



Financial Statements

Year Ended 31 July 2010



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Operating and Financial Review 2009-10



Context

The University's financial performance in 2009-10 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. A subsequent data audit carried out by HEFCE officers in April 2010 confirmed the rigour and appropriateness of the University's data monitoring and reporting and concluded that the University was fully compliant with the Funding Council's requirements.

The University continues to make appropriate provision in its 2009-10 accounts for any subsequent grant holdback.

Taking into account the above and reflecting continued progress 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 £1,304,000 on a historical cost basis set against a forecast budget deficit of £1,517,000. This was achieved despite making provision for a voluntary severance programme in support of the University's Sustainability Strategy aimed at rationalising administrative and technical support in order to save on costs.

Planning for Financial Sustainability

The completion of the Single Campus Strategy in 2009 was one element in the University's strategic financial planning. Developments in the world and UK economies in 2009-10 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 2009-10, also reinforced this imperative.



To this end, the University established in April 2009, an **Institutional Sustainability Review Group**, which reported to the Board of Governors on the actions needed to save 10% of staffing costs and 10% in discretionary non-pay costs and examined other areas of expenditure saving. The Group was chaired by an external retired Vice Chancellor and former president of UUK, and had 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 met regularly and completed a programme of agreed voluntary severances and staff savings by July 2010. The main elements of the Sustainability Review included 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.

A final report was made to Governors in July 2010.

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 a larger and much better equipped campus and this was completed in June 2010. Students studying in RAK will commence using the new facilities and teaching accommodation from September 2010. 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.

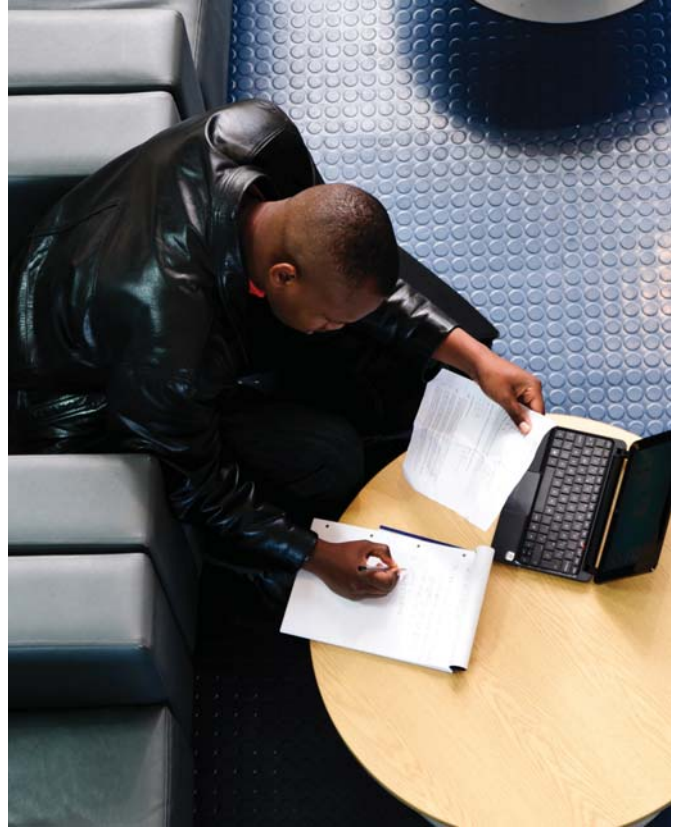


The model being used is being carefully monitored and costed and it is hoped to apply it to other areas of transnational education as a means of diversifying the University's income streams. Preliminary discussions have been held with our RAK partner about a similar development in India. Transnational 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.

As well as other Bolton staff supporting academic operations, a new International Campus Learning Unit (ICLU) has been established to improve communications between Bolton and the RAK campus and to develop innovative approaches to e-learning and e-administrative support for RAK. It is intended to spread good practice to other University international partnerships.

Progress on Research

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 benefited 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. Independent grants continue to be won by the University's Institute for Materials Research and Innovation, including a major grant from EPSRC for fire retardant materials research with Southampton University and the University's Institute for Educational Cybernetics has gained several grants from JISC and the European Union for research into learning technology.

Revising the University's Strategic Plan

The University launched a new Strategic Plan 2010-16 in the summer of 2010 with the focus on "Higher Education without Boundaries". This focus reflects our commitment to offering educational opportunity through flexible and responsive higher education which is not constrained by boundaries of place and time and which serves UK and international students and clients with the higher education experience which meets their needs. Our mission is to unlock the potential within individuals and organisations through the excellence and responsiveness of our teaching,



research and student support, and the key themes of the Plan are:-

- Building local and international strategic partnerships.
- Developing flexible undergraduate and postgraduate provision in the UK and internationally.
- Increasing employer and public engagement.
- Greater academic concentration and specialisation.
- Increasing internationalisation and the employability of our students.
- Maximising our strength in STEM (Science, Technology, Engineering and Mathematics) subjects.

Through the Plan we will be able to respond positively to the challenges facing universities as government policy on funding and finance change. Further, in setting and reviewing the University's objectives and activities, the Governing Body has had due regard to the Charity Commission's guidance on public benefit and also HEFCE's guidance on demonstrating the public benefits of higher education. In implementing our aims and objectives, the University is guided by the values set out in its Strategic Plan and the Governing Body is mindful of its responsibility to ensure that the University acts for the benefit of the public.

Public Benefit

The University explicitly demonstrates its public benefit and civic impact through a variety of activities:

- The educational opportunities it offers through its teaching and outreach work to students from under-represented groups and communities, especially in Bolton and the North West, making it one of the most socially inclusive universities in the country.
- Its collaborative working with public agencies, educational partners and private enterprise to improve the economic prospects and social mobility of Bolton and the North West, appropriately symbolised by the new Bolton One development of a Health, Leisure and Teaching/Research Centre on the campus, supported by Bolton Council and NHS Bolton.
- Its involvement in the cultural life of the town, region and country – symbolised by its partnership work with Bolton Museum, the National Media Museum (Bradford), BBC North and the Octagon Theatre.
- Its work with local voluntary agencies and charities such as CVS, Bolton Rotary Club and Bolton Equality Group to create equality of opportunity and civic harmony in Bolton and beyond.
- Its applied research and knowledge transfer in support of businesses, the NHS, the Further Education sector and community bodies.



