



FINANCIAL STATEMENTS 2011

YEAR ENDED 31 JULY 2011



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Operating and Financial Review 2010-11



Context

The University's financial performance in 2010-11 continued to be robust despite the reduction in HEFCE grant halfway through the University's financial year, the upward pressure on staffing costs caused by incremental drift and an increase in general inflation.

The University continues to make appropriate provision in its 2010-11 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 £3,154,000 on a historical cost basis set against a forecast budget deficit of £712,000. This was achieved despite making provision for a voluntary severance programme in support of the University's Academic Review and Repositioning strategy aimed at reconfiguring academic Schools into Faculties to achieve rationalisation of provision and efficiencies in delivery.

Repositioning the University

2010-11 saw the Browne Review and the consequent White Paper – Students at the Heart of the System - which proposed a radical, though not wholly unexpected, change in the way in which higher education would be funded. The essential feature was that the cost of higher education would be shifted from the government to the student, via an increase in the provision of student loans. The declared intention is to drive up quality within the sector by making universities' funding more dependent on students' choices and less on block grants.

It is widely anticipated that this change in funding methodology will lead to an initial downturn in the numbers of students entering higher education and there will, as a consequence, be increased competition within the sector. The University has put in place a number of

measures which seek to mitigate and manage the risks to its continued development and prosperity that this poses. It has made provision within its budget projections for future years for a downturn in student numbers and instituted robust financial controls on spending. At the same time, it is seeking to maximise the quality and attractiveness to future students of its academic portfolio through a University-wide Academic Review. It is, in other words, budgeting for a downturn whilst taking steps designed to increase the likelihood that numbers will be maintained. Over the last few years a coherent and well-managed Estates Strategy has led to substantial improvements to the standard and visual appeal of its facilities. At the same time, the University is looking to major internal management restructuring to enhance the efficiency of existing provision and also to facilitate the development of income streams which offer an alternative to the UK home student on campus market, including radically new forms of delivery and an increase in off campus collaborative provision, both within the UK and internationally.

In order to achieve the necessary changes, the University established in September 2010, a Repositioning and Transformation Task Force, which instituted the Academic Review and proposed a restructuring from four academic Schools to three Faculties. The Academic Review saw the closure to new entrants of a number of programmes as part of an ongoing process to focus on a smaller number of higher quality subject areas. As part of the Academic Review, a new Core Curriculum Framework has been designed and the process of redesigning academic programmes in accordance with its principles began in 2010-11. This will continue through to April 2012 so that a completely redesigned and revalidated undergraduate

academic portfolio is available to students who enter the University under the new funding regime in September 2012. At the same time, through a combination of voluntary severance and strong controls on new external appointments, the University has managed to increase the number of academic staff on its books whilst at the same time reducing its pay bill as a percentage of its total income. It anticipates that this change will continue through the next financial year.

Key Developments

Health and Wellbeing Centre (Bolton One)

The Bolton One project is on track to complete at the planned date of February 2012 when the University anticipates it will be able to move into the new building. A collaborative group has been meeting regularly to create work plans which aim to operationalise the potential for collaborative synergies between the partners – NHS Bolton, Bolton Council and the University. As part of the preparations for the opening of Bolton One and as a result of the Academic Review, the University is planning to realign relevant parts of its academic portfolio in order to optimise the potential for high quality programmes in health, sport and related subject areas. As mentioned above, one aspect of this preparation has been the creation of a new research centre in Health and Wellbeing which will allow academic staff from across different areas of the University to undertake collaborative research programmes with each other and with colleagues from the health professions associated with Bolton One.

Progress on Research

Following on from the excellent results in the Funding Council's Research Assessment Exercise (RAE) where most of the University's research work was assessed as being of international standing, and three areas were designated as "world-leading", the decision was made to establish a Research and Graduate School, in order to:

- Bring all postgraduate provision into a single unit which will help market programmes and improve recruitment.
- Give support to graduate research students and early-career researchers.
- Create an interdisciplinary framework especially for taught postgraduate courses, leading to the development of new and innovative masters courses.
- Support staff in improving qualifications, especially to doctoral level.
- Improve research methods training.
- Create internship and placement opportunities for students.
- Maintain central administrative functions graduate programmes.
- Create a central grants and funding office with administrative support for the writing of bids.

Funding from the RAE has been reduced and made more selective across the sector, but the University has maintained the Quality Related funding it receives from the funding council at a level comparable to the previous year, at £724,000. The two research institutes, the Institute for Materials Research and Innovation and the Institute for Educational Cybernetics continue to attract most external funding, with the former being a partner in the major initiative in the North West, the Knowledge Centre for Materials Chemistry (KCMC) and the latter from JISC and the European Union. The Institute for Materials Research and Innovation has also placed emphasis on intellectual property development and exploitation through a portfolio of 7 new patents. This year has also seen the establishment of the Centre for Research into Health and Wellbeing in anticipation of the opening of Bolton One in 2012. This will provide focus for research mainly in healthcare and sports by pulling resources from the three newly established faculties and the two research institutes.

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, in partnership with Bolton Council and NHS Bolton, which is situated at the heart of Bolton's Innovation Zone.
- 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), the National Coal Mining Museum, the BBC in Media City and the Octagon Theatre.
- Its work with local voluntary agencies and charities such as Bolton at Home, Bolton Rotary Club and Bolton Lads and Girls Club to create equality of opportunity and community cohesion in Bolton and beyond.
- Its applied research and knowledge transfer in support of business and industry, 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

In 2010 the University continued its strategy of supporting workforce development through the provision of professional development modules, focussed around the training and staff development needs of specific employment sectors. Over 1400 learners undertook CPD modules, with the majority of these coming from the health sector. Other sectors supported in this way included education/training, construction and professional services. Project funding was utilised to enhance the skills of those within employment, develop sector specific CPD provision and assist those facing redundancy to secure future employment. The Business Support and Development Unit (BSDU) managed the completion of the ECIF project achieving the following outputs: 409 employed beneficiaries undertook accredited modules, workshops and short courses; 240 beneficiaries who were either unemployed or facing redundancy took part in skills enhancement workshops and short courses. The University completed six Higher Level Skills (HLS) Pathfinder / Partnership projects, valued at £538,000. Through these projects professional development provision was created for the advanced engineering, creative industries and professional services sectors. One HLS Partnerships project focused upon enhancing the employment prospects of those facing redundancy and 229 employees working within the public and private sectors were assisted. Another HLS project, entitled Writers' Lab, achieved a BBC Media Achievement Award for the way it helped develop and promote the creative writing talents of local participants.

