

University of Bolton

Financial Statements 2014-15

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Operating and Financial Review 2014-15

Context

The University of Bolton is a modern forward looking Higher Education Institution which proudly traces its history back to the foundation, in 1825, of the Bolton Mechanics' Institute; one of the first to be established in the UK. To this day, the University retains its primary purpose of providing educational opportunities to the widest range of individuals. Its provision has a distinct emphasis upon professional and vocational education. The University welcomes people who wish to invest in their futures through accessing educational opportunities and thus enhance both their life skills and moreover their employment prospects. High quality intensive teaching underpinned and informed by research is central to the University's abiding mission. The last year saw the University embark upon the next exciting stage in its development with a sharpened and heightened focus upon wilful institution building, the culmination of which will be the creation of a sector leading Higher Education Institution (HEI) with a unique strategy to be the first truly 'teaching intensive' University in Britain.

The University is also at the heart of, and leading, the regeneration of the town of Bolton; its multi-million pound infrastructure projects are transforming the physical environment of the town centre and the university is widely recognised now as both the engine and driving force for the renaissance of the town. The ambitious yet achievable plans for the estate including a new student village are evidence of the newfound confidence of the maturing university and its ability to plan and deliver a central role in the development of the sub region. The university is taking its rightful place as a key agent for economic, social and cultural development as part of the new Greater Manchester Northern Powerhouse initiatives and will strive to become over the next few years a leading Greater Manchester University of the future. This will be reflected not just in the University's actual strength but moreover in the repositioning of its brand.

The University continues year on year to demonstrate robust financial performance, generating a healthy surplus (on an historical cost basis) of 7.3% of turnover in the academic year 2014-15. The University experienced strong student recruitment to its courses in the year and made significant progress in improving student experience, satisfaction with teaching and student success. Notwithstanding these measures, retention, of particularly first year students, remains an issue and is reflective in part of the university's inclusivity and access agenda. The University has more students as a percentage of its intake from both working class backgrounds and State Schools than any other in the UK; and is in the top three in the UK for its percentage of mature students (at over 57%). Pride is taken in respect of the University's care for the very high percentage of students admitted who declare as having a disability. CSR is an ever increasingly important aspect of the work of staff and students with many charities and community groups benefitting from support. It is within this laudable and enviable profile that the University continues to have a sound and effective control on its cost base and is highly efficient by any sector measure. The institution continues to sustain low levels of borrowing for the sector, and this, combined with good

surplus levels, ensures organisational sustainability and the capability to strategically reinvest in its academic and physical infrastructure.

The University also continues to innovate and put the student at the centre of its 'teaching intensive, research informed' academic focus. The overall external Higher Education (HE) environment remains in transition with a number of key developments including the regulatory changes affecting international student recruitment, new emphasis upon consumer rights, the removal of the cap on student numbers, the recent expansion of private providers, the changing role of the further education sector and the introduction by the new government of the Teaching Excellence Framework (TEF). The University is well placed however to respond to these major changes in the UK and global HE markets and utilise and, in some cases, benefit from the opportunities arising from them.

Recruitment and Revenue

The University experienced strong student recruitment in 2014-15 to its undergraduate programmes across the academic disciplines in the core UK market. Progress was also made in turning around international student recruitment with reasonable growth from both EU and International markets. While the part-time student recruitment continued to be challenging for the University and the sector in the year, recruitment to the postgraduate taught courses remained stable with some healthy improvement in postgraduate research student numbers, helped not least by the new Centre for Islamic Finance. Various academic areas including Health, Advanced Performance Engineering, Sports, Psychology, Creative Technologies and the Off Campus Division have shown robust student recruitment in 2014-15.

In January 2015, the University launched a new innovative undergraduate nursing degree course in partnership with Lancashire Teaching Hospitals NHS Foundation Trust. The unique partnership means the Trust and the University are the first in England to offer student nursing places that are not commissioned by Health Education England. Each year at least 50 new places will be available on the three-year full-time programme, developed to tackle the national shortage of nurses. These were the first nursing students in England to fund their studies through the Student Loan Company (SLC). After successful completion of the course, each graduate will be given the opportunity to take up a Trust entry-level staff nurse post. The University is successfully expanding this model with other NHS Trusts in the region with a focus on Bolton, Central and Greater Manchester.

This year, the University saw the further reduction in HEFCE's block teaching grant with the majority of the University's income now coming from student fees (via the SLC, arrangements). The vast majority of Home Students on conventional three year full time degree programmes are now on these new funding arrangements. The first cohort of students which joined following the introduction of higher fees in 2012 graduated this year, in summer 2015. The University has been adjusting its financial planning and management to this new funding regime to ensure resilience in the face of shifts in government policy and of shifting market demands. The results and financial consequences have been positive.

In September 2015, for the first time, the government removed the cap on student numbers such that all UK universities are permitted to recruit freely without the ceiling of the Student

Number Control (SNC). This is widely heralded as being likely to have a significant impact on the UK student recruitment pattern across the sector, especially in the undergraduate Home market. Therefore, optimal student recruitment and effective retention is of paramount importance for the success and sustainability of the institution. Within this challenging external context, the initial recruitment trends for September 2015 intake are particularly promising for the University of Bolton.

Strategic Developments

a) New Strategic Plan 2015-2020

In July 2014 the University adopted a new Strategic Plan for the period 2015-20. The Strategy lays out a clear vision for the institution specifically that by 2020 the University will be recognised for being “a teaching intensive, research informed higher education institution whose distinctive high quality, student-focused, undergraduate and postgraduate programmes attract applications from all over the world.”

The Strategy reaffirms the centrality of its students and commits to offering “an exciting and challenging student experience with high levels of proactive student support and with excellent facilities which enhance the quality of its academic provision.”

The Strategy confidently locates its mission within the economic development of the individuals, business and communities it services and we willingly accept our responsibilities to be “local resource, a regional asset and a national and international centre of excellence as well as a byword for exemplary vocationally focused undergraduate and postgraduate programmes delivered in Bolton and across the world.” Further the strategy recognises and responds to the opportunities and challenges all universities face in the context of competitiveness, globalisation, regeneration, student expectations and academic excellence.

With a clear focus on strategic framework for achievement, the Strategic Plan is divided into eight key areas, each of which sets out ambitious aspirations which build on existing success – all of which sit under our principal strategic aim of being a ‘Teaching intensive, research informed’ institution.

These key areas are:

- Student Success – with a focus on employability and enterprise
- Student Engagement – with a focus on learners shaping their experience
- Learning, Teaching and Assessment excellence – with a focus on unleashing potential
- Research and Knowledge Transfer – with a focus on excellent research informing teaching
- Quality – with a focus on standards through professionalism and student engagement
- Developing and Motivating Staff – with a focus on delivering TIRI
- Collaborative Provision – with a focus on genuine partnership
- Financial Sustainability – with a focus on investment and risk management

b) Teaching Intensive Research Informed University

The defining principle of our Strategic Plan over the next five years is to be recognised as the UK's leading, indeed only, truly 'teaching intensive university', and that such teaching be underpinned and informed by proper research. This means that all of our students will receive individualised, intensive tuition and support in order to help them achieve their academic and personal potential. This key framework has already directly informed our estates and facilities strategies, our research strategies, our investment plans and our communications to partners and other stakeholders. We expect all of our taught programmes to be directly shaped by the most relevant and latest research with a distinctive role for the contribution for the research of our own academic staff.

c) Our Estate

The University made significant progress in continuing the development and improvement of its overall estates infrastructure in 2014-15. These are based on implementation of a robust Estates Strategy and comprehensive masterplan that aims to provide an excellent learning environment and experience for our students. Notable 2014-15 new additions include:

- I. **Queen's Specialist Building** : During 2014-15, the University successfully completed the acquisition of the Queen's Specialist Building in Farnworth from the Bolton Sixth Form College in a mutually beneficial arrangement. These specialist facilities will enable the University to expand its provision by hosting a portfolio of new undergraduate and post-graduate courses. This will be oriented towards growing the student numbers and revenues in a focussed set of academic disciplines including Biomedical Sciences, Dental Technologies, and Biomedical Engineering. The new theatre complex adjacent to the Queens Specialist Building will act as the incubator for our exciting new Theatre Degrees, developed in conjunction with the Octagon Theatre.
- II. **New £10m STEM Centre**: The University has also been awarded a £5m teaching capital grant from HEFCE for the development of a new STEM Centre. Building for this new STEM Centre, with an overall budget of £10m, will commence on the Commission Street area adjacent to Deane Road in autumn 2015. A number of academic areas, including the newly designated National Centre for Motorsports Engineering (housing both commercial racing teams: RLR and Century Motorsports), will utilise the state-of-the-art technological infrastructure planned in the Centre.
- III. **Completion and opening of UTC Bolton**: The construction of the £10m University Technical College, UTC Bolton, on the former Holts Mill site was completed in 2014-15 in anticipation of its opening for students in autumn 2015. UTC Bolton was established as an independent institution with strategic support of the University. Its curriculum has been carefully designed to provide specialist education for students aged 14 to 19 in health sciences and engineering technologies. The UTC will help the University of Bolton in its vertical integration strategy by providing a

sustainable recruitment stream of high quality students to its undergraduate programmes in Science, Engineering and Technology disciplines. The new UTC has achieved the distinction of being the only UTC or new Academy to be oversubscribed and with a pupil waiting list on opening. This augers well for future progression to university course programs and demonstrates the strength locally of the university brand.

The University recognises that the functionality, safety, and efficiency of its estates are central to providing an excellent learning environment, services and experience to its students. Accordingly, the strategy is to develop the estates to be as functional and as attractive as possible whilst supporting the delivery of the University's academic offering. For instance, the University's investment in Bolton One, a state-of-the-art Health, Leisure and Research centre built in collaboration with the Local Council and NHS has been a resounding success, with courses housed there being oversubscribed. Bolton One is being used to its maximum capacity with significant positive impact on student learning, experience and satisfaction while also contributing to the wellbeing of local communities.