- Its commitment to internationalism and the bringing together of cultures through education.
- Its commitment to environmental sustainability and carbon reduction.

These University activities are described in more detail below.

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 continues to work 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, was shortlisted for one of the prestigious Times Higher's Annual HE awards. The University also successfully bid to HEFCE's Economic Challenge

Investment 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'.



Widening Participation and the Student Body

The University continues to be an outstanding institution in terms of widening participation, featuring in the top ten of UK higher education institutions in terms of the social inclusivity of its intake. The University also has 48% of its students who study part-time, the second highest percentage in the North West, many of whom are sponsored by employers and engaged in career development. It is pleasing to note also that 55% of the University's full-time undergraduates are mature (over 21), the highest percentage by far among North West universities and one of the highest percentages in the sector. Furthermore, 48% of the University's students are male, bucking the trend nationally, which has seen male participation rates, particularly among males from socially under-represented groups, decline.

All of these factors indicate the extent to which the University serves a very diverse student community and offers educational opportunity to those groups under-represented in higher education, especially in the North West of England. It also endeavours to offer opportunities for higher education progression and continuing education for those in work and with vocational qualifications as well as academic qualifications. Its pioneering work, for example, in working with Greater Manchester Aim Higher and local further education colleges in developing the "Step into HE" scheme to encourage apprentices into higher education, has been acknowledged by nomination in the 2010 Times Higher Education University Awards Best Widening Participation Initiative category.

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 places the University's research in Materials Science at the service of industrial partners by promoting new product innovation and commercialisation. It created jobs in the North West economy and maintains the preeminent position of the North West chemicals and pharmaceuticals sector in the national and international economies. Currently, the University has 15 projects supporting the North West chemical industry with University researchers employed on new product development, including large companies such as Astra Zenica as well as SMES.

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.

Health and Wellbeing Centre (Bolton One)

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, Wellbeing and Research 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 £6million funding from HEFCE's Strategic Development Fund. The Centre is now under construction on the campus with a planned opening date of April 2012. Already, joint research projects are being developed between the University and NHS Bolton to improve patient care.

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. The University has joined the Carbon Trust's Carbon Management Programme and will have in place a new, all encompassing Carbon Management Strategy for reducing carbon emissions by the summer of 2011.

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.





Financial

The University has reported a surplus of £1,304,000, (on a historical cost basis) which is equal to 2.6% of our turnover in the year.

Operating Surplus

The operating surplus was £692,000. The main variations from the previous year are:

During the year the cash balances have been strengthened as shown in the cash flow statements on page 27 of the financial statements.

Reserves

At 31 July 2010 the University's Income & Expenditure Account reserves amounted to £9,109,000 before the impact of FRS17. The volatile pension reserve fell to a

Head	Increase	Decrease	Reason (significant items only)
Academic fee income	£2,200,000		Mainly an increase in home full-time fees, and an increase in overseas student fees.
Staff Costs	£843,000		Pay Increases and impact of FRS 17.

Liquidity

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

The University's financial strategy sets a target of cash balances being maintained at, or higher than, 6% of turnover. This would equate to a value of £2,970,000 in 2009-10. This target was achieved during 2006-07 and has been maintained since then.

£11,353,000 deficit taking the retained reserves down to a deficit of £2,244,000. This represents an improvement of £3,809,000 on the previous year.

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 2010-11 and the forecasts for the years beyond anticipate potential significant changes 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.



Members of the Board of Governors

1 August 2009 to 31 July 2010



Name	Category	Sub Committee Membership	Note
Ms M Neville-Rolfe CB BA LLD (Honoris Causa)	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 Chair of Audit Committee
Mr N Myerson LLB Solicitor of the Supreme Court	Independent	Resources Remuneration Ad Hoc Appointments	Chair of Resources Committee
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	
Prof R Lewis BA MA BPhil PGCE MEd	Independent	Audit Ad Hoc Appointments	
Ms S Kay LLB Barrister	Independent	Audit Remuneration Nominations Ad Hoc Appointments	

Members of the Board of Governors

Name	Category	Sub Committee Membership	Note
Prof A Banerjee OBE JP FRCP	Independent	Resources Ad Hoc Appointments	From 2 March 2010
Mr P Horrocks	Independent	Resources Ad Hoc Appointments	
Rt. Reverend N McCulloch MA Hon DL	Independent	Audit Ad Hoc Appointments	
Prof I Memon MBBS LRCP LRCS LRCP & S DCH DCCH DTM & H MPH DFPHM DMS MBA	Independent	Resources Ad Hoc Appointments	To 30 November 2009
Dr B Tomkins MA PhD FEng FRSA FIOMMM FINucEng CEng	Independent	Audit Nominations Ad Hoc Appointments	To 30 November 2009
Dr G Holmes BSc MBA PGCE PhD FInstD	Vice Chancellor	Resources Nominations Remuneration	
Ms G Richards BA MEd	Statutory Co-opted	Audit	
Mr C Minta BA MBA TCERT AIOsh SIRSM	Academic Co-opted		
Prof O Liber FBCS CITP FCyBS CMATH MIMA CSci FRSA	Senate Member		To February 2010
Ms S Burkinshaw MCIPD FHEA MA PGCE BA	Senate Member		
Dr M Boneham BA PGCE PhD	Senate Member		From 6 July 2010
Mr A Howell BSc Game Design	Students' Union President		
Mr E Matsika PGDip (Management Studies) BEng (Mechanical Engineering) MEng (Thermofluids Engineering)	Student Elected Member		To 30 June 2010
Ms D Oderinde BSc MTech MSc	Student Elected Member		From 6 July 2010
Mrs P Lonsdale BA MBA	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



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 2009-10. This summary describes the manner in which the Governing Body has applied the principles set out in the Revised Code on Corporate Governance issued by the London Stock Exchange. 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 the Governance Code of Practice as set out in the CUC Guide (2009/14), and it has complied throughout the year ended 31 July 2010.

The University of Bolton is an exempt charity under the terms of the Charities Act 2006 and its trustees who served at any time during the financial year and until the date the financial statements are formally approved and are those members of the Board of Governors listed on page 12 and 13.