Other knowledge transfer activities with local businesses and organisations centred around contract research (where the income doubled to £420,000 from the previous year) and consultancy support, including the development of three new Knowledge Transfer Partnerships with local companies. HEIF4 funding was used to provide direct business support through the provision of professional development programmes for the health and regeneration sectors. HEIF4 also helped establish 7 professional doctorates and underpinned the development of a University Customer Relationship Management system to assist employer engagement, as well as supporting the provision of targeted industry placements for business students. HEIF4 funding was also used to create an in-house media production company offering our students the opportunity to work on live commercial briefs.

Student support for business was also cemented through the University's participation in the ERDF Unite with Business Project. This will be completed at the end of

2012 when around 100 business assists will have been provided to the SME sector through final year undergraduate and postgraduate internships. Local trust funding (the Marriot Trust, administered by Bolton-Le Moors Rotary Club) provided £70,000 to support 4 scholarships in the areas of social cohesion, the medical application of auxetic materials, the history of leisure in Bolton and in support of the Humphrey Spender mass observation project. In conjunction with Bolton Council and the Octagon Theatre, the University hosted a Leisure Lives Conference and an event to celebrate of the work of the Bolton playwright, Bill Naughton. Throughout the year staff and students exhibited at 9 photographic or design exhibitions around the North West, enabling them to engage the wider community and maintain their professional practice.

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.

Widening Participation and the Student Body

The University's record in widening participation in higher education is the best in the North West and amongst the very best nationally: 46% of entrants to first degree programmes are from NS-SEC groups 4,5 and 6. 49% of its total student body study part-time (the second highest percentage in the North West), and many of whom are sponsored by employers and engaged in career development. It is pleasing to note also that 52% 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, 46% of the University's students are male, against the national trend, 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.



The University Campus in Ras Al Khaimah (United Arab Emirates)

As a result of an internal subject review and in order to respond to recommendations made by the QAA following their audit of the University's academic provision in April 2011, the University has reconfigured and revalidated its engineering programmes delivered in Ras Al Khaimah (RAK). Recruitment has not been as strong as was originally anticipated and a new marketing strategy and business plan, focussed on the recruitment of local expatriates and their family members, has been drawn up in order to redress this, and this is expected to show results early in the 2011-12 academic year. In June 2010 the campus moved to a new location within the existing American University in RAK, offering much improved accommodation and facilities for students. The RAK campus hosted an international Learning and Teaching conference in May 2011, which saw Bolton and RAK staff and students delivering workshops and lectures on a variety of topics and it is hoped that the continued exchange of staff and students will enhance provision both in Bolton and in RAK and will contribute to the development of a strong theme of internationalisation within the curriculum.

The RAK model continues to be carefully monitored and costed and it is a substantial part of the University's off campus collaborative provision which is one of the major means of diversifying the University's income streams at a time when income from home students based at Bolton is uncertain. 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.

Addressing the Environmental Sustainability Agenda

The University Environmental Sustainability Group has met regularly over 2010-11 and its focus has been on the following projects: promoting the efficient use of University resources; disposing of materials in a responsible manner; reducing waste; promoting recycling and reuse wherever possible; developing a purchasing policy that promotes sustainability and encourages suppliers to follow good practice; and managing the use of energy and water to reduce consumption. The Group is currently working closely with the Core Curriculum Group to ensure that sustainability is embedded within all programmes which the University provides, as one of the three "Bolton values" alongside employability and internationalisation. The University has established its own Carbon Management Plan (CMP) in line with the requirements of the Funding Council, who have set targets for HEIs to reduce their carbon emissions by 43% by 2020. The University has 100% of the funding required to implement this plan and has identified over forty projects that will reduce the total carbon emissions of the University by 30% over the 5 year duration of the project.

The Executive Board and the Board of Governors have oversight of the sustainability agenda through regular reports to both. Training events have also been held for the benefit of senior staff and governors.

Financial

The University has reported a surplus of £3,154,000, (on a historical cost basis) which is equal to 6.2% of our turnover in the year.

Operating Surplus

The operating surplus was £2,541,000. The main variation from the previous year is:

Head	Increase	Decrease	Reason (significant items only)
Academic fee income	£1,212,000		Mainly an increase in overseas student fees and in home full-time fees.

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 £3,064,000 in 2010-11. This target was achieved during 2006-07 and has been maintained since then. During the year the cash balance has been strengthened to £19,640,000 as shown in the cash flow statements on page 22 of the financial statements.

Whilst there will be a net outflow of cash in 2011-12 resulting from the University's investment in Bolton One, the University's cash balances will remain ahead of the target set in the financial strategy.

Reserves

At 31 July 2011 the University's Income & Expenditure Account reserves amounted to £12,602,000 before the impact of FRS17. The volatile pension reserve fell to a £8,310,000 deficit bringing the retained reserves up to a surplus of £4,292,000. This represents an improvement of £6,536,000 on the deficit of £2,244,000 reported in 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 changes in the way in which higher education will be funded as a serious threat to its financial position and has established the Repositioning and Transformation Task Group referred to above in order to consider how the transition to the new funding regime can best be managed. The budget for 2011-12 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.

