt due after one year	(7,125)	649	(178)	(6,654)
	<u>(512)</u>	<u>4,596</u>	<u>(630)</u>	<u>3,454</u>

31. Pension Schemes

The two principal pension schemes for the University are the Teachers' Pension Scheme (TPS) and the Greater Manchester Pension Fund (GMPF). There is also a small number of staff belonging to the Universities Superannuation Scheme (USS).

The total pension cost for the University was:

	2008-09 £000	2007-08 £000
TPS Contributions Paid	1,736	1,589
GMPF Charge to the Income and Expenditure Account	975	1,559
USS Contributions paid	77	64
Total Pension Cost (Note 6)	<u>2,788</u>	<u>3,212</u>
Outstanding Pension Contributions at 31 July	0	4

The assumptions and other data relevant to the determination of the contribution levels of the scheme are:

	TPS	GMPF	USS
Investment Returns per annum	6.5%	6.6%	6.4%
Salary Scale increase per annum	5.0%	5.2%	4.3%
Pension increase per annum	3.5%	3.7%	3.3%
Market Value of Assets at date of last valuation	£162,650M	£26M	£28,843M
MFR proportion of members' accrued benefits covered by the actuarial value of the assets.	98.88%	67%	103%

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pension cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are stated in the table above.

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2008 to 31 July 2009 the employer contribution was 14.1%. The employees rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Universities Superannuation Scheme

USS is an unfunded defined benefit scheme. The scheme 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 the actuaries. In the intervening years, the USS actuary reviews the progress of the USS scheme.

The contribution rate payable by the Institution to USS is 16% of pensionable salaries. The actuary of USS has confirmed that it is appropriate to take the pensions costs in the Institution's accounts to be equal to the actual contributions paid during the year. In particular, the contribution rate recommended following the 2005 valuation has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread surplus in a prudent manner over the future working lifetime of current scheme members.

Under the definitions set out by FRS 17, the USS is a multi-employer defined benefit pension scheme. The Institution is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Institution has taken advantage of the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

Greater Manchester Pension Fund

The GMPF is a funded defined benefit scheme, the scheme 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 the actuaries. In the intervening years, the GMPF actuary reviews the progress of the GMPF scheme.

For GMPF, 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 GMPF Regulations. The contribution payable by the employer was 15.2% of pensionable salaries to March 2009. For subsequent years the rate has increased to 16.5%.

Under the definitions set out in FRS 17, the GMPF is a multi-employer defined benefit pension scheme. The actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2009.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

The material assumptions used by the actuary at 31 July 2009 were:

	2008-09	2007-08
Rate of Increase in Pension	3.7%	3.8%
Rate of Increase in Salaries	5.2%	5.3%
Discount Rate	6.0%	6.7%
Inflation Assumption	3.7%	3.8%

The Current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed average life expectancies at age 65 are:

	Males Years	Females Years
Mortality Assumptions		
Current Pensioners	19.6	22.5
Future Pensioners	20.7	23.6

The assets in the GMPF Scheme and the expected rate of return were:

Scheme	Long Term Return		Long Term Return		Long Term Return	
	Expected 2008-09	Value at 2008-09	Expected 2007-08	Value at 2007-08	Expected 2006-07	Value at 2006-07
Assets	%	£000	%	£000	%	£000
Equities	7.3	18,809	7.8	16,856	8.0	18,431
Bonds	5.3	3,657	5.7	4,462	5.2	4,647
Property	5.3	1,567	5.7	2,209	6.0	2,860
Cash	4.3	2,090	4.8	2,360	5.1	2,780
		<u>26,123</u>		<u>25,887</u>		<u>28,718</u>

The following amounts at 31 July 2009 were measured in accordance with the requirements of FRS17.

Analysis of the Amount shown in the Balance Sheet

	2008-09 £000	2007-08 £000
University's estimated asset share	26,123	25,887
Present value of scheme liabilities	(39,126)	(31,907)
Deficit in Scheme – Net Pension Liability	<u>(13,003)</u>	<u>(6,020)</u>

Analysis of the Amount charged to income and expenditure

Current Service Cost	976	1,079
Contributions in respect of Unfunded Benefits	(9)	(8)
Past Service Costs	24	381
Curtailments and Settlements	0	85
Adjustment to Pension Costs (Note 6)	<u>991</u>	<u>1,537</u>

Analysis of the Amount credited to other interest received

Expected return on pension scheme assets	1,837	2,051
Interest on Scheme Liabilities	(2,160)	(1,896)
Adjustment to other interest received/(payable) (Notes 5 and 10)	<u>(323)</u>	<u>155</u>

Analysis of Amounts Recognised in Statement of Total recognised Surpluses and Deficits