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, the Pro Vice Chancellor (Academic) 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. The Governing Body has adopted a 'Code of Conduct for Governors and Statement of Primary Responsibilities' in line with CUC guidance in which the Governing Body delegates to the Vice Chancellor (as Head of the Institution) responsibility for the management of the institution and its policies.

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.
- In addition to the above meetings the Board members underwent two training days in 2009-10, (10 November 2009 and 11 May 2010). Topics covered included a session on Risk Management led by Richard Young and David Tomlinson of UNIAC (the University's internal auditor) that discussed the links between the Strategic Plan and the Risk Register; a session led by Andrew Malin of HEFCE on "Consultation on Financial Memorandum and Charitable Regulation", and presentations on the Environment Strategy and the University's Strategic Plan.
- 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 including Bolton One; key strategic resource issues; the Strategic Plan; Institutional Sustainability Review updates; financial regulations; monthly management accounts; funding; risk management and risk appetite statement; HEFCE funding

Attendance at meetings by individual members of the Board for the period 1 August 2009 - 31 July 2010 has been recorded as follows (see table, below)

Number of Board meetings attended:-	
Ms M Neville-Rolfe	3 of 4
Mr M Sheen	4 of 4
Mr N Myerson	4 of 4
Mr S Conn	3 of 4
Mr R Gould	4 of 4
Ms S Kay	4 of 4
Bishop N McCulloch	1 of 4
Prof R Lewis	3 of 4
Mr P Horrocks	2 of 3
Prof A Banerjee	2 of 2
Prof I Memon	0 of 1
Dr B Tomkins	0 of 1
Dr G Holmes	4 of 4
Ms G Richards	3 of 4
Mr C Minta	4 of 4
Prof O Liber	1 of 1
Prof R Campbell	2 of 2
Dr M Boneham	1 of 1
Ms S Burkinshaw	4 of 4
Mr A Howell	4 of 4
Mr E Matsika	3 of 3
Ms Dumebi Oderinde	1 of 1
Mrs P Lonsdale	4 of 4

issues; HEFCE consultation documents relating to the Financial Memorandum and Regulating HEI's as Charities; international recruitment (including reports on the University Campus, Ras Al Khaimah campus); 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 and strategies, including the Health & Safety Policy and the Carbon Reduction Strategy, 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.
- Board members have been actively engaged in all Committees and involved in ad hoc 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 at all meetings. 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 and Internal Auditors on their own for independent discussions. Risk management (including the risk register) is a standing item on every agenda and the Committee annually considers for recommendation to the Board the University's Risk Appetite Statement.

The Audit Committee presented its annual report for the year ended 31 July 2010, and including any significant issues up to the date of the report, to the Governing Body on 16 November 2010. Therein the Committee confirmed its opinion that based upon the work performed during the year and on the information presented to it, the institution's risk management, control and governance arrangements are adequate and effective and arrangements are in place to



promote economy, efficiency and effectiveness (value for money). The Committee's overall opinion had been informed by its opinion on the management control and quality assurance of data provided to HEFCE, HESA and other public bodies, which is that those arrangements are effective.

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 2010 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 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

2009-10, UNIAC concluded that at the year end the University's risk management, corporate governance, internal control environment (although there is room for further development of standard practices across the institution and maximising the value from the central services systems and resource), and arrangements for securing value for money were all operating effectively.

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, which include a statement on internal control (corporate governance).

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 Funding 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 financial statements (the 'financial statements') of the University of Bolton for the year ended 31 July 2010 which comprise the statement of principal accounting policies, the income and expenditure account, the balance sheet, the cash flow statement, the statement of recognised surpluses and deficits and note 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 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 governing body's responsibilities for preparing the operating and financial review and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 19.

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 and are properly prepared in accordance with the Accounts Direction and the 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 ('the Funding Council'), the Training and Development Agency for Schools and the Chief Executive of Skills Funding.

We also report to you our opinion as to whether the information given in the operating and financial review is not consistent with the financial statements.

In addition we also report to you if, in our opinion, the University has not kept proper 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 the operating and financial review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them 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.

Basis of opinion

We have 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 Higher Education Funding Council for England. 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 preparing the financial statements and whether the accounting policies are appropriate to the University's circumstances, consistently applied and adequately disclosed.

We planned and have performed our audit so as to obtain all the information and explanations we considered necessary 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, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University as at 31 July 2010 and of the University's surplus of expenditure over income for the year then ended;
- The financial statements have been properly prepared in accordance with the Accounts Direction and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.
- In all material respects, income from the Funding Council, the Training and Development Agency for Schools and the Chief Executive of Skills Funding, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received.

- In all material respects, income during the year ended 31 July 2010 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 Training and Development Agency for Schools and the Chief Executive of Skills Funding.

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, both of which are dormant. The two subsidiaries are not material to the group and therefore the University has elected not to prepare consolidated accounts.

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 2009-10 (Note 12) is based upon the economic lives of the buildings as determined by the valuation made as at 31 July 2009, 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 Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

Both subsidiary companies are liable to Corporation tax and Value Added Tax in the same way as any other commercial organisation.

The University's principal activities are exempt from Value Added Tax, but certain ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure



includes irrecoverable Value Added Tax charged by suppliers to the University.

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.

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 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.