Going concern

Management have prepared forecasts of the University's budgets and cash-flows up to July 2013, these indicate that, after allowing for the net payments in respect of Bolton One and the repayment of HEFCE grant, the University remains in a net cash generative position. 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.

Signature

Position

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

Date 15 November 2011

Members of the Board of Governors:

1 August 2010 to 31 July 2011

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 BA PGCE 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	
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	
Prof A Banerjee OBE JP FRCP	Independent	Resources Ad Hoc Appointments	
Mr P Horrocks	Independent	Resources Ad Hoc Appointments	

Name	Category	Sub Committee Membership	Note
Bishop N McCulloch BMA Hon DL	Independent	Audit Ad Hoc Appointments	
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		
Ms S Burkinshaw MCIPD FHEA MA PGCE BA	Senate Member	Nominations	
Dr M Boneham BA PGCE PhD	Senate Member		
Mr A Howell BSc	Students' Union President		To 30 June 2011
Ms D Oderinde BSc MTech MSc	Student Elected Member		To 30 June 2011
Mrs P Lonsdale BA MBA	Support Staff Co-opted	Nominations	
Mr Salman Aziz BSc MSc	Student Elected Member		From 5 July 2011
Ms Shana Begum	Students' Union President		From 5 July 2011

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

Statement of Corporate Governance and Internal Control



The purpose of this statement is to provide readers of the financial statements of the University of Bolton with information about its governance and legal structure. This summary outlines the manner in which the Governing Body, and through it the University being a body entrusted with both public and private funds, has fulfilled its duty to maintain the highest standards of Corporate Governance.

The Governing Body is committed to exhibiting best practice in all aspects of Corporate Governance and, throughout the period, has endeavoured to:

- Conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life, namely selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- Comply with the voluntary Governance Code of Practice as set out in the Committee of University Chairs' Guide (2009/14) and including adoption of a Statement of Primary Responsibilities.
- Comply with the relevant provisions set out in section 1 of the Combined Code of Corporate Governance (June 2010) issued by the Financial Reporting Council in so far as they apply to the Higher Education sector.
- Comply with the Higher Education Funding Council for England's Financial Memorandum.

Governance and Legal Structure

The University is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988, and awarded university title in 2005 by Privy Council consent. The University's objectives, powers and framework of governance are set out in its Statutory Instrument and Articles of Government as approved by the Privy Council.

The University is an exempt charity and must comply with the terms of the Charities Act 2006. Its charitable trustees who served at any time during the financial year and until the date the financial statements are formally approved are

those members of the Governing Body listed on pages 8 and 9. The University is satisfied that it has had due regard for the Charity Commission's guidance on public benefit and that required statements appear elsewhere in these Financial Statements.

The Governing Body holds itself responsible for the strategic direction, the educational character and mission, all financial and property matters and staffing policies of the University. Academic stewardship is undertaken by the University's Senate, of which the Vice Chancellor is Chair, and the responsibilities of this are set out in the University's Articles of Government. Overall accountability for academic matters, in particular academic quality, lies with the Governing Body.

The Governing Body

The Board of Governors comprises up to 18 members, including the Vice Chancellor, and has a majority of independent members, who are external and independent of the University. It meets at least four times each financial year. Two of these meetings are designated as training days and include a formal Board meeting as well as a less formal training session to brief members on current and relevant issues.

The Governing Body has established the following sub-committees to assist it take its work forward:

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

All of these sub-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 Pro Vice Chancellor (Academic) and the University Registrar and Secretary who is also Clerk to the Governors. Ad-hoc Board of Governors' working groups are occasionally established to consider project and risk based oversight tasks.

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 delegated to the Vice Chancellor (as Head and Accountable Officer of the Institution) responsibility for the organisation, direction and management of the University and leadership of its staff.

All Governors have access to the Clerk to the Governing Body, who is appointed to act as Secretary to the Board and is responsible for the Governance function. 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. All Governors are required to exercise their responsibilities in the interests of the institution as a whole rather than as the representative of any constituency.

The University maintains and makes publicly available a register of interests of all members of the Board of Governors, and has established procedures should a conflict of interest arise. There is a clear division of responsibility in that the roles of the Chair of the Board and Vice Chancellor are separate.

The following processes have been established:

- The Board of Governors formally meets at least 4 times throughout the financial year.
- Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board and sub-committee meetings. Relevant briefings are also circulated on an ad-hoc basis as required.
- In addition to the above formal meetings, members participate in regular training sessions. In 2010-11, members attended two training sessions on 16 November 2010 and 12 April 2011. Topics covered included a discussion of the Lord Browne Review of HE; the University's Academic Review; Collaborative Provision; Key sector issues facing the University; the Access Agreement and Student Retention.
- The Board of Governors (and its sub-committees) receive detailed reports, including the annual report from the Audit Committee and reports from senior

managers on key activities and projects, as itemised on the relevant agenda.

- 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 regularly presented to the Board of Governors. The Executive and the Senior Management Team takes operational responsibility for risk management within the University.
- Board members have been actively engaged in all the Board's sub-committees and pro-actively involved in ad-hoc Board of Governors' working groups when established by the Governing Body.

Attendance at meetings of the Boards of Governors' by individual members for the period 1 August 2010 - 31 July 2011 has been recorded as follows:-

Ms M Neville-Rolfe	4 of 4
Mr M Sheen	4 of 4
Mr N Myerson	4 of 4
Mr S Conn	3 of 4
Mr R Gould	3 of 4
Ms S Kay	3 of 4
Bishop N McCulloch	3 of 4
Prof R Lewis	4 of 4
Mr P Horrocks	4 of 4
Prof A Banerjee	4 of 4
Dr G Holmes	4 of 4
Ms G Richards	1 of 4
Mr C Minta	4 of 4
Dr M Boneham	4 of 4
Ms S Burkinshaw	4 of 4
Mr A Howell	3 of 3
Ms Dumebi Oderinde	3 of 3
Mrs P Lonsdale	4 of 4
Mr Salman Aziz	1 of 1
Ms Shana Begum	1 of 1

Audit Committee

The Audit Committee formally meets at least 3 times throughout the financial year, with the University's external and internal auditors invited to attend at all meetings. This sub-committee of the Board 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 Higher Education Council for England as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the committee as necessary, they are not committee members. The Chair of the Board of Governors is also precluded from membership.