Student Success

The University is investing significant resources and efforts to improve student retention and success. 2014-15 saw an increased institutional focus in key areas to enhance retention and overall student success; Outreach, Enrolment & Induction, Quality of Teaching & Learning, Assessments & Feedback provision, Personal Tutoring, Vacation Support, and Employability Initiatives. We await the fruits of these developments and initiatives. Improvement was achieved in the overall student satisfaction that was reflected in the recent National Student Survey results with some strong scores in respect of satisfaction in particular with teaching. Notwithstanding these positive results, the University is not complacent and key measures to achieve further improvement in the student attainment and success, while building on the current best practices and achievements, have been introduced during 2014-15. These include;

- I. Specific initiatives led and pro-actively driven by a dedicated student experience team which will enhance the total student life cycle and learning experience to improve retention.
- II. Collaborative working with the Student Union to enhance and amplify the routes by which the student voice can be heard and listened to. The Student Led Teaching Awards, introduced in this academic year, have been a great success with excellent participation from students in all academic areas of the University.
- III. A number of important measures were also launched to improve student feedback mechanisms including; a) multiple modes of feedback channels, b) tutorials and discussions following assessments and c) focused dissertation action plans. A review of assessments in every programme is scheduled in the coming academic year (2015-16) with a view to improve the quality of assessments, marking, feedback provision, student participation, overall learning experience and success.

- IV. Improving student employability by embedding it in all core University activities including academic planning, curriculum, and new courses development. These cover the development of Industry Advisory Group (IAG) in each School, with senior managers from SMEs and large enterprises in the region engaged with the institution to enhance the course content, industry relevance, and student employability.

Students and graduates of the University of Bolton have achieved a number of key successes during 2014-15 in a wide range of disciplines, including the following;

- Undergraduate students in Special Effects (SFX) won the praise of Hollywood's greatest make-up artists at a top UK trade event for professionals in their industry. Students showcased their skills to top professionals at the United Make-up Artists Expo (UMAE), demonstrating why it has UK-leading SFX courses.
- Advanced Practitioner and MSc student, Daniel Butterworth, has used his final year project to develop an innovative screening tool for ambulance services.
- Psychology graduate Caitlin Jenkins, who gained the highest mark in her class, is one of just eight people nationally to be awarded a Citation for Excellence by the British Psychological Society (BPS) for her final-year project.
- Graduate Annalisa Newson has led a revolutionary physiotherapy initiative which is helping to support overstretched Accident and Emergency services.
- The University of Bolton Team was set up to provide students with practical, hands on, experience. With its undergraduate students in the Centre for Advanced Performance Engineering (CAPE), the team has taken to the tracks as its Ginetta-Nissan LMP3 made its debut in the first race of the new European Le Mans season. Taking place at the world famous Silverstone, the University was one of 31 participating teams in the four-hour race. The University of Bolton team came third in the new LMP3 class, and shared the podium with Olympic gold winning cyclist Sir Chris Hoy and his talented young team mate Charlie Robertson who took first place. The LMP3 race at Imola, Italy, subsequently saw students and team take the prized first place on the podium, as overall winners of the endurance race, beating both the factory/works team cars.

Learning, Teaching and Quality Assurance

During 2014-15 the University significantly strengthened both its QA arrangements, the emphasis upon their implementation and full compliance therewith, and its expertise/staffing contingent. Its commitment to student learning and the maintenance of academic standards has become paramount. We launched our Learning Enhancement Fund which enabled nine pilot projects to explore innovative ways of enriching the learning experience and boosting student achievement and employability. A revamped system of capturing student feedback on their learning experiences led to a significant increase in student engagement in terms of providing feedback on their learning experiences. The University continues to secure professional body recognition for all its relevant programmes. In June the engineering team celebrated achieving professional body accreditation from the Institution of Mechanical Engineers (IMechE) for their undergraduate mechanical engineering degree course. Our students continue to succeed on the global stage. This year a Centre for Advanced

Performance Engineering student, Martin Nygård, claimed first place in the fifth round of the Norwegian championship.

Research Successes

The results of the nationally conducted Research Excellence Framework (REF) 2014 showed that six of the seven subjects submitted by the University demonstrated world-leading research whilst the seventh was deemed to demonstrate research of an internationally excellent standard.

General Engineering was particularly distinguished, with over 70% of its work judged to be world-class or internationally excellent. The submission from the subject was recognised as having high levels of application whilst retaining research quality.

The research on renewable energy was deemed to be very significant, with the case study on preventive measures and enhanced health, hygiene and quality of life of the wider community judged to demonstrate very considerable impact. The sub-panel also believed that the innovative contributions to bandage design and wound dressing were notable.

The impact of the English Language and Literature department was praised, with case studies demonstrating elements of outstanding and very considerable reach and significance and with strong evidence of impact in engaging with the local community.

In Education the research environment was assessed as producing research of internationally recognised quality. Engaging with the local community was one of the areas that contributed to this; similarly with the Social Work and Social Policy department with Worktown and its related activities.

There was also recognition that the framework of the Psychology, Psychiatry and Neuroscience department could continue to provide a basis for well-focussed plans and strategies, such as their work on UK PPI, judged to be very considerable in terms of reach and significance.

Architecture, Built Environment and Planning was praised for integration and how it had proactively engaged with local businesses and international networks as was Communication, Cultural and Media Studies, Library and Information Management.

Our emerging research staff continue to achieve significant success. Dr Silviya Halacheva secured a prestigious EPSRC research grant to study Multifunctional Gel Scaffolds for Cell Delivery and Tissue Repair – her first research grant.

Similar, Dr Tao Sun, from the University's Institute for Materials Research and Innovation was awarded a prestigious Newton Research Collaboration Award.

The Big Lunch, the UK's annual get-together for neighbours, has been working with Dr Rebecca Harris, a psychologist at the University, to assess the changing face of social interaction in the UK. Supported by the Big Lottery Fund, the research found that social interaction is declining in the UK and contributing to a rise in loneliness. More than a third (38%) of respondents now have less interaction with people they know than they did five years ago and 16% only interact socially with others once a week or less.

National and International Partnerships – Off Campus Division

The Off-Campus Division (OFCD) of the University made considerable progress in increasing the financial contribution to the University from its operations through a clear and deliberate strategy of fewer and larger partnerships within the UK and internationally, and focusing on a set of core clusters of activity. In 2014-15, the OFCD demonstrated good growth in its student numbers, with overall revenues approaching £6.1m (2013-14 £5.4m) yielding a net surplus contribution of £1.4m (2013-14; £0.9m) to the University.

It is noteworthy that there was a significant move during 2014-15 by some established UK partners, towards enrolling more students 'directly' with themselves on University programmes run by them under a franchise arrangement. This trend is expected to intensify following the removal of the SNC in September 2015, motivating our FE College Partners in the UK to move completely towards their 'direct' numbers.

This Division is continuing to pursue avenues of pragmatic growth that is academically relevant and financially prudent for the University. It is achieving a growth trajectory in terms of student numbers and income generation with a focussed expansion of high quality courses with existing partner institutions and developing a limited number of new strategic partnerships. It made progress in reducing the high cost flying-faculty delivery model across the partnerships in the UK and internationally. In 2014-15, the division concentrated on growing its portfolio and revenues using the franchised and blended delivery models with technological interventions in teaching and learning as appropriate for the respective partnership contexts. The Division also established rigorous academic systems and sound governance procedures to develop and manage partnerships. It made progress in its endeavour to contribute to the realisation of the University's academic, financial and Internationalisation goals.

Employer Engagement & Knowledge Exchange

The European Regional Development Fund (ERDF) Unite with Business Project, involving six North West universities and the dissemination of good practice in regard to graduate employability ended in March 2015. Over the course of the project, the University assisted 116 SMEs (small and medium-sized enterprises), creating 17 new jobs and safeguarding a further 29, and 65 of the SMEs assisted reported an improvement in at least one of their key performance indicators. These 'business assists' were carried out by final year undergraduates or recent graduates and around thirty recent graduates have gained employment or started their own businesses as a result of the project.

The Enterprise Champions Project, another ERDF funded initiative to an 8-strong group of North West Universities, concluded in December 2014. This project involved the University running a series of "bootcamps" aimed at helping current and recent graduates start their own business. In the two year period leading up to December 2014, over 100 would-be entrepreneurs participated, ultimately making 'Dragons Den-style' pitches to judges such as

Imran Hakim and Peter Harrison, both of whom received offers of investment from the judges on the BBC television programme of the same name.

In October 2015, the University launched its 'Bolton Business Gateway' with the aim of better coordinating employer engagement across the University to maximise employment and enterprise opportunities for our students. The initial focus has been to engage more closely with the Students' Union Enterprise Society and the launch of the University's own enterprise competition, 'Bolton Angels and Dragons', which is targeted at all our students - from undergraduate through to post-graduate research.

Educational Opportunities and the Student Body

The University's record in providing opportunities for learning in higher education is amongst the best in the sector as shown in the data released from the Higher Education Statistics Agency for 2014/15:

- 52% of entrants (under 21) to first degree programmes are from National Statistics – Socio-Economic Classification groups 4, 5, 6 and 7, which is well above the University's HESA benchmark of 41%. Further, 99.1% of these entrants were from state schools or colleges, which again is well above the University's HESA benchmark of 96.5%.
- 57% of the University's full-time undergraduates are mature (over 21), which is significantly higher than the sector average.
- 31% of the University's total student body study part-time; many of these students are sponsored by employers and engaged in career development.
- 35% of the University's students declare as members of an ethnic minority, which has seen an increase since 2012-13 and significantly higher than the sector average.
- 45% of the University's students are male, against the national trend, which has seen male participation rates, particularly among white males from socially under-represented groups, decline.
- 13% of the University's total student body are declared as disabled. The percentages for the disabled student population compared to the overall student population have steadily risen over the last five years at the University and far exceeds the sector average.

Equality & Diversity

The University of Bolton continues to be one of the most inclusive universities in England and its recruitment of students from underrepresented groups as shown by gender, ethnicity or social group substantially exceeds the HEFCE benchmarks.

The University workforce is also diverse and it has remained broadly comparable with that seen in the same period in the previous academic year. Compared to the sector (source

ECU Equality in Higher Education: Statistics Report) the University has a higher proportion of its staff from Black and Minority Ethnic communities. Similarly the proportion of staff who have disclosed that they have a disability was also higher. However, the percentage of University academic staff who are female was slightly less and the percentage of staff over the age of 50 was slightly higher than the respective sector averages.