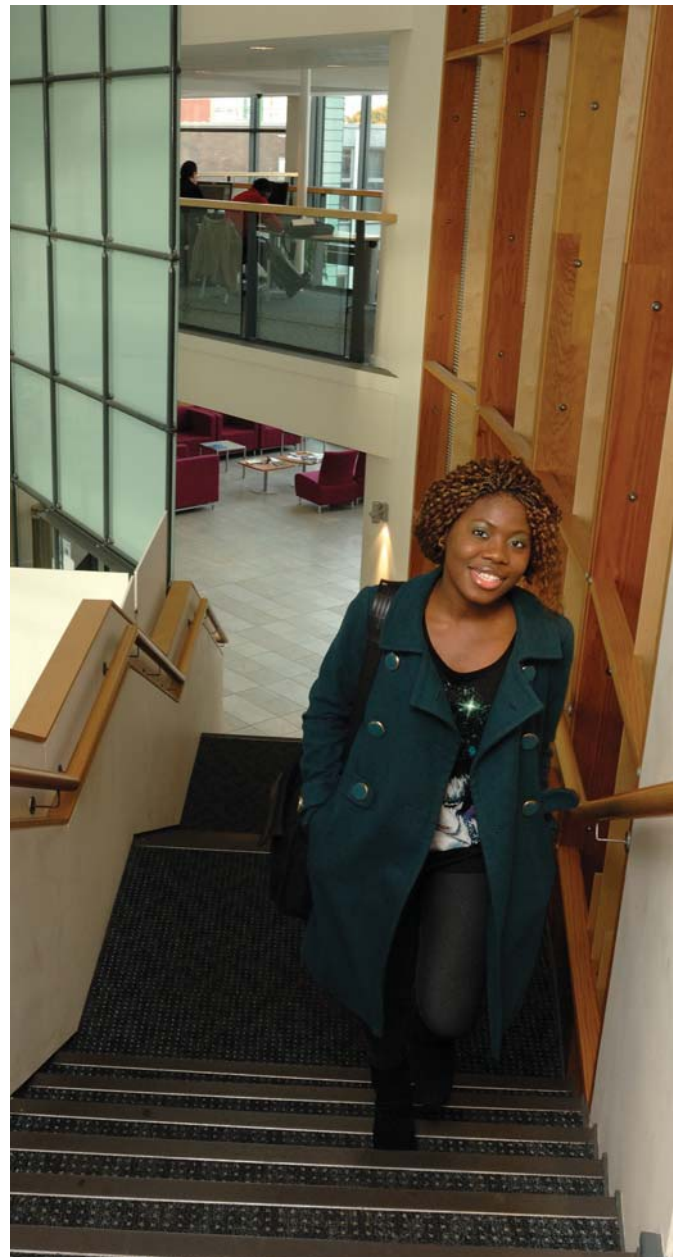
The University's provision for enhancing pensions was last revalued 31 July 2004.

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.



Income and Expenditure Account

For the Year to 31 July 2010

	Note	2009-10 £000	2008-09 £000
Income			
Funding Council Grants	1	22,931	22,791
Academic Fees and Support Grants	2	19,310	17,110
Research Grants and Contracts	3	2,096	2,317
Other Operating Income	4	5,019	4,365
Endowment Income and Interest Receivable	5	146	234
Total Income		<u>49,502</u>	<u>46,817</u>
Expenditure			
Staff Costs	6	28,177	27,334
Staff Costs – Restructuring	6	799	16
Other Operating Expenses	9	16,513	16,550
Depreciation	12	2,079	1,919
Interest payable	10	1,242	972
Total Expenditure		<u>48,810</u>	<u>46,791</u>
Surplus After Depreciation of Assets at Valuation		<u>692</u>	<u>26</u>

Statement of Historical Cost Surpluses for the Year ended 31 July 2010

	Note	2009-10 £000	2008-09 £000
Surplus After Depreciation of Assets at Valuation		692	26
Difference between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	23	612	587
Historical Cost Surplus		<u>1,304</u>	<u>613</u>

The Income and expenditure of the University relates wholly to continuing operations.

The notes on pages 29 to 44 form part of the financial statements.

University Balance Sheet

As at 31 July 2010

	Note	University 2009-10 £000	University 2008-09 £000
Fixed Assets			
Tangible Assets	12	50,455	52,857
Endowment Asset Investments			
	14	200	160
Current Assets			
Debtors	15	4,076	3,719
Short Term Deposits	16	0	39
Cash at Bank and in Hand		16,063	10,479
		<u>20,139</u>	<u>14,237</u>
Creditors:			
Amounts Falling Due Within One Year	17	16,854	13,573
Net Current Assets		<u>3,285</u>	<u>664</u>
Total Assets Less Current Liabilities		53,940	53,681
Creditors:			
Amounts Falling Due After One Year	18	6,169	6,654
Provisions for Liabilities and Charges	19	2,935	3,154
Net Assets Excluding Pension Liability		<u>44,836</u>	<u>43,873</u>
Net Pension Liability	31	(11,353)	(13,003)
Total Net Assets		<u>33,483</u>	<u>30,870</u>
Represented by:			
Deferred Capital Grants	20	16,437	17,061
Endowments			
Specific	21	200	160
Reserves			
Income and Expenditure Account	23	9,109	6,950
Pension Reserve	31	(11,353)	(13,003)
Income and Expenditure Account		(2,244)	(6,053)
Revaluation Reserve	22	19,090	19,702
Total Reserves		<u>16,846</u>	<u>13,649</u>
Total Funds		<u>33,483</u>	<u>30,870</u>

The Financial Statements on pages 22 to 44 were approved by the Board of Governors on 16 November 2010 and signed on its behalf by;

Cash Flow Statement

For the Year to 31 July 2010

	Note	2009-10 £000	2008-09 £000
Net Cash Inflow from Operating Activities	26	5,981	2,925
Returns from Investments and Servicing of Finance	27	(466)	(444)
Capital Expenditure and Financial Investment	28	441	1,466
Cash Inflow before use of Liquid Resources and Financing		<u>5,956</u>	<u>3,947</u>
Management of Liquid Resources (Short Term Deposits)	30	39	(27)
Financing	29	(411)	(400)
Increase in Cash	30	<u>5,584</u>	<u>3,520</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	2009-10 £000	2008-09 £000
Increase in Cash in the Period		5,584	3,520
(Decrease)/Increase in Short Term Deposits	30	(39)	27
Repayment of Debt	29	411	419
Change in Net Debt		<u>5,956</u>	<u>3,966</u>
Net Funds/(Debt) at 1 August		3,454	(512)
Net Funds at 31 July	30	<u>9,410</u>	<u>3,454</u>



Statement of Recognised Surpluses

For the Year to 31 July 2010

	Note	2009-10 £000	2008-09 £000
Surplus after Depreciation of Assets at Valuation		692	26
Revaluation of Property	22	0	(4,659)
Endowment Income	21	40	3
Actuarial Gain/(Loss) in respect of Pension Scheme	31	(341)	(6,714)
Past Service Gains		2,846	0
Total Recognised Gains/(Losses) Since Last Report		<u>3,237</u>	<u>(11,344)</u>
Reconciliation			
Opening Reserves and Endowments		13,809	25,153
Total Recognised Gains/(Losses) relating to the Year		<u>3,237</u>	<u>(11,344)</u>
Closing Reserves and Endowments		<u>17,046</u>	<u>13,809</u>

The Past Service gain of £2,846,000 has arisen as a result of the government's announcement on 22 June 2010 that future pensions increases would be linked to CPI rather than RPI.