At least once each financial year, the committee meets the University's external and internal auditors without any officers present 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 2011 and including any significant issues up to the date of the report, to the Governing Body on 15 November 2011. 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 Governing Body 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 2011 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 a Senior Management Team (which includes the senior executives) of 24 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 Senior Management Team 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 Senior Management Team is actively involved in risk identification, prioritisation, evaluation and management review of its effectiveness, the information from these discussions being reported to the Audit Committee and the Board of Governors by the senior executives.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the University's internal auditor, UNIAC, which observes and complies with the requirements of the HEFCE Audit Code of Practice, HM Treasury Government Internal Auditing Standards and International Standards for the Professional Practice of Internal Auditing. In its annual opinion for 2010-11, UNIAC concluded that at the financial year ending 31 July 2011 the University's risk management framework, corporate governance, internal controls (although some reviews have identified areas for improvement), and arrangements for securing value for money were all operating effectively.

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

Date 15 November 2011

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 corporate governance and internal control.

Working through its established sub-committees, 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 comply with the Education Reform Act 1988 (as amended by the Further and Higher Education Act 1992), the 2007 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 Accountable Officer, is required to prepare financial statements for each financial year. Under those terms and conditions, the Board of Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the University for that year. In preparing these financial statements, 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, the Training and Development Agency for Schools and the Chief Executive of Skills Funding are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council, the funding agreement with the Training and Development Agency for Schools and the Chief Executive of Skills Funding Agency 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.

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

Date 15 November 2011

Independent auditor's report to the governing body of the University of Bolton

We have audited the financial statements of the University of Bolton ('the University') for the year ended 31 July 2011 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of historical cost surpluses and deficits, the balance sheet, the cash flow statement, the statement of total recognised surpluses and deficits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

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 (3) of the Education and Reform Act 1988. Our audit work has been undertaken so that we might state to the University's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Responsibilities of the Board of Governors set out on page 14 the governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Education and Reform Act 1988 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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 respect, 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 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as 31 July 2011 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- 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.

Opinion on other matters

In all material respects:

- income from the funding council, the Training and Development Agency for Schools, 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 2011 have been applied for the purposes for which they were received; and
- income during the year ended 31 July 2011 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Chief Executive of Skills Funding.

Grant Thornton UK LLP

Statutory Auditor,
Chartered Accountants
Manchester

Date 21 November 2011

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 (United Kingdom Generally Accepted Accounting Practice).

b) Going Concern

Based on information and knowledge available to the Board of Governors it has reasonable expectation that the University will continue in operational existence for the foreseeable future. For this reason the Board of Governors continues to adopt the going concern basis for preparing the accounts.

c) Scope of the Accounts

The University has two subsidiary companies, Bolton Institute Enterprises Limited and The University of Bolton Enterprises Limited, 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.

d) 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 (Note 11) 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

e) Income Recognition**(i) Funding Council 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 to which they relate. Grants received from HEFCE, which are attributable to future years, are included in creditors as deferred income.

(ii) 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.

(iii) Tuition Fees

Fee income is credited to the Income and Expenditure account in the period in which it is earned. Where the amount of the tuition fee is reduced, by a discount for alumni for example, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and are not deducted from income.

(iv) Other Income

Other income arising from the sale of goods and services is credited to the Income and Expenditure account when goods or services are supplied to the customer or when the terms of the contract have been satisfied.

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 at 31 July 2011. All movements on this provision are recognised in the Income and Expenditure account.

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 ended 31 July 2011

	Note	2010-11 £000	2009-10 £000
Income			
Funding Council Grants	1	23,115	22,931
Academic Fees and Support Grants	2	20,522	19,310
Research Grants and Contracts	3	2,140	2,096
Other Operating Income	4	5,074	5,019
Endowment Income and Interest Receivable	5	223	146
Total Income		<u>51,074</u>	<u>49,502</u>
Expenditure			
Staff Costs	6	27,971	28,177
Staff Costs – Restructuring	6	620	799
Other Operating Expenses	9	16,915	16,513
Depreciation	11	2,165	2,079
Interest Payable	10	862	1,242
Total Expenditure		<u>48,533</u>	<u>48,810</u>
Surplus After Depreciation of Assets at Valuation		<u>2,541</u>	<u>692</u>

Statement of Historical Cost Surpluses and Deficits for the Year ended 31 July 2011

	Note	2010-11 £000	2009-10 £000
Surplus After Depreciation of Assets at Valuation		2,541	692
Difference between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	21	613	612
Historical Cost Surplus		<u>3,154</u>	<u>1,304</u>

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

The notes on pages 24 to 37 form part of the financial statements.