The Organisational Development, Equality and Diversity Committee undertakes the task of monitoring the relevant data and advises the Executive Board on equality and diversity matters. The University has an Equal Opportunity Policy and publishes an annual Equality & Diversity Information Report. An Equality & Diversity Action Plan is in place and is reviewed / updated regularly.

All new policies and organisational initiatives are subject to a full Equality Impact Assessment, and no issues have been identified by that process. The University has an Equal Opportunity Policy and Action Plan - which is reviewed and updated on a regular basis. During the academic year there was a focus on raising awareness through initiatives such as Celebrating Diversity Day and launch of a new online training package for new staff.

Addressing the Environmental Sustainability Agenda

The University's Environmental Sustainability Group meets bi-monthly and is overseeing work on the following: 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. This year the University has put in place arrangements to ensure that the whole campus uses eco-friendly paper from sustainably managed forests and that energy procurement is primarily from sustainable resources. The Group continues to oversee estates and facilities improvements which are helping to deliver the University's carbon reduction targets.

Growing on this work the University has invested in changing traditional light fittings with low energy LED light fittings. This year we will have invested in over 100 LED light fittings. We continue to roll out the use of Passive Infra-Red's (PIR) turn off lights when areas are not in use further reducing energy consumption.

Recycling continues to be promoted and improved upon. We have introduced recycling to two new buildings this year with considerable success.

Old inefficient photocopiers have been replaced with new ones reducing energy consumption by 30%. Paper consumption has been reduced by approximately 30% by reducing the amount of wasted printing. These new machines only print when the operator is present at the copier.

A new utilities contract has been put in place purchasing the universities electricity from renewable resources. Solar panels are being installed for the first time on the main campus.

We are working with our stationary supplier to promote the use of products produced from recycled products or renewable resources. A separate smaller catalogue has been produced

with these products and on a trial basis the Facilities Department is wherever possible only purchasing these products. The intention is then for the Environmental Sustainability Group to roll this out and promote across the University.

Public benefit

As a higher education corporation, the University is a statutory body established under the provisions of the Education Reform Act 1988 and enjoys charitable status as an exempt charity.

The Board of Governors, who are the trustees of the charity, have paid regard to the Charity Commission's public benefit guidance, particularly the supplementary guidance on the advancement of education. The guidance is also included in the induction packs for new Board members. As a Higher Education Corporation (HEC), the University's objects are derived from the powers of a HEC, as set out in section 24 of the Higher Education Reform Act 1988, and Part II of the Further and Higher Education Act 1992. The University's charitable objects are: provide higher education, and carry out research and knowledge exchange.

The Board of Governors consider that they have complied with Section 17 of the Charities Act 2011 with regard to the guidance on public benefit published by the Charity Commission. The paragraphs below demonstrate the public benefit arising through the Charity's activities. The University continues to demonstrate public benefit and civic impact through its core activities as well as through connected initiatives, projects and activities:

- It continues to offer educational opportunities to students from groups and communities traditionally under-represented in higher education, especially those based in Bolton and the North West. It is still one of the most socially inclusive universities in the country and meets, or exceeds, all its HEFCE benchmarks for social inclusion, especially for Black, Asian and Minority Ethnic (BAME) groups and for students with disabilities.
- The University offers bursaries of £1,000 targeted to all those alumni who wish to further their studies at the University but who have no other financial support to do so. This reaffirms the University's commitment to lifelong support for those who can benefit from higher education.
- The University works in partnership with a number of public sector agencies, educational partners and community groups to improve the economic prospects and social mobility of Bolton and the North West. The Bolton Education Zone partnership, between the University, Bolton College and Bolton Sixth Form College, continues to work actively to highlight, promote and advocate educational opportunities and progression routes in Bolton and to cooperate to facilitate these through shared activities. Within the Zone, the University Technical College situated on the University's campus has now opened and enhances those

activities considerably. The University is also a full and active partner in the Bolton Vision Group which brings together key stakeholders to secure the regeneration, future growth and development of the town. During 2014-15 £5 million was secured towards a new Engineering building which inter alia will provide targeted support for women and underrepresented minority groups to have supported access to high quality Science and Technology Education. In line with this commitment in 2014-15 the University became an Athena Swan Charter member, indicating corporate commitment to supporting increasing opportunities for women to succeed in science.

- It has an active involvement in the cultural life of the town, region and country – symbolised by its sponsorship of the Octagon Theatre and its partnership work with the Bolton Museum. This year the University sponsored several events including workshops for student and community groups.

- It works with local voluntary agencies and charities such as Bolton at Home, Bolton Rotary Club and Bolton Lads' and Girls' Club to help create equality of opportunity and community cohesion in Bolton and beyond. It hosts and facilitates the Bolton Virtual College for Looked After Children and Care Leavers and is a member of the Greater Manchester Looked After Children's Forum. The University's Centre for Research into Health and Wellbeing works closely with the Council, the Bolton Clinical Commissioning Group and the Royal Bolton Hospital Trust to research into and promote health education and awareness amongst the local community and, through its support for the National Forum on Health and Wellbeing, the same work is actively carried out across the North West.

- Of particular note is the University's close involvement in the Bolton Health Mela hosted by our Centre for Research for Health and Wellbeing. This year Professor Dame Sue Bailey, who is the Chair of the Academy of Medical Royal Colleges, Chair of the Children and Young People's Mental Health Coalition and the HEE senior national clinical lead for mental health to co-ordinate education, training and workforce development was our guest of honour at the event. The Health Mela offers health advice in a non-threatening and friendly environment and is a key event in the annual schedule of inclusive public health support.

- Through its engagement with international students both here in the UK and also at its partnership centres across the world, the University demonstrates a commitment to internationalism and the bringing together of cultures through education which is also evidenced in the globalisation strand which is embedded in the curriculum of every one of its undergraduate programmes. This has been reinforced in 2014-15 with an emphasis on employability, enterprise and innovation in a global context.

- Its applied research and knowledge transfer activities support business and industry, the NHS, the Further Education sector and community bodies. In the 2014 research Excellence Framework audit the University was rated by independent international panels as delivering world-leading research in six of the seven subjects submitted. One of the highest rated projects for impact, in English Language and Literature, across the UK focused on how University of Bolton research had helped community groups support the families of prisoners.

Looking forward

In 2015-16, the University will concentrate its efforts on robust implementation of its strategic plan focused on transformation by 2020, driven forward by the overarching 'teaching intensive, research informed (TIRI)' philosophy. This will encompass improving the quality of teaching, physical & technological infrastructure, student experience, support provision, student retention and employability. The University will review its research portfolio to align research activity with our TIRI strategy with a focus on research outputs which will directly inform and contribute to teaching. The University will also ramp up its preparations for the Research Excellence Framework (REF 2020) supported by a Steering Committee and a new Research Strategy. There will be a clear institutional focus on the new Teaching Excellence Framework (TEF) to ensure our innovative and effective learning arrangements are fully documented and recognised. In addition, the University's new Centre for Pedagogical Research will bring together our activities in the area of evidence-based practice to support learning and the Teaching-Research interface. In this context, the University will also launch Teaching Professorships for those staff who are able to demonstrate world-class teaching.

2015-16 will be a significant year in the sustainable development of the University with a number of key milestones: the launch of UTC Bolton, the opening of the Queen's Specialist Building in Farnworth, the building of the new STEM Centre, and the expansion of our undergraduate and post-graduate provision in specialist academic disciplines. The University will also invest its efforts in further development of its core academic strengths, administrative capabilities and its learning infrastructure to ensure it achieves its ambition of becoming a teaching intensive, research informed student-centred institution with distinctive high quality, student-focused, undergraduate and postgraduate programmes which attract applications from all over the world.

Financial

The University has for the 10th year running reported an operating surplus. In this case, £3,503,000 (2014: £3,298,000) (on a historical cost basis) which is equal to 7.3% (2013: 7.3%) of turnover in the year.

Key Performance Indicators (KPIs)

The University measures its performance using a variety of tools. Easily quantifiable measures that consider past financial performance covering surplus generation, finance and liquidity, growth and capital employed have all performed well given the challenges faced.

The University's KPIs for short term sustainability are achievement of the budgeted operating surplus/deficit and maintenance of cash balances at or above the budgeted level.

Longer term sustainability depends on the University's ability to continue to attract and retain students on our campus, and develop other income in a highly competitive and rapidly changing international market place for higher education.

The University's KPIs for long term sustainability will be measured by the achievement of targeted progress towards platinisation of provision, continued improvement of the quality of the campus estate and facilities, and achievement of income targets for off campus operations.

The combination of short and long term sustainability has served the University well and is considered by the Board to be a sound basis going forward.

Outlook and future risks

The University initially established a tiered fee structure for the new funding regime, which kept it within the government's guideline of maintaining its average fees below £7,500 for home funded full time students; this maintained the University's allocated student numbers (SNC) which the University recruited, and thus maximised its fee income for the year 2013-14. This position was successfully consolidated in 2014-15, and given a better understanding of the student market and its demand inelasticity with respect to price, fees were realigned to the market norm of £9,000pa for UG FT courses. This was enabled by the relaxation of the notional £7,500 limiter, and the signalled removal by Government of the SNC cap. As a result the University rationally maximised fee income in the market conditions prevailing.

Looking ahead however, and notwithstanding the decisions taken on financial matters, the challenges are unlikely to decrease in an ever increasingly competitive marketplace void of any student number control mechanism.

In response, the Board of Governors will continue to guide the University in the furtherance of its strategic aims with the assurance that the accumulation of reserves and cash already achieved provides the University with the financial strength to withstand and respond to unanticipated shocks which might occur, and the means and confidence to invest in the quality of academic and infrastructure provision required to deliver its platinum agenda.