The University has recognised this amount in the Statement of Recognised Surpluses and Deficits as management consider the resulting gain a change in actuarial assumption.

Notes to the Accounts

I. Funding Council Grants

	HEFCE £000	LSC £000	2009-10 Total £000	2008-09 Total £000
Recurrent Grant				
Teaching	20,689	284	20,973	20,906
Research	732	0	732	270
Other	360	0	360	255
Total Recurrent Grants	<u>21,781</u>	<u>284</u>	<u>22,065</u>	<u>21,431</u>
Specific Grants				
ECIF	208	0	208	3
Teaching Quality Enhancement Fund	75	0	75	316
GMSA	0	0	0	471
Other	47	0	47	73
Total Specific Grants	<u>330</u>	<u>0</u>	<u>330</u>	<u>863</u>
Releases of Deferred Capital Grants (Note 20)	536	0	536	497
	<u>22,647</u>	<u>284</u>	<u>22,931</u>	<u>22,791</u>

2. Academic Fees and Support Grants

	2009-10 £000	2008-09 £000
Fees paid by or on behalf of Individual Students		
Full-time home and EU students	11,404	9,904
Full-time international students	4,518	4,162
Part-time students	2,354	2,096
Education contracts	721	608
Further education students	57	86
Other fees and grants	256	254
	<u>19,310</u>	<u>17,110</u>

3. Research Grants and Contracts

	2009-10 £000	2008-09 £000
Research Councils and Charities	275	388
Industry and Commerce	338	200
Governmental	1,483	1,729
	<u>2,096</u>	<u>2,317</u>

4. Other Operating Income

	2009-10	2008-09
	£000	£000
Residences, Catering and Conferences	2,240	2,042
Other Income	2,571	2,192
Releases from Deferred Capital Grants (Note 20)	208	131
	<u>5,019</u>	<u>4,365</u>

5. Endowment and Investment Income

	2009-10	2008-09
	£000	£000
Income from expendable endowments	18	13
Income from short-term investments	128	221
	<u>146</u>	<u>234</u>

6. Staff Costs

	2009-10	2008-09
	£000	£000
Wages and Salaries	23,026	22,537
Social Security Costs	1,870	1,809
Other Pension Costs (including FRS17 adjustment Note 31)	3,257	2,788
	<u>28,153</u>	<u>27,134</u>
Contribution to Pension Provision (Note 19)	24	200
Total Staff Costs	<u>28,177</u>	<u>27,334</u>
Restructuring Costs – Cash	799	16
	<u>28,976</u>	<u>27,350</u>

Analysis of Staff by Major Category

	2009-10	2008-09
	FTE	FTE
Academic	263	263
Support	339	354
Management and Specialist	47	47
	<u>649</u>	<u>664</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:

	2009-10	2008-09
	No.	No.
£100,000 - £109,999	0	0
£110,000 - £119,999	1	1
£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	0
£170,000 - £179,999	0	0
£180,000 - £189,999	1	1
£190,000 - £199,999	0	0
£200,000 - £209,999	0	0

8. Emoluments of the Vice Chancellor

	2009-10	2008-09
	£	£
Salary	180,900	178,500
Benefits in kind (healthcare)	3,300	2,500
Employer's Pension Contribution to Teachers' Pension Scheme	25,500	25,200
Total Emoluments	<u>209,700</u>	<u>206,200</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

	2009-10	2008-09
	£000	£000
Academic Departments	5,083	4,236
Academic Services	741	776
Administration and Central Services	5,961	5,562
Premises	2,464	3,600
Residences and Catering	1,084	989
Research Grants and Contracts	590	641
Other Expenditure	590	746
	<u>16,513</u>	<u>16,550</u>

Other Operating Expenses include:-

External Auditor's Remuneration in respect of the Audit of the Financial Statements	34	32
External Auditor's Remuneration in respect of Non-Audit Services – Corporation Tax Compliance	6	4
Operating Lease Rentals – Other	39	22

10. Interest Payable

	2009-10	2008-09
	£000	£000
Loans repayable within five years	24	0
Loans not wholly repayable within five years	0	19
Finance Leases	590	630
Pension Finance Interest (Note 31)	628	323
	<u>1,242</u>	<u>972</u>

11. Surplus on Continuing Operations for the Year

	2009-10	2008-09
	£000	£000
The Surplus on continuing operations for the year is made up as follows:		
Group's surplus for the year	692	26
Surplus generated by subsidiary undertakings and transferred to the University under Gift Aid	0	0
	<u>692</u>	<u>26</u>

12. Tangible Assets

	Land and Buildings Freehold £000	Land and Buildings Leased £000	Equipment £000	Leased Equipment £000	Total £000
Cost or Valuation					
At 1 August 2009	40,497	11,870	13,654	599	66,620
Additions at Cost	79	0	248	0	327
Disposals	(650)	0	(19)	0	(669)
	<u>(571)</u>	<u>0</u>	<u>229</u>	<u>0</u>	<u>(342)</u>
At 31 July 2010	<u>39,926</u>	<u>11,870</u>	<u>13,883</u>	<u>599</u>	<u>66,278</u>
Depreciation					
At 1 August 2009	0	0	13,164	599	13,763
Charge for Year	1,336	416	327	0	2,079
Written Out	0	0	(19)	0	(19)
At 31 July 2010	<u>1,336</u>	<u>416</u>	<u>13,472</u>	<u>599</u>	<u>15,823</u>
Net Book Value					
At 31 July 2010	38,590	11,454	411	0	50,455
At 1 August 2009	<u>40,497</u>	<u>11,870</u>	<u>490</u>	<u>0</u>	<u>52,857</u>
Financed by Capital Grant	16,213	0	224	0	16,437
Finance Lease	0	6,478	0	0	6,478
Other	22,377	4,976	187	0	27,540
	<u>38,590</u>	<u>11,454</u>	<u>411</u>	<u>0</u>	<u>50,455</u>

Included within land and buildings is land valued at £6,389,250 (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. The University's 25% interest in Auxetic Technology Limited was sold in December 2009 for £24,900. Auxetic Technology Limited was treated as an investment at 31 July 2009 since the University no longer had the ability to exert significant influence over the company.