Balance Sheet

As at 31 July 2011

	Note	2010-11 £000	2009-10 £000
Fixed Assets			
Tangible Assets	11	48,563	50,455
Endowment Asset Investments			
	13	259	200
Current Assets			
Debtors	14	3,910	4,076
Cash at Bank and in Hand		19,640	16,063
		<u>23,550</u>	<u>20,139</u>
Creditors:			
Amounts falling due after one Year	15	15,574	16,854
Net Current Assets		<u>7,976</u>	<u>3,285</u>
Total Assets Less Current Liabilities		56,798	53,940
Creditors:			
Amounts falling due after one Year	16	6,476	6,169
Provisions for Liabilities and Charges	17	3,230	2,935
Net Assets excluding pension liability		<u>47,092</u>	<u>44,836</u>
Net Pension Liability	29	<u>(8,310)</u>	<u>(11,353)</u>
Total Net Assets		<u>38,782</u>	<u>33,483</u>
Represented by:			
Deferred Capital Grants	18	15,754	16,437
Endowments Specific	19	259	200
Reserves			
Income and Expenditure Account	21	12,602	9,109
Pension Reserve	29	<u>(8,310)</u>	<u>(11,353)</u>
Income and Expenditure Account		4,292	<u>(2,244)</u>
Revaluation Reserve	20	18,477	19,090
Total Reserves		<u>22,769</u>	<u>16,846</u>
Total Funds		<u>38,782</u>	<u>33,483</u>

The notes on pages 24 to 37 form part of the financial statements.

The Financial Statements were approved by the Board of Governors on 15 November 2011 and signed on its behalf by;

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

Dr G Holmes Vice Chancellor

Cash Flow Statement

For the Year ended 31 July 2011

	Note	2010-11 £000	2009-10 £000
Net Cash Inflow from Operating Activities	24	4,646	5,981
Returns from Investments and Servicing of Finance	25	(360)	(466)
Capital Expenditure and Financial Investment	26	(226)	441
Cash Inflow before use of Liquid Resources and Financing		4,060	5,956
Management of Liquid Resources (Short Term Deposits)	28	0	39
Financing	27	(483)	(411)
Increase in Cash	28	3,577	5,584

Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	2010-11 £000	2009-10 £000
Increase in Cash in the Period		3,577	5,584
Decrease in Short Term Deposits		0	(39)
Repayment of Debt	27	483	411
Change in Net Debt		4,060	5,956
Net Funds at 1 August		9,410	3,454
Net Funds at 31 July	28	13,470	9,410

The notes on pages 24 to 37 form part of the financial statements.

Statement of Recognised Surpluses and Deficits

For the Year ended 31 July 2011

	Note	2010-11 £000	2009-10 £000
Surplus after Depreciation of Assets at Valuation		2,541	692
Endowment Income	19	59	40
Actuarial Gain/(Loss) in respect of Pension Scheme	29	3,382	(341)
Past Service Gains		0	2,846
Total Recognised Gains Since Last Report		<u>5,982</u>	<u>3,237</u>
Reconciliation			
Opening Reserves and Endowments		17,046	13,809
Total Recognised Gains relating to the Year		<u>5,982</u>	<u>3,237</u>
Closing Reserves and Endowments		<u>23,028</u>	<u>17,046</u>

The notes on pages 24 to 37 form part of the financial statements.

The Past Service Gain of £2,846,000, recognised in the previous year, arose 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 recognised this amount in the Statement of Recognised Surpluses and Deficits as management considered the resulting gain to represent a change in actuarial assumption.

Notes to the Accounts

For the Year ended 31 July 2011

	HEFCE £000	FE Provision £000	2010-11 Total £000	2009-10 Total £000
1. Funding Council Grants				
Recurrent Grant				
Teaching	20,773	253	21,026	20,973
Research	724	0	724	732
Other	611	0	611	360
Total Recurrent Grants	<u>22,108</u>	<u>253</u>	<u>22,361</u>	<u>22,065</u>
Specific Grants				
ECIF	40	0	40	208
Teaching Quality Enhancement Fund	0	0	0	75
Non-Capital Projects	126	0	126	0
Other	37	0	37	47
Total Specific Grants	<u>203</u>	<u>0</u>	<u>203</u>	<u>330</u>
Releases of Deferred Capital Grants (Note 18)	551	0	551	536
	<u>22,862</u>	<u>253</u>	<u>23,115</u>	<u>22,931</u>
2. Academic Fees and Support Grants				
Fees paid by or on behalf of Individual Students				
Full-time home and EU students			11,874	11,404
Full-time international students			5,318	4,518
Part-time students			2,344	2,354
Education contracts			685	721
Further education students			87	57
Other fees and grants			214	256
			<u>20,522</u>	<u>19,310</u>
3. Research Grants and Contracts				
Research Councils and Charities			339	275
Industry and Commerce			363	338
Governmental			1,438	1,483
			<u>2,140</u>	<u>2,096</u>
4. Other Operating Income				
Residences, Catering and Conferences			2,249	2,240
Other Income			2,632	2,571
Releases from Deferred Capital Grants (Note 18)			193	208
			<u>5,074</u>	<u>5,019</u>
5. Endowment and Investment Income				
Income from expendable endowments			20	18
Income from short-term investments			203	128
			<u>223</u>	<u>146</u>

	2010-11	2009-10
	£000	£000
6. Staff Costs		
Staff Costs		
Wages and Salaries	22,803	23,026
Social Security Costs	1,845	1,870
Other Pension Costs (including FRS17 adjustment Note 29)	3,098	3,257
	<u>27,746</u>	<u>28,153</u>
Contribution to Pension Provision (Note 17)	225	24
Total Staff Costs	<u>27,971</u>	<u>28,177</u>
Restructuring Costs	620	799
	<u>28,591</u>	<u>28,976</u>

Analysis of Staff by Major Category

	2010-11	2009-10
	£000	£000
	FTE	FTE
Academic	273	263
Support	342	339
Management and Specialist	46	47
	<u>661</u>	<u>649</u>

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

	2010-11	2009-10
	No	No
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:		
£100,000 - £109,999	0	0
£110,000 - £119,999	0	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 and of the Board of Governors

	2010-11	2009-10
Salary	181,600	180,900
Benefits in kind (healthcare)	2,600	3,300
Employer's Pension Contribution to Teachers' Pension Scheme	25,600	25,500
Total Emoluments	<u>209,800</u>	<u>209,700</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.