Performance

	2014-15	2013-14
	£'000	£'000
Income	47,963	45,249
Expenditure	<u>45,533</u>	<u>41,606</u>
Surplus before FRS17 and Exceptional Item	2,430	3,643
FRS17 Pensions Adjustment	<u>(53)</u>	<u>(247)</u>
Surplus after FRS17 Pension Adjustment	2,377	3,396
Exceptional Item (see note 12)	<u>0</u>	<u>(996)</u>
Surplus after Depreciation of Assets at Valuation	2,377	2,400
Release from Capital Reserve	<u>1,126</u>	<u>898</u>
Historical Cost Surplus	<u>3,503</u>	<u>3,298</u>

Historical Cost Surplus as percentage of Income	7.3%	7.3%
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Operating Surplus

The operating surplus was £2,377,000 (2014: £3,396,000).

Liquidity

Operating performance has helped to maintain strong cash balances throughout 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 £2,878,000 in 2014-15. This target was achieved during 2006-07 and has been maintained (in fact considerably exceeded) since then. At 31 July 2015 the cash balance was £23,442,000 as shown in the Balance Sheet on page 35 of the Financial Statements.

There was a net outflow of cash in 2014-15, mainly arising from significant Capital Expenditure. The University's cash balances remain significantly ahead of the target set in the financial strategy.

<u>Liquidity Ratios</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
External Borrowing as % of Income	4.7%	9.3%	13.5%
Net Cash Flow from Operations as % of Income	9.7%	12.9%	9.9%
Net Liquidity	199 days	226 days	184 days

Reserves

At 31 July 2015 the University's Income & Expenditure Account reserves amounted to £26,712,000 before the impact of FRS17. There was an increase in the retained reserves due to a good operating performance.

Borrowings

The University's current borrowings relate to the finance leases in respect of the two Halls of Residence and have reduced significantly over recent years, they will be cleared completely by 2018.

Sustainability

There have been several factors bearing upon 2014-15 recruitment nationally which will affect the higher education sector going forward. There has been a significant reduction in international students in the sector (primarily UKVI driven); and a reduction in part time recruitment because of employers limiting staff training funds and a reluctance by individuals to pay the new higher fees or take on debt..

This has impacted on the University, which has put in place schemes to review its costs and redesign its business processes. Remarkably the transaction costs saving of not dealing with part-time students in significant volumes has been beneficial relative to the lost income overall. The successful implementation of the scheme and business redesign should enable the University to re-invest and re-build for the future.

Going concern

The activities of the University, together with the factors likely to affect its future development and performance are set out in this Operating and Financial Review. The financial position of the University, its cash flows, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The Governors and management have reviewed future cash flow projections which demonstrates ongoing positive cash flows. They are aware of the potential impact that the general economic climate and the changes to the funding regime could continue to have upon funding directly and indirectly available to the University and have considered the various scenarios that a potential reduction in income levels could give rise to. The Governors and management have also considered the impact that the change in the funding regime will continue to have on the working capital requirements.

After undertaking the review, the Governors and management have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future, and for this reason adopt the going concern basis in the preparation of the University's Financial Statements.

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.

Signed on behalf of the Board by:

The Rt Reverend Bishop N McCulloch KCVO
Chair of the Board of Governors

18 November 2015

Members of the Board of Governors:

1 August 2014 to 31 July 2015

Name	Category	Sub-Committee Membership	Note
Rt Reverend N McCulloch KCVO MA Hon DCL DLitt (Honoris Causa) DEd (Honoris Causa)	Independent	Resources Nominations Remuneration Ad Hoc	Chair of the Board
Professor HH W Morris MA Cantab (Hons) LLD (Honoris Causa)	Independent	Audit Nominations Remuneration Ad Hoc	Deputy Chair of the Board
Mr M Sheen BA PGCE FCA CTA	Independent	Audit Remuneration Ad Hoc	Chair of Audit Committee
Mr R Gould MA (Hons) FCA CCMI	Independent	Resources Remuneration Ad Hoc	Chair of Resources Committee from 30.11.2014
Dr N Myerson LLB Solicitor of the Supreme Court LLD (Honoris Causa)	Independent	Resources Remuneration Ad Hoc	To 30.11.2014 Chair of Resources Committee
Prof A Banerjee OBE JP DSc (Hons) FRCP	Independent	Resources Nominations Ad Hoc	
Mr S Conn FCA FIPA	Independent	Resources Nominations Remuneration Ad Hoc	
Ms R Hannan	Independent	Resources Ad Hoc	
Dr A Keating MBA HND Eng MIDGTE DEng (Honoris Causa)	Independent	Resources Ad Hoc	To 9 July 2015
Professor M J Leeming LLB (Hons)	Independent	Audit Nominations Ad Hoc	
Mr C Wewer DL BA (Hons) BArch RIBA R1	Independent	Audit Ad Hoc	
Prof R Lewis BA (Hons) MA BPhil PGCE MA	Statutory Co-opted	Audit Remuneration Ad Hoc	
Prof G E Holmes DL BSc (Hons) MBA PGCE PhD FInstD	Vice Chancellor	Resources Nominations Remuneration	

Name	Category	Sub-Committee Membership	Note
Mrs A Fitzpatrick MSc BSC (Hons) SRP MCSP PGCE HEA	Senate Member	Nominations	
Ms G Waugh BA (Hons) CertEd PGDE (PCET) Post Grad Dip Med MA Fellow of the Institute for Learning	Senate Member		
Dr T Speake DA BA MA FHEA FRPS PhD	Academic Co-opted		
Ms D Morris DipCam (DigitalM) MA MCIPR	Support Staff Co-opted	Nominations	
Mr A Kaddu BA PGDE	Students' Union President		From 01.07.2015
Mr M Khan BSc MBA	Student Elected Member		To 30.06.2015

Principal Advisors to the University

Bankers

Co-operative Bank plc, PO Box 101, 1 Balloon Street, Manchester, M60 4EP

Lloyds Banking Group, 53 Kings Street, Manchester, M60 2ES

External Legal Advisors

DLA Piper LLP, India Buildings, Water Street, Liverpool, L2 0NH

Shoosmiths LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3HF

Eversheds LLP, Eversheds House, 70 Bridgewater Street, Manchester, M1 5ES

JMW Solicitors LLP, 1 Byrom Place, Spinningfields, Manchester, M3 3HG

42 Bedford Row Chambers, London WC1R 4LL

Atlantic Chambers, 4 - 6 Cook Street, Liverpool, L2 9QU

King's Chambers, 36 Young Street, Manchester, M3 3FT

External Auditors

Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB

Internal Audit

PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW

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;
- follow the voluntary Committee of University Chairs (CUC) Governance Code of Practice contained in 'Guide for members of higher education governing bodies in the UK: Incorporates the governance code of practice and general principles' (HEFCE 2009/14) and its updated version 'The Higher Education Code of Governance' (December 2014) effective from 1 January 2015;
- comply with the Higher Education Funding Council for England's Memorandum of Assurance and Accountability between HEFCE and institutions (2014/12) which was effective from 1 August 2014;
- have regard to the advice and guidance as set out in The UK Corporate Governance Code issued by the Financial Reporting Council (September 2014);
- clearly define and communicate the scope of its own responsibilities in the context of legislation, governing instruments and guidance including the HE code through the adoption of a Statement of Primary Responsibilities; and
- have oversight of the University's approach to corporate and social responsibility.

Governance and Legal Structure

The University of Bolton is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988. 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 traces its history to the Bolton Mechanics' Institute, established in 1825 alongside other similar institutions formed to serve the educational needs of employers and workers in the northern industrial towns. During the 19th and 20th centuries, technical and vocational education grew in Bolton, closely aligned with the growth of textiles and engineering industries, leading to the foundation of the Bolton Technical School in 1891, which became the Bolton Technical College in 1936. Higher level courses were transferred to the new Bolton Institute of Technology in 1966 and in 1982 the Institute merged with the Bolton College of Education (Technical), established in 1947 as one of four specialist centres for the training of teachers for the post-compulsory sector, to form the Bolton Institute of Higher Education. Taught degree awarding powers were granted to the Institute in 1992 at the same time as the former polytechnics, reflecting the fact that degree and postgraduate level provision had been offered successfully since the 1960s under the auspices of the Council for National Academic Awards (CNAA), and the University of Manchester. Research degree awarding powers were gained in 1995 and the Institute was awarded university title in 2005 by Privy Council consent.

The University is an exempt charity and must comply with the terms of the Charities Act 2011. Its charitable trustees who served at any time during the financial year and until the date the Financial Statements are formally approved as those members of the Governing Body listed on pages 18 and 19. 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 is the legal personification of the University and 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 Senate are set out in the University's Articles of Government. Overall accountability for academic matters, in particular academic quality, remains with the Governing Body.

The Chair of the Governing Body plays an important role in the governance of the University while working independently of its regular executive management. The Chair is supported by the Deputy Chair. The Chair and the Deputy Chair of the Board, are formally appointed by the Governing Body by a nomination and election procedure for a period of two years. There is a clear division of responsibility in that the roles of the Chair of the Board and Vice Chancellor are separate.

The Chancellor is the honorary head of the University and is appointed by the Governing Body to act as the principal figurehead and ambassador for the University. The University's current Chancellor is the Rt Hon Professor Lord Justice Ryder, Lord Justice of Appeal, PC TD DL QC LLD (h.c.) FRSA. He is the Senior President of Tribunals. Supporting the Chancellor in his role is the Pro Chancellor, also appointed by the Governing Body. The office of Pro Chancellor is a non-constitutional role. The University's first and current Pro Chancellor is Dr Brett Warburton of Warburtons Ltd who was appointed to the role on 1 April 2015.

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 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.

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.

All Governors have access to the Clerk to the Board of Governors, 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.

In accordance with CUC guidance, the University maintains a Register of Interests of Governors and senior managers which is available for inspection on request to the Clerk.

Conduct of Business

The Board of Governors has at least four formal meetings per financial year along with two training days designed to brief members on current and relevant issues, matters and risks. The Board has five sub-committees operating with a clearly defined scheme of delegated authority:

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

The average attendance for members of the Board of Governors at full meetings of the Board and at meetings of its sub-committees for the period 1 August 2014 to 31 July 2015 was 84%.