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.

14. Endowment Asset Investments

	2009-10 £000	2008-09 £000
Balance at 1 August	160	157
Increase in cash balances	40	3
Balance at 31 July	<u>200</u>	<u>160</u>
Bank Balances	200	160
Total Endowment Asset Investments	<u>200</u>	<u>160</u>

15. Debtors

	2009-10 £000	2008-09 £000
Debtors	3,015	2,537
Prepayments	615	487
Government Grant	446	695
	<u>4,076</u>	<u>3,719</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

	2009-10 £000	2008-09 £000
Mortgages and Unsecured Loans (Note 24)	50	50
Obligations Under Finance Leases (Note 24)	434	360
Payments Received on Account	2,979	2,389
Creditors	4,854	5,118
Social Security & Other Taxation Payable	1,288	1,268
Accruals and Deferred Income	1,190	880
Government Grants	6,059	3,508
	<u>16,854</u>	<u>13,573</u>

18. Creditors Amounts falling due after more than one year

	2009-10	2008-09
	£000	£000
Mortgages secured on residential and other properties repayable by 2013	125	175
Obligations Under Finance Leases (Note 24)	6,044	6,479
	<u>6,169</u>	<u>6,654</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

	Pension	HERA	Total
	£000	£000	£000
Balance at 1 August	2,854	300	3,154
Utilised in Year	(181)	(152)	(333)
Transfer From Income and Expenditure Account	24	90	114
At 31 July	<u>2,697</u>	<u>238</u>	<u>2,935</u>

20. Deferred Capital Grants

	HEFCE £000	Other £000	Total £000
Balance at 1 August			
Buildings	13,750	3,023	16,773
Equipment	185	103	288
	<u>13,935</u>	<u>3,126</u>	<u>17,061</u>
Cash Received and Receivable			
Buildings	0	0	0
Equipment	0	120	120
	<u>0</u>	<u>120</u>	<u>120</u>
Released to Income and Expenditure – Depreciation			
Buildings (Notes 1 and 4)	458	102	560
Equipment (Notes 1 and 4)	78	106	184
	<u>536</u>	<u>208</u>	<u>744</u>
Balance at 31 July			
Buildings	13,292	2,921	16,213
Equipment	107	117	224
Total	<u>13,399</u>	<u>3,038</u>	<u>16,437</u>

The value of the interest retained by HEFCE is £14,696,632 (2008-09 £16,093,541)

21. Specific Endowments

	Restricted Expendable £000	Restricted Permanent £000	Total £000
Balance at 1 August			
Capital	46	38	84
Accumulated Income	25	51	76
	<u>71</u>	<u>89</u>	<u>160</u>
New Endowments	38	0	38
Income for Year	1	1	2
Expenditure for Year	0	0	0
	<u>39</u>	<u>1</u>	<u>40</u>
At 31 July	<u>110</u>	<u>90</u>	<u>200</u>
Represented by:			
Capital Value	84	38	122
Accumulated Income	26	52	78
	<u>110</u>	<u>90</u>	<u>200</u>

22. Revaluation Reserve

	2009-10	2008-09
	£000	£000
Balance at 1 August	19,702	24,948
Released in Year (Depreciation)	(612)	(587)
Revaluation of Fixed Assets (Note 12)	0	(4,659)
Balance at 31 July	<u>19,090</u>	<u>19,702</u>

23. Income and Expenditure Account

	2009-10	2008-09
	£000	£000
Balance at 1 August	(6,053)	48
Surplus after Depreciation of Assets at Valuation	692	26
Release from Revaluation Reserve (Note 22)	612	587
Historical Cost Surplus	<u>1,304</u>	<u>613</u>
Actuarial Gain/(Loss) in respect of Pensions (Note 31)	2,505	(6,714)
Balance at 31 July	<u>(2,244)</u>	<u>(6,053)</u>
Balance Represented by:		
Income and Expenditure Reserve	9,109	6,950
Pension Reserve	(11,353)	(13,003)
Balance at 31 July	<u>(2,244)</u>	<u>(6,053)</u>

24. Financing Obligations

	Loan	Lease	Total	Total
	2009-10	2009-10	2009-10	2008-09
	£000	£000	£000	£000
Financing Obligations fall due as follows:				
Between two and five years	125	2,685	2,810	2,460
Over five years	0	3,359	3,359	4,194
Total over one year (Note 18)	<u>125</u>	<u>6,044</u>	<u>6,169</u>	<u>6,654</u>
Within one year (Note 17)	50	434	484	410
	<u>175</u>	<u>6,478</u>	<u>6,653</u>	<u>7,064</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 2010.

25. Capital Commitments

	2009-10	2008-09
	£000	£000
Committed Contracts at 31 July	8,701	159
Authorised but not contracted at 31 July	0	0
	<u>8,701</u>	<u>159</u>

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

	2009-10	2008-09
	£000	£000
Surplus before Tax	692	26
Depreciation (Note 12)	2,079	1,919
Deferred Capital Grants Released to Income (Note 20)	(744)	(628)
Investment Income (Note 5)	(146)	(221)
Decrease in Value of Investments	0	1
Interest Payable (Note 10)	614	649
Pension Cost less Contributions payable (Note 31)	855	269
Decrease/(Increase) in Debtors	(357)	8
Increase in Creditors	3,207	2,852
(Decrease)/Increase in Provisions	(219)	(1,950)
Net Cash Inflow from Operating Activities	<u>5,981</u>	<u>2,925</u>

27. Returns on Investments and Servicing of Finance

	2009-10	2008-09
	£000	£000
Income from Endowments (Note 5 and 21)	20	3
Income from Short Term Investments (Note 5)	128	221
Interest Paid (Note 10)	(24)	(19)
Leasing Finance Charge (Note 30)	(590)	(649)
	<u>(466)</u>	<u>(444)</u>