The members of the Governing Body do not receive any remuneration in respect of their roles.

	2010-11	2009-10
	£000	£000
9. Other Operating Expenses		
Academic Departments	4,957	5,083
Academic Services	797	741
Administration and Central Services	6,331	5,961
Premises	2,289	2,464
Residences and Catering	1,546	1,084
Research Grants and Contracts	678	590
Other Expenditure	317	590
	<u>16,915</u>	<u>16,513</u>

Other Operating Expenses include:-

External Auditor's Remuneration in respect of the Audit of the Financial Statements	35	34
External Auditor's Remuneration in respect of Non-Audit Services –		
Corporation Tax Compliance	7	6
Operating Lease Rentals		
Other	39	39

Included within Other Operating Expenses for 2010-11 is £260,000 (2009-10, nil) in respect of an impairment to the carrying value of Holt's Mill prior to its proposed demolition.

	2010-11	2009-10
	£000	£000
10. Interest Payable		
Loans repayable within five years	32	24
Finance Leases	557	590
Pension Finance Interest (Note 29)	273	628
	<u>862</u>	<u>1,242</u>

I 1. 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 2010	39,926	11,870	13,883	599	66,278
Additions at Cost	280	0	253	0	533
Impairment	(260)	0	0	0	(260)
At 31 July 2011	<u>39,946</u>	<u>11,870</u>	<u>14,136</u>	<u>599</u>	<u>66,551</u>
Depreciation					
At 1 August 2010	1,336	416	13,472	599	15,823
Charge for Year	1,336	416	413	0	2,165
At 31 July 2011	<u>2,672</u>	<u>832</u>	<u>13,885</u>	<u>599</u>	<u>17,988</u>
Net Book Value					
At 31 July 2011	<u>37,274</u>	<u>11,038</u>	<u>251</u>	<u>0</u>	<u>48,563</u>
At 1 August 2010	<u>38,590</u>	<u>11,454</u>	<u>411</u>	<u>0</u>	<u>50,455</u>
Financed by Capital Grant	15,714	0	40	0	15,754
Finance Lease	0	6,045	0	0	6,045
Other	<u>21,560</u>	<u>4,993</u>	<u>211</u>	<u>0</u>	<u>26,764</u>
	<u>37,274</u>	<u>11,038</u>	<u>251</u>	<u>0</u>	<u>48,563</u>

Included within land and buildings is land valued at £6,409,250 (freehold) and £1,490,000 (Leased) which is not depreciated.

The impairment charge in 2010-11 of £260,000 (2009-10 nil) is in recognition of the impairment to the carrying value of Holt's Mill prior to its proposed demolition.

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.

I 2. Investments

The University owns 100 £1 Ordinary Shares in Bolton Institute Enterprises Limited and one £1 Ordinary Share in the University of Bolton Enterprises Company Ltd. These are both wholly owned subsidiaries of the University.

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.

	2010-11	2009-10
	£000	£000
I3. Endowment Asset Investments		
Balance at 1 August	200	160
Increase in cash balances	59	40
Balance at 31 July	<u>259</u>	<u>200</u>
Bank Balances	259	200
Total Endowment Asset Investments	<u>259</u>	<u>200</u>

	2010-11	2009-10
	£000	£000
I4. Debtors		
Debtors	2,969	3,015
Prepayments	531	615
Government Grant	410	446
	<u>3,910</u>	<u>4,076</u>

	2010-11	2009-10
	£000	£000
I5. Creditors Amounts Falling Due within one Year		
Mortgages and Unsecured Loans (Note 22)	50	50
Obligations Under Finance Leases (Note 22)	518	434
Payments Received on Account	2,798	2,979
Creditors	6,178	4,854
Social Security & Other Taxation Payable	939	1,288
Accruals and Deferred Income	695	1,190
Government Grants	4,396	6,059
	<u>15,574</u>	<u>16,854</u>

	2010-11	2009-10
	£000	£000
I6. Creditors Amounts Falling Due After more than one Year		
Mortgages secured on residential and other properties repayable by 2013	75	125
Obligations Under Finance Leases (Note 22)	5,527	6,044
Government Grant	874	0
	<u>6,476</u>	<u>6,169</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 7.75%.

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).

HEFCE grant is repayable (£2,674,000) in respect of non-completing students between 2007-09 and 2009-10. The repayments, negotiated with the funding council, will be made £1,800,000 during 2011-12 (included within 'Creditors Amounts Falling Due Within one Year'); and the balance of £874,000 during 2012-13 (included within 'Creditors Amounts Falling Due after one Year').

17. Provisions for Liabilities and Charges	Restructuring £000	Pension £000	HERA £000	Total £000
Balance at 1 August	0	2,697	238	2,935
Utilised in Year	0	(177)	(238)	(415)
Transfer From Income and Expenditure Account	486	224	0	710
At 31 July	<u>486</u>	<u>2,744</u>	<u>0</u>	<u>3,230</u>

The enhanced pension provision relates to pension enhancements awarded in previous years to staff who have already left the University's employment. The principal assumptions used in determining the provision are as follows :-

Net Interest Rate	2010-11 2.00%	2009-10 3.00%
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The restructuring provision relates to committed payments under the University's ongoing restructuring programme, from which the University cannot reasonably withdraw at the balance sheet date.

18. Deferred Capital Grants	HEFCE £000	Other £000	Total £000
Balance at 1 August			
Buildings	13,292	2,921	16,213
Equipment	<u>107</u>	<u>117</u>	<u>224</u>
	<u>13,399</u>	<u>3,038</u>	<u>16,437</u>
Cash Received and Receivable			
Buildings	0	61	61
Equipment	<u>(15)</u>	<u>15</u>	<u>0</u>
	<u>(15)</u>	<u>76</u>	<u>61</u>
Released to Income and Expenditure – Depreciation			
Buildings (Notes 1 and 4)	459	101	560
Equipment (Notes 1 and 4)	<u>92</u>	<u>92</u>	<u>184</u>
	<u>551</u>	<u>193</u>	<u>744</u>
Balance at 31 July			
Buildings	12,833	2,881	15,714
Equipment	<u>0</u>	<u>40</u>	<u>40</u>
Total	<u>12,833</u>	<u>2,921</u>	<u>15,754</u>

The value of the interest retained by HEFCE is £13,191,222 (2009-10 £14,696,632).