The **Audit Committee** formally meets at least three times throughout the financial year, with the University's External and Internal Auditors invited to attend at all meetings. It 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 HEFCE as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives (including the Vice Chancellor) attend meetings of the committee as necessary, they are not committee members. Its membership comprises of Independent Governors save for the Chair of the Board of Governors who is 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, as it is for each scheduled meeting of the Board of Governors, and the committee annually considers, for recommendation to the Board of Governors, the University's Risk Appetite Statement.

The Committee has this year adopted a detailed, evidence-based dashboard covering the core features of the CUC HE Code of governance (December, 2014) section on assurance on academic governance ('Element 4').

The committee is required to produce an annual report for the Governing Body and the accountable officer (which is also sent to HEFCE) that must cover the financial year and include any significant issues up to the date of the report. The report confirms the committee's opinion on the adequacy and effectiveness of the University's arrangements for:

- risk management, control and governance
- economy, efficiency and effectiveness (VFM)
- management and quality assurance of data submitted to the Higher Education Statistics Agency, HEFCE and other bodies.

The audit opinion is based on the information presented to the committee and the data management assurance does not require the committee to verify data.

The **Remuneration Committee** is a decision making body with delegated authority from the Governing Body to review and determine the salaries and other emoluments, conditions of service and, where appropriate, severance payments, of the designated senior post holders which include the statutory roles of Vice Chancellor & Clerk to the Board of Governors. The Governing Body recognises that the proper remuneration of all staff, including the Vice Chancellor and his immediate team, is an

important part of ensuring institutional sustainability and protecting the reputation of the institution. The Committee's membership comprises of Independent Governors and the Vice Chancellor who is required to withdraw from the meeting and not be a member when his own salary, other emoluments, conditions of service and, where appropriate, severance payment, are under consideration. The Committee is chaired by an Independent Governor who has no other chairing on the Governing Body. The Committee considers comparator information on the emoluments of senior post holders within its remit and all arrangements are unambiguous, diligently recorded and available for review by the University's audit service providers. It further considers the public interest and the safeguarding of public funds alongside the interests of the institution when considering all forms of payment, reward and severance to the senior post holders.

The Committee reports on its decisions and operation at least annually to the Governing Body. The Terms of Reference of the Committee are reviewed by the Board of Governors at their first meeting in the academic year, every two years

The **Resources Committee** is an advisory committee and ensures, inter alia, that the University's revenue and capital budgets are prepared in accordance with approved plans and in accordance with the Funding Council requirement that financial solvency is maintained.

The **Nominations Committee** is an advisory committee and makes recommendations for the appointment of Independent Governors with reference and consideration to the balance and skills mix of the Governing Body and the needs of the University. This arrangement ensures there is due reflection on the composition of the Governing Body so that steps may, if necessary, be taken to ensure it reflects societal norms and values.

The **Ad Hoc Appointments Committee** is an executive body reporting its decisions to the Governing Body and may determine by a majority vote of those present, appointments of Independent Members to the Board of Governors.

Ad-hoc **Board of Governors' working groups** are occasionally established to consider project and risk based oversight tasks.

Internal Control

The University's Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the University's governing documents and the Memorandum of Assurance and Accountability (2014/12) with HEFCE.

The system of internal control is based on an ongoing process designed to identify risks to the achievement of institutional policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively and economically. The approach to internal control is risk-based and risk prioritisation is based upon impact and likelihood.

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 risk which is linked to achieving institutional objectives, that it has been in place for the year ended 31 July 2015 and up to the date of approval of the Financial Statements of The University of Bolton and that it has been regularly reviewed by the Governing Body.

The Governing Body has responsibility for reviewing the effectiveness of the system of internal control and the following processes have been established:

- it formally meets at least four times each financial year to review the plans and strategic direction of the University;
- 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;
- it receives an annual report from the Audit Committee which includes the Committee's opinion on the adequacy and effectiveness of the University's risk management, control and governance arrangements; processes for promoting value for money through economy, efficiency and effectiveness; and the management and quality assurance of data;
- it has at least two formal training and review sessions each financial year, at which it interrogates, inter alia, the key strategic issues/risks affecting the sector and the University;
- it receives the confirmed minutes of the Audit Committee, its other sub-committees and Senate, along with regular reports from managers on the steps being taken to manage risk in their areas of responsibility and ongoing operations, including progress reports on key projects;
- the Audit Committee receives regular reports from Internal Audit, which includes Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement;
- a number of the senior executives are responsible for the promotion, dissemination and co-ordination of risk management processes, including the maintaining of an organisation-wide risk register, and regular reporting to the Audit Committee and Board of Governors;
- the organisation-wide risk register covers business, operational and compliance as well as financial risk and is presented at each formal meeting of the Audit Committee and the Board of Governors thereafter for assessment and interrogation.

The Governing Body is committed to managing its affairs in an open and transparent manner, demonstrated not least by the publication of minutes and agendas of its meetings. Further, it has strict regard to its requirement to ensure that decision-making processes are free of any undue pressures from external interest groups, including donors, alumni, corporate sponsors and political interest groups.

Further, during the period 1 August 2014 to 31 July 2015 Governors were informed on a broad range of topics including 'The Estates Masterplan'; 'The University's Strategic Plan'; 'Improving the Student Experience', as well as receiving presentations on initiatives and developments in the Health & Community Studies Academic Group and the School of Education and Psychology. The Chair, Deputy Chair and Chancellor also participated in a Briefing Day which included presentations from senior managers on Financial Performance; the Strategic Plan; Key Strategic Projects; University Transformation; the development Challenge; the Quality Assurance Agency; and Institutional Quality Assurance issues.

Governors attended the Annual Governors' Evening on 17 September 2014 where the Vice Chancellor presented his key strategic objectives for the forthcoming academic year.

The Governing Body's review of the effectiveness of the system of internal control is informed by:

- Internal Audit, which observes and complies with the requirements of the HEFCE Audit Code of Practice;

- the work of the senior executive team within the University, who have responsibility for the development and maintenance of the internal control framework; and
- by comments made by the External Auditors in their management letter and other reports.

Signed on behalf of the Board by:

Rt Reverend N McCulloch KCVO
Chair of the Board of Governors

18 November 2015

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 the 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; and
- 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 are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the 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.

Signed on behalf of the Board by:

Rt Reverend N McCulloch KCVO
Chair of the Board of Governors

18 November 2015

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 2015 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of recognised surpluses and deficits, the statement of historical cost surpluses and deficits, the balance sheet, the cash flow statement 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).

This report is made solely to the University's Governing Body, as a body, in accordance with paragraph 12(2) of the University's articles of government. Our audit work has been undertaken so that we might state to the University's governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's governing body as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governing Body and auditor

As explained more fully in the Statement of responsibilities of the Governing Body set out on page 27, the Governing Body is responsible for the preparation of the financial statements which give a true and fair view. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 at 31 July 2015 and of the income and expenditure, recognised gains and losses and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated June 2014

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of assurance and accountability and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
November 2015

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 2007 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and applicable Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

b) Going Concern

The activities of the University, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the University, its cash flows, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The Governors and management have reviewed future cash flow projections which demonstrate ongoing positive cash flows. They are aware of the potential impact that the general economic climate, the changes to the funding regime and removal of the student number control could continue to have upon funding directly and indirectly available to the University and have considered the various scenarios that a potential reduction in income levels could give rise to. The Governors and management have also considered the impact that the change in the funding regime and removal of the student number control will continue to have on the working capital requirements.

After undertaking the review, the Governors and management have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future, and for this reason adopt the going concern basis in the preparation of the University's Financial Statements.

c) Scope of the Accounts

The University has three subsidiary companies, Bolton Institute Enterprises Limited, The University of Bolton Enterprises Company Limited, and Blu U Thefutureversity Limited, all of which are dormant. The three subsidiaries are not material to the group and therefore the University has elected not to prepare consolidated accounts.

Bolton UTC, is a company limited by guarantee, the majority of its members are members of the University's Board of Governors. Since the University's role is advisory rather than controlling, Bolton UTC's accounts are not consolidated.

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 2014 on the basis of depreciated replacement cost, with the exception of the Chadwick site and the halls' of residence 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 2014, and these range between 5 and 70 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.

(ii) Equipment

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 3 of the Charities Act 2011 (formerly 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.

All 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 and deposits repayable on demand. 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 date 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 trustees of the schemes. 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 2015. All movements on this provision are recognised in the Income and Expenditure account.

l) Repairs and Maintenance

In accordance with FRS15 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.

n) Donations and Endowments

Where charitable donations are to be retained for the benefit of the University as specified by the donors these are accounted for as endowments. There are two main types :

Restricted expendable endowments where the donor has specified a particular objective other than the purchase or construction of fixed assets, and the University can convert the donated sum into income.

Restricted permanent endowments where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Endowment assets are held in the form of cash and are included in the Balance Sheet at market value.

o) Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

p) Investments

Current asset investments are held at cost less any provision for impairment.

**Income and Expenditure Account
for the Year ended 31 July 2015**

	Note	2014-15	2013-14
Income		£000	£000
Funding Council Grants	1	6,065	9,678
Academic Fees and Support Grants	2	37,829	31,549
Research Grants and Contracts	3	768	1,252
Other Operating Income	4	3,093	2,617
Endowment Income and Interest Receivable	5	389	153
Total Income		<u>48,144</u>	<u>45,249</u>
Expenditure			
Staff Costs	6	25,381	23,155
Staff Costs – Restructuring	6	450	497
Other Operating Expenses	9	17,194	15,661
Depreciation	11	2,486	2,195
Interest Payable	10	256	345
Total Expenditure		<u>45,767</u>	<u>41,853</u>
Surplus After Depreciation of Assets at Valuation		<u>2,377</u>	<u>3,396</u>
Exceptional Item	12	<u>0</u>	<u>(996)</u>
Surplus after Exceptional Items		<u>2,377</u>	<u>2,400</u>
Statement of Historical Cost Surpluses and Deficits for the Year ended 31 July 2015	Note	2014-15 £000	2013-14 £000
Surplus After Exceptional Items		2,377	2,400
Difference between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	22	1,126	898
Historical Cost Surplus		<u>3,503</u>	<u>3,298</u>

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

The notes on pages 36 to 56 form part of the Financial Statements.