28. Capital Expenditure and Financial Investment

	2009-10	2008-09
	£000	£000
Tangible Assets Acquired (other than leased equipment) (Note 12)	(327)	(3,883)
Endowment Asset Investments Acquired (Note 14)	(40)	(3)
Total Fixed and Endowment asset Investments Acquired	<u>(367)</u>	<u>(3,886)</u>
Proceeds from the sale of assets (Note 12)	650	0
New Endowments Received	38	0
Deferred Capital Grants Received (Note 20)	120	5,352
	<u>441</u>	<u>1,466</u>

29. Analysis of Changes in Financing During the Year

	Mortgages and Loans £000	Finance Leases £000	Total £000
Balance at 1 August 2008	275	7,208	7,483
Capital Repayments	(50)	(350)	(400)
Interest Rolled Up	0	(19)	(19)
Balance at 31 July 2009	<u>225</u>	<u>6,839</u>	<u>7,064</u>
Capital Repayments	(50)	(361)	(411)
Balance at 31 July 2010	<u>175</u>	<u>6,478</u>	<u>6,653</u>

30. Analysis of Changes in Net Funds

	At 1 August 2009 £000	Cash flows £000	Other Changes £000	At 31 July 2010 £000
Cash at Bank and in hand	10,479	5,584	0	16,063
Short Term Deposits	39	(39)	0	0
Debt due within one year	(410)	411	(485)	(484)
Debt due after one year	(6,654)	590	(105)	(6,169)
	<u>3,454</u>	<u>6,546</u>	<u>(590)</u>	<u>9,410</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:

	2009-10 £000	2008-09 £000
TPS Contributions Paid	1,803	1,736
GMPF Charge to the Income and Expenditure Account	1,357	975
USS Contributions paid	97	77
Total Pension Cost (Note 6)	<u>3,257</u>	<u>2,788</u>
Outstanding Pension Contributions at 31 July	0	0

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%	6.5%	6.4%
Salary Scale increase per annum	5.0%	4.9%	4.3%
Pension increase per annum	3.5%	2.9%	3.3%
Market Value of Assets at date of last valuation	£162,650M	£31M	£28,843M
MFR proportion of members' accrued benefits covered by the actuarial value of the assets.	98.88%	73%	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 2009 to 31 July 2010 the employer contribution was 14.1% (14.1%). The employees' rate was 6.4% (6.4%) for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Under the definitions set out in FRS 17, the TPS 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 2010.

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 15.7% (15.2%) of pensionable salaries to March 2010, rising to 16.5% from April. For subsequent years the rate will remain at 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 2010.

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 2010 were:

	2009-10	2008-09
Rate of Increase in Pension	2.9%	3.7%
Rate of Increase in Salaries	4.9%	5.2%
Discount Rate	5.4%	6.0%
Inflation Assumption	3.7%	3.7%

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

The assumed average life expectancies at age 65 are:

	Males	Females
	Years	Years
Mortality Assumptions		
Current Pensioners	20.8	24.1
Future Pensioners	22.8	26.2

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

Scheme	Long Term Return		Long Term Return		Long Term Return	
	Expected	Value at	Expected	Value at	Expected	Value at
Assets	2009-10	2009-10	2008-09	2008-09	2007-08	2007-08
	%	£000	%	£000	%	£000
Equities	7.3	21,378	7.3	18,809	7.8	16,856
Bonds	4.8	4,647	5.3	3,657	5.7	4,462
Property	5.3	1,859	5.3	1,567	5.7	2,209
Cash	4.4	3,098	4.3	2,090	4.8	2,360
		<u>30,982</u>		<u>26,123</u>		<u>25,887</u>

The following amounts at 31 July 2010 were measured in accordance with the requirements of FRS17.

	2009-10	2008-09
	£000	£000
Analysis of the Amount shown in the Balance Sheet		
University's estimated asset share	30,982	26,123
Present value of scheme liabilities	(42,335)	(39,126)
Deficit in Scheme – Net Pension Liability	<u>(11,353)</u>	<u>(13,003)</u>

Analysis of the Amount charged to income and expenditure

Current Service Cost	1,251	976
Contributions in respect of Unfunded Benefits	(9)	(9)
Past Service Costs	116	24
Adjustment to Pension Costs (Note 6)	<u>1,358</u>	<u>991</u>

Analysis of the Amount charged to other interest paid

Expected return on pension scheme assets	(1,747)	(1,837)
Interest on Scheme Liabilities	2,375	2,160
Adjustment to other interest received/(payable) (Note 10)	<u>628</u>	<u>323</u>

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

	2009-10	2008-09
	£000	£000
Actual Return less Expected Return on Pension Scheme Assets	2,399	(2,333)
Actuarial Losses	(2,740)	(4,381)
Past Service Gains	2,846	0
	<u>2,505</u>	<u>(6,714)</u>

Analysis of Movements in the present value of the scheme liabilities

	2009-10	2008-09
	£000	£000
Opening Defined Benefit Obligation	39,126	31,907
Current Service Cost	1,251	976
Interest Cost	2,375	2,160
Contributions by members	481	454
Actuarial Losses	2,740	4,381
Past Service (Gains) / Costs*	(2,730)	24
Estimated Unfunded Benefits Paid	(9)	(9)
Estimated benefits Paid	(899)	(767)
	<u>42,335</u>	<u>39,126</u>

Analysis of Movements in the market value of the scheme assets

	2009-10	2008-09
	£000	£000
Opening Market Value of the Scheme Assets	26,123	25,887
Expected Return on Assets	1,747	1,837
Contributions by members	481	454
Contributions by University	1,131	1,045
Contributions in respect of Unfunded Benefits	9	9
Actuarial Gains / (Losses)	2,399	(2,333)
Estimated benefits Paid	(908)	(776)
	<u>30,982</u>	<u>26,123</u>

*The past service gain includes a gain of £2,846,000 resulting from the government announcement on 22 June 2010 that future pensions increase will be linked to CPI rather than RPI.