	Restricted Expendable £000	Restricted permanent £000	Total £000
19. Specific Endowments			
Balance at 1 August			
Capital	84	38	122
Accumulated Income	26	52	78
	<u>110</u>	<u>90</u>	<u>200</u>
New Endowments	53	0	53
Income for Year	24	1	25
Expenditure for Year	(19)	0	(19)
	<u>58</u>	<u>1</u>	<u>59</u>
At 31 July	168	91	259
Represented by:			
Capital Value	118	38	156
Accumulated Income	50	53	103
	<u>168</u>	<u>91</u>	<u>259</u>

	2010-11 £000	2009-10 £000
20. Revaluation Reserve		
Balance at 1 August	19,090	19,702
Released in Year(Depreciation)	(613)	(612)
Balance at 31 July	<u>18,477</u>	<u>19,090</u>

	2010-11 £000	2009-10 £000
21. Income and Expenditure Account		
Balance at 1 August	(2,244)	(6,053)
Surplus after Depreciation of Assets at Valuation	2,541	692
Release from Revaluation Reserve (Note 20)	613	612
Historical Cost Surplus	<u>3,154</u>	<u>1,304</u>
Actuarial Gain / (Loss) in respect of Pensions (Note 29)	3,382	2,505
Balance at 31 July	<u>4,292</u>	<u>(2,244)</u>
Balance Represented by:		
Income and Expenditure Reserve	12,602	9,109
Pension Reserve	(8,310)	(11,353)
Balance at 31 July	<u>4,292</u>	<u>(2,244)</u>

	Loan	Lease	Total	Total
	2010-11	2010-11	2010-11	2009-10
	£000	£000	£000	£000
22. Financing Obligations				
Financing Obligations fall due as follows:				
Between two and five years	75	3,135	3,210	2,810
Over five years	0	2,392	2,392	3,359
Total over one year (Note 16)	<u>75</u>	<u>5,527</u>	<u>5,602</u>	<u>6,169</u>
Within one year (Note 15)	50	518	568	484
	<u>125</u>	<u>6,045</u>	<u>6,170</u>	<u>6,653</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 2011.

	2010-11	2009-10
	£000	£000
23. Capital Commitments		
Committed Contracts at 31 July	8,701	8,701
Authorised but not contracted at 31 July	0	0
	<u>8,701</u>	<u>8,701</u>

	2010-11	2009-10
	£000	£000
24. Reconciliation of Operating Surplus to Net Cash From Operating Activities		
Surplus before Tax	2,541	692
Depreciation (Note 11)	2,165	2,079
Deferred Capital Grants Released to Income (Note 18)	(744)	(744)
Investment Income (Note 5)	(223)	(146)
Impairment of Fixed Asset	260	0
Interest Payable (Note 10)	589	614
Pension Cost less Contributions payable (Note 29)	339	855
Decrease/(Increase) in Debtors	166	(357)
(Decrease)/Increase in Creditors	(742)	3,207
Increase/(Decrease) in Provisions	295	(219)
Net Cash Inflow from Operating Activities	<u>4,646</u>	<u>5,981</u>

	2010-11	2009-10
	£000	£000
25. Returns on Investments and Servicing of Finance		
Net Income from Endowments	26	20
Income from Short Term Investments	203	128
Interest Paid	(32)	(24)
Leasing Finance Charge	(557)	(590)
	<u>(360)</u>	<u>(466)</u>

	2010-11	2009-10
	£000	£000
26. Capital Expenditure and Financial Investment		
Tangible Assets Acquired (other than leased equipment)	(281)	(327)
Endowment Asset Investments Acquired	(59)	(40)
Total Fixed and Endowment Asset Investments Acquired	<u>(340)</u>	<u>(367)</u>
Proceeds from the sale of assets	0	650
New Endowments Received	53	38
Deferred Capital Grants Received	61	120
	<u>(226)</u>	<u>441</u>

27. Analysis of Changes in Financing During the Year

	Mortgages and Loans	Finance Leases	Total
	£000	£000	£000
Balance at 1 August 2009	225	6,839	7,064
Capital Repayments	(50)	(361)	(411)
Balance at 31 July 2010	<u>175</u>	<u>6,478</u>	<u>6,653</u>
Capital Repayments	(50)	(433)	(483)
Balance at 31 July 2011	<u>125</u>	<u>6,045</u>	<u>6,170</u>

28. Analysis of Changes in Net Funds

	At 1 August 2010	Cash flows	At 1 July 2011
	£000	£000	£000
Cash at Bank and in hand	16,063	3,577	19,640
Debt due within one year	(484)	(84)	(568)
Debt due after one year	(6,169)	567	(5,602)
	<u>9,410</u>	<u>4,060</u>	<u>13,470</u>

29. 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:

	2010-11	2009-10
	£000	£000
TPS Contributions Paid	1,755	1,803
GMPF Charge to the Income and Expenditure Account	1,235	1,357
USS Contributions paid	108	97
Total Pension Cost (Note 6)	<u>3,098</u>	<u>3,257</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%	6.2%	6.4%
Salary Scale increase per annum	5.0%	4.5%	4.3%
Pension increase per annum	3.5%	2.7%	3.3%
Market Value of Assets at date of last valuation	£162,650M	£36M	£28,843M

MFR proportion of members' accrued benefits covered by the actuarial value of the assets.	98.88%	81%	103%
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29 Pension Schemes (continued)

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 2010 to 31 July 2011 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.