**Balance Sheet
as at 31 July 2015**

	Note	2015 £000	2014 £000
Fixed Assets			
Tangible Assets	11	65,805	65,091
Endowment Asset	14	276	265
Investments			
Current Assets			
Debtors	15	3,462	3,332
Investments	13	960	0
Cash at Bank and in Hand		<u>23,442</u>	<u>24,430</u>
		27,864	27,762
Creditors: Amounts Falling Due Within One Year			
	16	<u>16,687</u>	<u>16,179</u>
Net Current Assets		<u>11,177</u>	<u>11,583</u>
Total Assets Less Current Liabilities		77,258	76,939
Creditors: Amounts Falling Due After One Year			
	17	2,250	4,206
Provisions for Liabilities and Charges	18	<u>2,661</u>	<u>2,812</u>
Net Assets excluding pension liability		72,347	69,921
Net Pension Liability	30	<u>(19,019)</u>	<u>(15,698)</u>
Total Net Assets		<u>53,328</u>	<u>54,223</u>
Represented by:			
Deferred Capital Grants	19	14,717	14,732
Endowments	20	276	265
Reserves			
Income and Expenditure Account	22	26,712	23,156
Pension Reserve	30	<u>(19,019)</u>	<u>(15,698)</u>
Income and Expenditure Account		7,693	7,458
Revaluation Reserve	21	<u>30,642</u>	<u>31,768</u>
Total Reserves		<u>38,335</u>	<u>39,226</u>
Total Funds		<u>53,328</u>	<u>54,223</u>

The notes on pages 36 to 56 form part of the Financial Statements.

The Financial Statements were approved by the Board of Governors on 18 November 2015 and signed on its behalf by:

Rt Reverend N McCulloch KCVO
Chair of the Board of Governors

Prof G E Holmes
Vice Chancellor

**Cash Flow Statement
for the Year ended 31 July 2015**

	Note	2014-15 £000	2013-14 £000
Net Cash Inflow from Operating Activities	25	4,662	5,826
Returns from Investments and Servicing of Finance	26	(67)	(190)
Capital Expenditure and Financial Investment	27	<u>(3,724)</u>	<u>260</u>
Cash Inflow before Financing		871	5,896
Financing	28	<u>(1,859)</u>	<u>(1,807)</u>
(Decrease)/Increase in Cash	29	<u>(988)</u>	<u>4,089</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	2014-15 £000	2013-14 £000
(Decrease) / Increase in Cash in the Period		(988)	4,089
Repayment of Debt	28	<u>1,859</u>	<u>1,807</u>
Change in Net Funds		871	5,896
Net Funds at 1 August		<u>18,360</u>	<u>12,464</u>
Net Funds at 31 July	29	<u>19,231</u>	<u>18,360</u>

Statement of Recognised Deficits and Surpluses for the Year ended 31 July 2015

	Note	2014-15 £000	2013-14 £000
Surplus after Depreciation of Assets at Valuation		2,377	2,400
Endowment Income / (Expenditure)	20	11	(1)
Actuarial (Loss) in respect of Pension Scheme	30	(3,268)	(3,480)
Revaluation Gain in respect of land and buildings	21	<u>0</u>	<u>15,373</u>
Total Recognised (Losses) / Gains		<u>(880)</u>	<u>14,292</u>
Reconciliation			
Opening Reserves and Endowments		39,491	25,199
Total Recognised (Losses) / Gains relating to the Year		<u>(880)</u>	<u>14,292</u>
Closing Reserves and Endowments		<u>38,611</u>	<u>39,491</u>

The notes on pages 36 to 56 form part of the Financial Statements.

Notes to the Accounts

	HEFCE £000	2014-15 FE Provision £000	Total £000	2013-14 Total £000
1. Funding Council Grants				
Recurrent Grant				
Teaching	4,602	90	4,692	8,268
Research	570	0	570	616
Other	<u>306</u>	<u>0</u>	<u>306</u>	<u>306</u>
Total Recurrent Grants	5,478	90	5,568	9,190
Releases of Deferred Capital Grants (Note 19)				
	<u>497</u>	<u>0</u>	<u>497</u>	<u>488</u>
	<u>5,975</u>	<u>90</u>	<u>6,065</u>	<u>9,678</u>

2. Academic Fees and Support Grants

Fees paid by or on behalf of Individual Students	2014-15 £000	2013-14 £000
Full-time home and EU students	28,577	23,750
Full-time international students	4,283	3,234
Part-time students	3,568	3,025
Education contracts	1,165	1,205
Further education students	79	209
Other fees and grants	<u>157</u>	<u>126</u>
	<u>37,829</u>	<u>31,549</u>

3. Research Grants and Contracts

	2014-15 £000	2013-14 £000
Research Councils and Charities	272	216
Industry and Commerce	77	158
Government	<u>419</u>	<u>878</u>
	<u>768</u>	<u>1,252</u>

4. Other Operating Income

	2014-15 £000	2013-14 £000
Residences, Catering and Conferences	1,924	1,937
Other Income	1,069	574
Releases from Deferred Capital Grants (Note 19)	<u>100</u>	<u>106</u>
	<u>3,093</u>	<u>2,617</u>

	2014-15 £000	2013-14 £000
5. Endowment Income and Interest Receivable		
Income from expendable endowments and donations	6	16
Income from short term investments	202	137
Pension Finance Interest (Note 30)	<u>181</u>	<u>0</u>
	<u>389</u>	<u>153</u>

	2014-15 £000	2013-14 £000
6. Staff Costs		
Staff Costs		
Wages and Salaries	20,323	18,538
Social Security Costs	1,646	1,489
Other Pension Costs (including FRS17 adjustment Note 30)	<u>3,330</u>	<u>2,952</u>
	25,299	22,979
Contribution to Pension Provision (Note 18)	<u>82</u>	<u>176</u>
Total Staff Costs	25,381	23,155

Restructuring Costs	<u>450</u>	<u>497</u>
	<u>25,831</u>	<u>23,652</u>

Analysis of Staff by Major Category

	2014-15 FTE	2013-14 FTE
Academic	281	239
Support	274	253
Management and Specialist	<u>13</u>	<u>10</u>
	<u>568</u>	<u>502</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:

	2014-15	2013-14
	No.	No.
£100,000 - £109,999	2	2
£110,000 - £119,999	1	0
£120,000 - £129,999	1	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	0	0
£190,000 - £199,999	0	0
£200,000 - £209,999	1	1
£210,000 - £219,999	0	0
£220,000 - £229,999	0	0

8. Emoluments of the Vice Chancellor and of the Board of Governors

	2014-15	2013-14
	£	£
Vice Chancellor		
Salary	202,500	198,200
Benefits in kind (healthcare)	<u>2,600</u>	<u>3,000</u>
	205,100	201,200
Employer's Pension Contribution to Teachers' Pension Scheme	<u>28,500</u>	<u>28,200</u>
Total Emoluments	<u>233,600</u>	<u>229,400</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.

9. Other Operating Expenses

	2014-15 £000	2013-14 £000
Academic Departments	10,050	7,668
Academic Services	1,717	1,591
Administration and Central Services	2,251	2,399
Premises	1,876	2,683
Residences and Catering	956	920
Research Grants and Contracts	312	330
Other Expenditure	<u>32</u>	<u>70</u>
	<u>17,194</u>	<u>15,661</u>
Other Operating Expenses include:-		
External Auditor's Remuneration in respect of the Audit of the Financial Statements	37	37
External Auditor's Remuneration in respect of Non-Audit Services	14	28
Operating Lease Rentals Other	<u>78</u>	<u>0</u>

The operating leases expired during 2013-14, there were no commitments remaining under them for 2014-15, replacement operating leases were put in place in December 2015.

10. Interest Payable

	2014-15 £000	2013-14 £000
Loans repayable within five years	0	1
Finance Leases	256	320
Pension Finance Interest (Note 30)	<u>0</u>	<u>24</u>
	<u>256</u>	<u>345</u>

11. Tangible Assets

	Land & Buildings Freehold £000	Land & Buildings Leased £000	Equipment £000	Leased Equipment £000	Total £000
Cost or Valuation					
At 1 August 2014 - Valuation	8,982	4,356	0	0	13,338
- Cost	<u>33,700</u>	<u>18,053</u>	<u>14,177</u>	<u>599</u>	<u>66,529</u>
At 1 August 2014	<u>42,682</u>	<u>22,409</u>	14,177	599	79,867
Additions at Cost	0	3,140	60	0	3,200
At 31 July 2015	<u>42,682</u>	<u>25,549</u>	<u>14,237</u>	<u>599</u>	<u>83,067</u>
Depreciation					
At 1 August 2014	0	0	14,177	599	14,776
Charge for Year Valuation	857	268	0	0	1,126
Charge for Year Cost	<u>904</u>	<u>437</u>	<u>20</u>	<u>0</u>	<u>1,361</u>
At 31 July 2015	<u>1,761</u>	<u>705</u>	<u>14,197</u>	<u>599</u>	<u>17,262</u>
Net Book Value					
At 31 July 2015	<u>40,921</u>	<u>24,844</u>	<u>40</u>	<u>0</u>	<u>65,805</u>
At 1 August 2014	<u>42,682</u>	<u>22,409</u>	<u>0</u>	<u>0</u>	<u>65,091</u>
Financed by Capital Grant	14,717	0	0	0	14,717
Finance Lease	0	3,211	0	0	3,211
Other	<u>26,204</u>	<u>21,633</u>	<u>40</u>	<u>0</u>	<u>47,877</u>
	<u>40,921</u>	<u>24,844</u>	<u>40</u>	<u>0</u>	<u>65,805</u>

Included within land and buildings is land valued at £6,031,257 (freehold) and £2,083,743 (leased) which is not depreciated.

The University's land and buildings were valued at 31 July 2014 by Eddisons Chartered Surveyors, an external firm of professional valuers. The valuation was prepared on a depreciated replacement cost basis with the exception of the Chadwick site and the Halls' of Residence which were valued on a market value basis.

12. Exceptional Item (Holts Mill)

Prior to its transfer to Bolton UTC the carrying value of Holt's Mill has been written out of the Balance Sheet as it no longer has any value in use to the University.