History of Experience Gains and Losses

	2009-10	2008-09	2007-08	2006-07	2005-06
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	2,399	(2,333)	(5,504)	802	1,130
Value of Assets	30,982	26,123	25,887	28,718	25,225
Percentage of Assets	7.7%	(8.9%)	(21.3%)	2.8%	4.5%
Experience Gains/(Losses) on Liabilities	8	(4)	1,850	0	(7)
Total Present Value of liabilities	42,335	39,126	31,907	32,092	31,642
Percentage of the Total Present Value of Liabilities	0.0%	0.0%	5.8%	0.0%	0.0%
Actuarial Gains/(Losses) Recognised in STRGL	2,505	(6,714)	(2,199)	3,601	(138)
Total Present Value Liabilities	42,335	39,126	31,907	32,092	31,642
Percentage of the Total Present Value of Liabilities	5.9%	(17.2%)	(6.9%)	11.2%	(0.4%)



32. Access Funds and Mature Bursaries

	2009-10	2009-10	2009-10	2008-09
	Access	Bursaries	Total	Total
	£000	£000	£000	£000
Balance at 1 August	32	4	36	46
Funding Council Grant	318	0	318	347
Interest Earned	2	0	2	3
	<u>320</u>	<u>0</u>	<u>320</u>	<u>350</u>
Disbursed to Students	(294)	0	(294)	(349)
Audit Fees	(1)	0	(1)	(1)
Administration Costs	(2)	0	(2)	(10)
	<u>(297)</u>	<u>0</u>	<u>(297)</u>	<u>(360)</u>
Balance at 31 July	<u>55</u>	<u>4</u>	<u>59</u>	<u>36</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

	2009-10	2008-09
	£000	£000
Balance at 1 August	146	82
Funds Received in Year	1,922	1,833
Disbursements in the Year	(1,806)	(1,729)
Administration Costs	(40)	(40)
	<u>(1,846)</u>	<u>(1,769)</u>
Balance at 31 July	<u>222</u>	<u>146</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

	2009-10	2008-09
	£000	£000
Receipts in respect of University Academic Partners	434	408
Disbursements made to University Academic Partners	(434)	(408)
	<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.

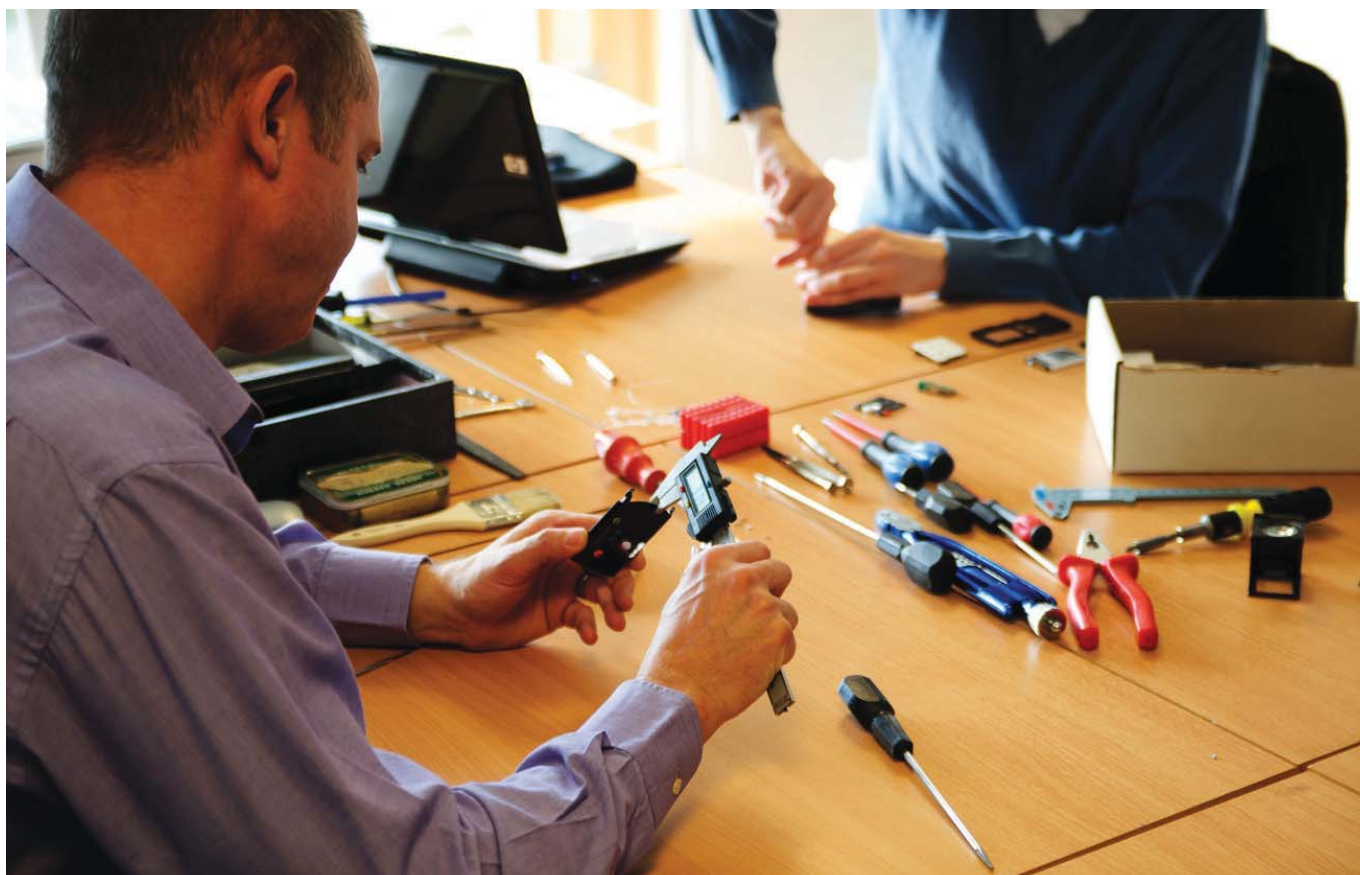
There are no other related party transactions that would require disclosure under Financial Reporting Standard 8 "Related Party Transactions".

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 £1,949 during 2009-10 (£1,282 in 2008-09).

37. Contingent Liability

There are no contingent liabilities. (2008-09: None)





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