	2008-09	2007-08
	£000	£000
Actual Return less Expected Return on Pension Scheme Assets	(2,333)	(5,504)
Actuarial (Losses)/Gains	(4,381)	3,305
Total Actuarial (Loss) Recognised	<u>(6,714)</u>	<u>(2,199)</u>

Analysis of Movements in the present value of the scheme liabilities

Opening Defined Benefit Obligation	31,907	32,092
Current Service Cost	976	1,079
Interest Cost	2,160	1,896
Contributions by members	454	403
Actuarial Losses/(Gains)	4,381	(3,305)
Past Service Costs	24	381
Losses on Curtailments	0	85
Estimated Unfunded Benefits Paid	(9)	(8)
Estimated benefits Paid	(767)	(716)
	<u>39,126</u>	<u>31,907</u>

Analysis of Movements in the market value of the scheme assets

Opening Market Value of the Scheme Assets	25,887	28,718
Expected Return on Assets	1,837	2,051
Contributions by members	454	403
Contributions by University	1,045	935
Contributions in respect of Unfunded Benefits	9	8
Actuarial (Losses)	(2,333)	(5,504)
Estimated benefits Paid	(776)	(724)
	<u>26,123</u>	<u>25,887</u>

History of Experience Gains and Losses

	2008-09	2007-08	2006-07	2005-06	2004-05
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	(2,333)	(5,504)	802	1,130	2,520
Value of Assets	26,123	25,887	28,718	25,225	21,808
Percentage of Assets	(8.9%)	(21.3%)	2.8%	4.5%	11.6%
Experience Gains/(Losses) on Liabilities	(4)	1,850	0	(7)	(245)
Total Present Value of liabilities	39,126	31,907	32,092	31,642	27,766
Percentage of the Total Present Value of Liabilities	0.0%	5.8%	0.0%	(0.0%)	(0.9%)
Actuarial Gains/(Losses) Recognised in STRGL	(6,714)	(2,199)	3,601	(138)	(1,285)
Total Present Value Liabilities	39,126	31,907	32,092	31,642	27,766
Percentage of the Total Present Value of Liabilities	(17.2%)	(6.9%)	11.2%	(0.4%)	(4.6%)

32. Access Funds and Mature Bursaries

	Access	2008-09	Total	2007-08
	£000	Bursaries	£000	Total
		£000		£000
Balance at 1 August	39	7	46	113
Funding Council Grant	347	0	347	335
Interest Earned	3	0	3	10
	<u>350</u>	<u>0</u>	<u>350</u>	<u>345</u>
Disbursed to Students	(346)	(3)	(349)	(399)
Audit Fees	(1)	0	(1)	0
Administration Costs	(10)	0	(10)	(13)
	<u>(357)</u>	<u>(3)</u>	<u>(360)</u>	<u>(412)</u>
Balance at 31 July	<u>32</u>	<u>4</u>	<u>36</u>	<u>46</u>

Funding council grants are available solely for students; the University acts as paying agent.

The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

33. Other Funds for which the University acts as Paying Agent

	Group and University	
	2008-09	2007-08
	£000	£000
Balance at 1 August	82	70
Funds Received in Year	1,833	1,654
Disbursements in the Year	(1,729)	(1,602)
Administration Costs	(40)	(40)
	<u>(1,769)</u>	<u>(1,642)</u>
Balance at 31 July	<u>146</u>	<u>82</u>

The University acts as paying agent for bursaries under the Postgraduate Certificate in Education and Sure Start Schemes

34. Payment relating to Academic Partnerships

	2008-09	2007-08
	£000	£000
Receipts in respect of University Academic Partners	408	551
Disbursements made to University Academic Partners	(408)	(551)
	<u>0</u>	<u>0</u>

Where the University acts as paying agents in respect of contracts with other

Higher Education Institutions transactions are excluded from the Income and Expenditure Account.

35. Related Party Transactions

Due to the nature of the University's operations and the composition of the Board, members of which are drawn from local organisations, it is inevitable that transactions take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest are declared and conducted at arm's length, in accordance with the University's financial regulations and normal procurement procedures.

The University maintains a Register of Interest and if a potential conflict of interest arises, the member of the Board would withdraw from a meeting of the Board of Governors.

The University has taken advantage of the exemption under FRS8 "Related Party Transactions" not to disclose transactions with group companies which are eliminated on consolidation.

36. Board of Governors Expenses

No member of the Board of Governors received any remuneration in their capacity as a member. However, sundry expenses incurred are reimbursed, these totalled £1,282 during 2008-09 (£1,104 in 2007-08).

37. Contingent Liability

There are no contingent liabilities.



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