	2013-14
	£000
Balance at 31 July 2014	1,170
Accumulated Depreciation	<u>(174)</u>
Written Down as Exceptional Item	<u>996</u>

13. Investments

At its meeting on 1 October 2014, the Board of Governors approved a two year bridging loan facility to the Vice Chancellor of £960,000, repayable on maturity (Note 34).

The University owns 100 £1 ordinary shares in Bolton Institute Enterprises Limited, 1 £1 ordinary share in The University of Bolton Enterprises Company Limited and 1 £1 ordinary share in Blu U Thefutureversity Limited. These are wholly owned subsidiaries of the University and are dormant.

Bolton UTC is a company limited by guarantee. The liability is limited to £10 per member; two of the three Subscribers are Governors of the University.

Bolton Institute Enterprises Limited holds 30,000 £1 ordinary shares valued at £1,456, in c-Lect Medical Limited representing 25% of the issued share capital.

14. Endowment Asset Investments

	2014-15	2013-14
	£000	£000
Balance at 1 August	265	266
Increase/(Decrease) in cash balances	<u>11</u>	<u>(1)</u>
Balance at 31 July	<u>276</u>	<u>265</u>
Bank Balances	<u>276</u>	<u>265</u>
Total Endowment Asset Investments	<u>276</u>	<u>265</u>

15. Debtors

	2014-15	2013-14
	£000	£000
Debtors	3,212	2,947
Prepayments	223	197
Government Grant	<u>27</u>	<u>188</u>
	<u>3,462</u>	<u>3,332</u>

16. Creditors Amounts falling due within one Year

	2014-15 £000	2013-14 £000
Obligations Under Finance Leases (Note 23)	961	864
HEFCE Repayable Grant (Note 23)	1,000	1,000
Payments Received on Account	3,833	3,666
Creditors	6,958	7,567
Social Security & Other Taxation Payable	602	555
Accruals and Deferred Income	668	812
Government Grants	<u>2,665</u>	<u>1,715</u>
	<u>16,687</u>	<u>16,179</u>

17. Creditors Amounts falling due after more than one year

	2014-15 £000	2013-14 £000
Obligations Under Finance Leases (Note 23)	2,250	3,206
HEFCE Repayable Grant (Note 23)	<u>0</u>	<u>1,000</u>
	<u>2,250</u>	<u>4,206</u>

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 7.35%.

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

The HEFCE repayable grant, made under its Strategic Development Fund programme, is in respect of the acquisition of Bolton One and is repayable between August 2013 and July 2016.

18. Provisions for Liabilities and Charges

	Restructuring £000	Pension £000	Total £000
Balance at 1 August	225	2,587	2,812
Utilised in Year	(225)	(190)	(415)
Increases to Provision	<u>182</u>	<u>82</u>	<u>264</u>
At 31 July	<u>182</u>	<u>2,479</u>	<u>2,661</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: -

	2014-15	2013-14
Net Interest Rate	2.00%	2.00%

The restructuring provision relates to committed payments under the University's restructuring programme, from which the University cannot reasonably withdraw at the balance sheet date.

19. Deferred Capital Grants

	HEFCE £000	Other £000	Total £000
Balance at 1 August			
Buildings	12,117	2,615	14,732
	<u>12,117</u>	<u>2,615</u>	<u>14,732</u>
Cash Received and Receivable			
Buildings	582	0	582
	<u>582</u>	<u>0</u>	<u>582</u>
Released to Income and Expenditure – Depreciation			
Buildings (Notes 1 and 4)	497	100	597
	<u>497</u>	<u>100</u>	<u>597</u>
Balance at 31 July			
Buildings	12,202	2,515	14,717
Total	<u>12,202</u>	<u>2,515</u>	<u>14,717</u>

The value of the exchequer interest retained by HEFCE is £10,970,701 (2013-14 £12,479,503).

20. Endowments

	Restricted Expendable £000	Restricted Permanent £000	Total £000
Balance at 1 August			
Capital	124	38	162
Accumulated Income	<u>51</u>	<u>52</u>	<u>103</u>
	175	90	265
New Endowments	1	0	1
Income for Year	11	0	11
Expenditure for Year	<u>(1)</u>	<u>0</u>	<u>(1)</u>
	<u>11</u>	<u>0</u>	<u>11</u>
At 31 July	<u>186</u>	<u>90</u>	<u>276</u>
Represented by:			
Capital Value	125	38	163
Accumulated Income	<u>61</u>	<u>52</u>	<u>113</u>
	<u>186</u>	<u>90</u>	<u>276</u>

21. Revaluation Reserve

	2014-15 £000	2013-14 £000
Balance at 1 August	31,768	17,293
Released in Year (Depreciation)	(1,126)	(592)
Holt's Mill Exceptional Item	<u>0</u>	<u>(306)</u>
Total Released in Year	(1,126)	(898)
Revaluation of Land and Buildings	<u>0</u>	<u>15,373</u>
Balance at 31 July	<u>30,642</u>	<u>31,768</u>

22. Income and Expenditure Account

	2014-15	2013-14
	£000	£000
Balance at 1 August	7,458	7,640
Surplus after Depreciation of Assets at Valuation	2,377	2,400
Release from Revaluation Reserve (Note 21)	<u>1,126</u>	<u>898</u>
Historical Cost Surplus	3,503	3,298
Actuarial (Loss) in respect of Pensions (Note 30)	(3,268)	(3,480)
Balance at 31 July	<u>7,693</u>	<u>7,458</u>
Balance Represented by:		
Income and Expenditure Reserve	26,712	23,156
Pension Reserve	(19,019)	(15,698)
Balance at 31 July	<u>7,693</u>	<u>7,458</u>

23. Financing Obligations

	Lease	HEFCE	Total	Total
	2014-15	Repayable	2014-15	2013-14
	£000	Grant	£000	£000
		2014-15		
		£000		
Financing Obligations fall due as follows:				
Between two and five years	<u>2,250</u>	<u>0</u>	<u>2,250</u>	<u>4,206</u>
Total over one year (Note 17)	2,250	0	2,250	4,206
Within one year (Note 16)	<u>961</u>	<u>1,000</u>	<u>1,961</u>	<u>1,864</u>
	<u>3,211</u>	<u>1,000</u>	<u>4,211</u>	<u>6,070</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 2015.

24. Capital Commitments

	2014-15 £000	2013-14 £000
Committed Contracts at 31 July	0	0
Authorised but not contracted at 31 July	<u>1,200</u>	<u>0</u>
	<u>1,200</u>	<u>0</u>

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

	2014-15 £000	2013-14 £000
Surplus before Tax	2,377	2,400
Depreciation (Note 11)	2,486	2,195
Deferred Capital Grants Released to Income (Note 19)	(597)	(594)
Investment Income (Note 5)	(202)	(137)
Exceptional Item (Note 12)	0	996
Interest Payable (Note 10)	256	321
Pension Cost less Contributions payable (Note 30)	53	247
Increase in Debtors	(107)	(334)
Increase in Creditors	547	784
Decrease in Provisions	<u>(151)</u>	<u>(52)</u>
Net Cash Inflow from Operating Activities	<u>4,662</u>	<u>5,826</u>

26. Returns on Investments and Servicing of Finance

	2014-15 £000	2013-14 £000
Net Income / (Expenditure) from Endowments	10	(6)
Income from Short Term Investments	179	137
Interest Paid and Received	0	(1)
Leasing Finance Charge	<u>(256)</u>	<u>(320)</u>
	<u>(67)</u>	<u>(190)</u>

27. Capital Expenditure and Financial Investment

	2014-15 £000	2013-14 £000
Tangible Assets Acquired (other than leased equipment)	(3,200)	0
Payments to Acquire Investments	(960)	0
Endowment Asset Investments (Acquired) / Disposed	<u>(11)</u>	<u>1</u>
Total Fixed and Endowment asset Investments Acquired	(4,171)	1
New Endowments Received	1	5
Deferred Capital Grants Received	<u>446</u>	<u>254</u>
	<u>(3,724)</u>	<u>260</u>

28. Analysis of Changes in Financing During the Year

	Mortgages and Loans £000	Finance Leases £000	Repayable Grant £000	Total £000
Balance at 1 August 2013	25	4,852	3,000	7,877
Capital Repayments	<u>(25)</u>	<u>(782)</u>	<u>(1,000)</u>	<u>(1,807)</u>
Balance at 31 July 2014	0	4,070	2,000	6,070
Capital Repayments	<u>0</u>	<u>(859)</u>	<u>(1,000)</u>	<u>(1,859)</u>
Balance at 31 July 2015	<u>0</u>	<u>3,211</u>	<u>1,000</u>	<u>4,211</u>

29. Analysis of Changes in Net Funds

	At 1 August 2014 £000	Cash Flows £000	At 31 July 2015 £000
Cash at Bank and in hand	24,430	(988)	23,442
Debt due within one year	(1,864)	(97)	(1,961)
Debt due after one year	<u>(4,206)</u>	<u>1,956</u>	<u>(2,250)</u>
	<u>18,360</u>	<u>871</u>	<u>19,231</u>

30. 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:

	2014-15 £000	2013-14 £000
TPS Contributions Paid	1,549	1,424
GMPF Charge to the Income and Expenditure Account	1,657	1,417
USS Contributions paid	<u>124</u>	<u>111</u>
Total Pension Cost (Note 6)	<u>3,330</u>	<u>2,952</u>

Outstanding Employer and Employees' Pension Contributions at 31 July, paid early August	394	385
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The assumptions and other data relevant to the determination of the contribution levels of the scheme are:

	TPS	GMPF	USS
Investment Returns per annum	Nil	3.6%	4.8%
Salary Scale increase per annum	4.75%	3.8%	4.3%
Pension increase per annum	2.0%	2.6%	2.5%
Market Value of Assets at date of last valuation	Nil	£47M	£38,600M
MFR proportion of members' accrued benefits covered by the actuarial value of the assets.	Nil	72%	77%

30. Pension Schemes (Continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

30. Pension Schemes (Continued)

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,549,000 (2014: £1,424,000).