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 2011.

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% 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 2011.

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.

29 Pension Schemes (continued)

	2010-11	2009-10
The material assumptions used by the actuary at 31 July 2011 were:		
Rate of Increase in Pension	2.7%	2.9%
Rate of Increase in Salaries	4.5%	4.9%
Discount Rate	5.3%	5.4%
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:

Mortality Assumptions	Males Years	Females Years
Current Pensioners	20.1	22.9
Future Pensioners	22.5	25.0

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

Scheme assets	Long term return expected 2010-11 %	Value at 2010-11 £000	Long term return expected 2009-10 £000	Long term return 2009-10 £000	Value at 2009-09 expected 2008-09 £000	Value at 2008-09 £000
Equities	7.0	24,159	7.3	21,378	7.3	18,809
Bonds	4.6	6,750	4.8	4,647	5.3	3,657
Property	5.1	1,776	5.3	1,859	5.3	1,567
Cash	4.0	2,842	4.4	3,098	4.3	2,090
		<u>35,527</u>		<u>30,982</u>		<u>26,123</u>

The following amounts at 31 July 2011 were measured in accordance with the requirements of FRS17. Analysis of the Amount shown in the Balance Sheet

	2010-11 £000	2009-10 £000
University's estimated asset share	35,527	30,982
Present value of scheme liabilities	(43,837)	(42,335)
Deficit in Scheme – Net Pension Liability	<u>(8,310)</u>	<u>(11,353)</u>

Analysis of the Amount charged to Income and Expenditure

	2010-11 £000	2009-10 £000
Current Service Cost	1,244	1,251
Contributions in respect of Unfunded Benefits	(9)	(9)
Past Service Costs	0	116
Adjustment to Pension Costs (Note 6)	<u>1,235</u>	<u>1,358</u>

Analysis of the Amount charged to other interest paid

	2010-11 £000	2009-10 £000
Expected return on pension scheme assets	(2,024)	(1,747)
Interest on Scheme Liabilities	2,297	2,375
Adjustment to other interest payable (Note 10)	<u>273</u>	<u>628</u>

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

	2010-11 £000	2009-10 £000
Actual Return less Expected Return on Pension Scheme Assets	2,137	2,399
Actuarial Gains / (Losses) on liabilities	1,245	(2,740)
Past Service Gains	0	2,846
	<u>3,382</u>	<u>2,505</u>

29 Pension Schemes (continued)

Analysis of Movements in the present value of the scheme liabilities	2010-11	2009-10
	£000	£000
Opening Defined Benefit Obligation	42,335	39,126
Current Service Cost	1,244	1,251
Interest Cost	2,297	2,375
Contributions by members	471	481
Actuarial (Gains)/Losses	(1,245)	2,740
Past Service Gains *	0	(2,730)
Estimated Unfunded Benefits Paid	(9)	(9)
Estimated Benefits Paid	(1,256)	(899)
	<u>43,837</u>	<u>42,335</u>

Analysis of Movements in the market value of the scheme assets	2010-11	2009-10
	£000	£000
Opening Market Value of the Scheme Assets	30,982	26,123
Expected Return on Assets	2,024	1,747
Contributions by members	471	481
Contributions by University	1,169	1,131
Contributions in respect of Unfunded Benefits	9	9
Actuarial Gains/(Losses)	2,137	2,399
Estimated benefits Paid	(1,265)	(908)
	<u>35,527</u>	<u>30,982</u>

*The past service gain shown for the comparative period 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	2010-11	2009-10	2008-09	2007-08	2006-07
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	2,137	2,399	(2,333)	(5,504)	802
Value of Assets	35,527	30,982	26,123	25,887	28,718
Percentage of Assets	6.0%	7.7%	(8.9%)	(21.3%)	2.8%
Experience Gains/(Losses) on Liabilities	(616)	8	(4)	1,850	0
Total Present Value of liabilities	43,387	42,335	39,126	31,907	32,092
Percentage of the Total Present Value of Liabilities	(1.4%)	0.0%	0.0%	5.8%	0.0%
Actuarial Gains/(Losses) Recognised in STRGL	3,382	2,505	(6,714)	(2,199)	3,601
Total Present Value Liabilities	43,387	42,335	39,126	31,907	32,092
Percentage of the Total Present Value of Liabilities	7.8%	5.9%	(17.2%)	(6.9%)	11.2%

	2010-11	2009-10
	£000	£000
30. Access Funds and Mature Bursaries		
Balance at 1 August	59	36
Funding Council Grant	291	318
Interest Earned	2	2
	293	320
Disbursed to Students	(315)	(294)
Audit Fees	(1)	(1)
Administration Costs	(10)	(2)
	(326)	(297)
Balance at 31 July	26	59

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.

	Group and University	
	2010-11	2009-10
	£000	£000
31. Other Funds for which the University acts as Paying Agent		
Balance at 1 August	222	146
Funds Received in Year	995	1,922
Disbursements in the Year	(1,107)	(1,806)
Administration Costs	(33)	(40)
	(1,140)	(1,846)
Balance at 31 July	77	222

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

	2010-11	2009-10
	£000	£000
32. Payment relating to Academic Partnerships		
Receipts in respect of University Academic Partners	408	434
Disbursements made to University Academic Partners	(408)	(434)
	0	0

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.

33. 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 President of the Students' Union is also a member of the Board of Governors, payments to the Students' Union totalled £211,192 (grant) and £1,364 (other transactions) (2009-10, £231,435 and £982 respectively). There were no amounts due to the Students' Union at 31 July 2011 (2009-10, nil).

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

34. 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 £1,368 during 2010-11 (£1,948 in 2009-10).

35. Contingent Liability

There are no contingent liabilities. (2009-10 : None)



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