Universities Superannuation Scheme

The University participates in the Universities' Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Contingent Liabilities and Assets

A contingent liability exists in relation to the pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised.

Pension Costs

The University participates in the Universities' Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities' Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2014-15, the percentage was 16% (2013-14 : 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

30. Pension Schemes (Continued)

The total cost charged to the income and expenditure account is £124,000 (2013-14 £111,000) as shown in note 30. There was neither a prepayment nor an accrual at the year-end in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The 2014 valuation has recently been finalised and the audit process is in progress, the disclosures following are therefore based on unaudited data. Therefore the latest available audited triennial actuarial valuation was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were insufficient to cover 92% of the benefits which had accrued to members after allowing for expected futures increases in earnings.

The FRS17 liability numbers have been produced using the following assumptions :

	2014-15	2013-14
Discount Rate	3.3%	4.5%
Pensionable Salary Growth	3.5% in the first year, 4.9% thereafter	4.4%
Price Inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with Continuous Mortality Investigation's (CMI) S1NA tables as follows :

Male members' mortality : S1NA ("light") YoB tables – No age rating

Female members' mortality : S1NA ("light") YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014FRS17 figures. For the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are : -

	2014-15	2013-14
Males currently aged 65	24.2	23.7
Females currently aged 65	26.3	25.6
Males currently aged 45	26.2	25.5
Females currently aged 45	28.6	27.6

30. Pension Schemes (Continued)

Existing Benefits	2014-15	2013-14
Scheme Assets	£49.0bn	£41.5bn
FRS17 Liabilities	£67.6bn	£55.5bn
FRS17 Deficit	£18.6bn	£13.9bn
FRS17 Funding Level	72%	75%

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 20.2% of pensionable salaries to March 2015, rising to 21.7% from April 2015.

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 2015.

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 2015 were:

	2014-15	2013-14
Rate of Increase in Pension	2.6%	2.7%
Rate of Increase in Salaries	3.8%	3.8%
Discount Rate	3.6%	4.0%
Inflation Assumption	3.6%	3.25%

The Current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed average life expectancies at age 65 are:

	Males Years	Females Years
Mortality Assumptions		
Current Pensioners	21.4	24.0
Future Pensioners	24.0	26.6

30. Pension Schemes (Continued)

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

Scheme Assets	Long Term Return		Long Term Return		Long Term Return	
	Expected 2014-15 %	Value at 2014-15 £000	Expected 2013-14 %	Value at 2013-14 £000	Expected 2012-13 %	Value at 2012-13 £000
Equities	6.6	33,635	6.6	31,327	6.5	31,850
Bonds	3.6	8,527	3.6	7,942	3.7	7,962
Property	4.7	3,316	4.7	2,647	4.6	2,654
Cash	3.6	1,895	3.6	2,206	3.4	1,769
		<u>47,373</u>		<u>44,122</u>		<u>44,235</u>

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS17.

Analysis of the Amount shown in the Balance Sheet

	2014-15 £000	2013-14 £000
University's estimated asset share	47,373	44,122
Present value of scheme liabilities	<u>(66,392)</u>	<u>(59,820)</u>
Deficit in Scheme – Net Pension Liability	<u>(19,019)</u>	<u>(15,698)</u>

Analysis of the Amount charged to income and expenditure

	2014-15 £000	2013-14 £000
Current Service Cost	1,660	1,396
Contributions in respect of Unfunded Benefits	(10)	(10)
Past Service Costs	7	0
Under estimate employers' contributions	<u>0</u>	<u>31</u>
Adjustment to Pension Costs (Note 6)	<u>1,657</u>	<u>1,417</u>

Analysis of the Amount charged to other interest receivable/payable

	2014-15 £000	2013-14 £000
Expected return on pension scheme assets	(2,581)	(2,569)
Interest on Scheme Liabilities	<u>2,400</u>	<u>2,593</u>
Adjustment to other interest receivable (Note 5) / interest payable (Note 10)	<u>(181)</u>	<u>24</u>

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

	2014-15 £000	2013-14 £000
Actual Return less Expected Return on Pension Scheme Assets	456	(2,874)
Actuarial (Losses) on liabilities	<u>(3,724)</u>	<u>(606)</u>
	<u>(3,268)</u>	<u>(3,480)</u>
Cumulative actuarial gains and losses	<u>(12,442)</u>	<u>(9,174)</u>

30. Pension Schemes (Continued)

Analysis of Movements in the present value of the scheme liabilities

	2014-15 £000	2013-14 £000
Opening Defined Benefit Obligation	59,820	56,206
Current Service Cost	1,660	1,396
Interest Cost	2,400	2,593
Contributions by members	494	418
Actuarial Losses	3,724	606
Past Service Costs	7	0
Estimated Unfunded Benefits Paid	(10)	(10)
Estimated benefits Paid	<u>(1,703)</u>	<u>(1,389)</u>
	<u>66,392</u>	<u>59,820</u>

Analysis of Movements in the market value of the scheme assets

	2014-15 £000	2013-14 £000
Opening Market Value of the Scheme Assets	44,122	44,235
Expected Return on Assets	2,581	2,569
Contributions by members	494	418
Contributions by University	1,423	1,163
Contributions in respect of Unfunded Benefits	10	10
Actuarial Gains/(Losses)	456	(2,874)
Estimated benefits Paid	<u>(1,713)</u>	<u>(1,399)</u>
	<u>47,373</u>	<u>44,122</u>

The estimated value of employer contributions for the year ended 31 July 2016 is £1,499,000.

The actual return on the scheme assets over the year ended 31 July 2015 was £3,036,000.

History of Experience Gains and Losses

	2014-15 £000	2013-14 £000	2012-13 £000	2011-12 £000	2010-11 £000
Difference between the expected and actual return on assets	456	(2,874)	5,647	(1,281)	2,137
Value of Assets	47,373	44,122	44,235	36,769	35,527
Percentage of Assets	1.0%	(6.5%)	12.8%	(3.5%)	6.0%
Experience Gains/(Losses) on Liabilities	503	3,572	(2)	(485)	(616)
Total Present Value of liabilities	66,392	59,820	56,206	52,555	43,388
Percentage of the Total Present Value of Liabilities	0.8%	6.0%	0.0%	(1.0%)	(1.4%)
Actuarial Gains/(Losses) Recognised in STRGL	(3,268)	(3,480)	4,765	(7,316)	3,382
Total Present Value Liabilities	66,392	59,820	56,206	52,555	43,388
Percentage of the Total Present Value of Liabilities	(5.0%)	(5.8%)	8.5%	(13.9%)	7.8%

31. Access Funds, Mature Bursaries, and National Scholarship Programme

	2014-15 £000	2013-14 £000
Balance at 1 August	49	60
Funding Council Grant	274	641
Interest Earned	<u>0</u>	<u>1</u>
	274	642
Disbursed to Students	(290)	(644)
Audit Fees	0	(1)
Administration Costs	<u>(7)</u>	<u>(8)</u>
	(297)	(653)
Balance at 31 July	<u>26</u>	<u>49</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.

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

	2014-15 £000	2013-14 £000
Balance at 1 August	31	31
Funds Received in Year	0	0
Disbursements in the Year	0	0
Administration Costs	<u>0</u>	<u>0</u>
	0	0
Balance at 31 July	<u>31</u>	<u>31</u>

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

33. Payment relating to Academic Partnerships

	2014-15 £000	2013-14 £000
Receipts in respect of University Academic Partners	39	142
Disbursements made to University Academic Partners	<u>(39)</u>	<u>(142)</u>
	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.

34. 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 Interests and if a potential conflict of interest arises, the member of the Board would withdraw from a meeting of the Board of Governors.

After careful deliberation, review of external legal and tax advice and acting in the best interests of the University, the Board of Governors (constituted in accordance with the Articles of Government) unanimously approved at its Special Meeting held on the 1 October 2014 the recommendation of the Remuneration Committee that, in order to facilitate the timely residential relocation of the Vice Chancellor from Wakefield to Bolton, a bridging loan facility for £960,000 be made available to the Vice Chancellor for a fixed and invariable period of two years at an interest rate of 3.25% pa to be secured by way of a legal charge over the purchased property, which was valued by the District Valuer for the University. In accordance with the maturity loan agreement interest receivable but unpaid on the loan at 31 July 2015 amounted to £22,908.

Having properly considered the matter at its meeting of 1 October 2014 it is the opinion of the Board of Governors that, given the security obtained and the interest rate chargeable to the Vice Chancellor, the loan constitutes a qualifying loan and a qualifying investment for the benefit of the University.

The President of the Students' Union is also a member of the Board of Governors. Payments to the Students' Union totalled £252,850 (grant) and £14,854 (other transactions) (2013-14, £207,740 and £2,209 respectively). There were no amounts due to the Students' Union at 31 July 2015 (2013-14, nil).

Transactions with Related Parties

Detail	Relationship	Person(s)	2014-15 £	2013-14 £
Bolton UTC See below	Senior Employees of the University / Directors of UTC	Dr Z Hanslot		
		Mr A Mattheou Mr C McClelland	107,305	0
Octagon Theatre Trust The University is the principal patron of the theatre	Vice Chancellor of the University	Professor G Holmes	66,177	63,863
Electromech Engineering Services Ltd The purchase of electricity generating equipment.	Governor of the University until 9 July 2015	Dr A Keating	86,000	0

Keating Supercars Ltd The supply of specialist engineering equipment	Governor of the University until 9 July 2015	Dr A Keating	30,000	0
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In the furtherance of its role as the sponsor and provider of strategic support to the Bolton UTC the University has borne some costs on its behalf. They are recognised in the University Income and Expenditure Accounts as follows: -

Transactions on Behalf of Related Parties

Expenditure Type	2014-15 £	2013-14 £
Other Operating Income	0	21,004
Staff Costs	230,242	47,919
Other Operating Expenses	<u>94,419</u>	<u>52,541</u>
Total Expenditure	324,661	100,641
Net Cost	324,661	79,546

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

35. 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 £745 during 2014-15 (£1,496 in 2013-14).

36. Post Balance Sheet Events

On 10 September 2015 the University paid £250,000 as a deposit on the purchase of land at Commission Street, Bolton. The transaction has not yet been completed.