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Report of the Board of Governors

For the Year Ended 31st July 2007

Constitution and Activities

The University is an independent higher education corporation, its legal status and powers having been established by the Education Reform Act 1988 as amended by the Further and Higher Education Act 1992. In accordance with the terms of the Act the Corporation is also a charity. The University exists primarily to provide higher education, to carry out research and to engage with business and industry. There have been no changes in these objectives during the year.

Background and History

The University is a multi-disciplinary higher education institution which is funded by the Higher Education Funding Council for England, (HEFCE). It is active in 15 of the cost centres designated by the Higher Education Statistics Agency, (HESA), with a higher presence in the science and technology subjects than is typical within the sector. There are two main campuses, both located close to the town centre and one which contains over 300 of the University's 700 owned residences. The remaining residences are located on a single site within easy walking distance of both campuses.

Students are drawn predominantly from the local region but there is significant national and international activity. International activity is an increasing element of the business, both taught in Bolton and taught overseas, particularly in the Far East. Part of the distinctiveness of the University arises from the fact that more than half of its students are over the age of 25 and around half are part-time, most of the latter being sponsored by employers. The University's engagement with business and industry, relative to turnover, is high for the sector, particularly in the generation of research income compared with HEFCE research grants. The vast majority of the students study higher level programmes. The educational ethos of the University is very strongly work related and its activities are exceptionally well matched within the sector to the government's key educational priorities and to the forthcoming employer led higher level skills initiatives envisaged within the Leitch Report.

Just after incorporation in late 1988, the government decided to increase the higher education participation rate and the University's response was a programme of controlled expansion. The completion of this, in the mid to late 1990s, coincided with the cessation of the government's expansion programme and the capping of the higher education student numbers nationally. The expansion was accommodated by a number of capital developments which were funded by a combination of leases, borrowing, grant, and surplus cash. More recently a major programme commenced that will fully refurbish the entire estate and the University is seeking a combination of funding streams to support this major initiative.

During the last few years the government has again attempted to increase participation in HE, resulting in a relaxation of capping and an increase in the number of funded places. However, this has not been matched by a commensurate increase in demand either locally or nationally, (probably because many potential students are discouraged by the prospect of incurring heavy personal debt), and has had the unfortunate effect of financially destabilising those institutions most likely to deliver the government's objectives. This problem has been compounded by the government's historical failure to address the funding of escalating staff costs, caused partly by employee expectations relative to the private sector and partly by the effect of the government policy on employers' costs of National Insurance and Superannuation contributions. The Higher Education Act 2004, that has arisen from the national review of funding of HE and student support, does not offer significantly increased levels of funding until 2006-07 and only then by way of institutional top up fees on a phased basis over a three year period. There is some indication that the introduction of top up fees has further destabilised the sector, with national applications to HE reduced by around 4%, although Bolton has succeeded in attracting a 52% increase in applications on the back of a 35% increase in the previous year.

During the year the academic work of the University was based on 10 academic departments :

- Art & Design
- Built Environment
- Bolton Business School
- Computing & Electronic Technology
- Cultural & Creative Studies
- Education
- Engineering & Design
- Health & Social Studies
- Psychology & Life Sciences
- Sport & Leisure Tourism Management

Industrial support, consultancy and research activities are delivered through the Academic Departments and a small number of additional research and knowledge transfer centres. The most notable of these are CMRI, (the Centre for Materials Research and Innovation), and Institute for Educational Cybernetics which, amongst other things, manages CETIS, (the Centre for Educational Technology Interoperability Standards) which represents UK Higher and Further Education on international educational standards initiatives. Both of these have international reputations.

A full range of academic and administrative support services underpinned these activities. Whilst the University operates most of its services internally, the provision of catering, grounds maintenance, security and internal audit are contracted out.

For a number of years the University has awarded its own taught degrees and in October 1995 the Privy Council extended these powers to include research degrees. According to the last Quality Assurance Bi-Annual Review, there were only ten institutions in the UK that matched the number of teaching quality assessment grade 24s (the highest possible) achieved by the University, and a further three that exceeded them. All of these were pre-1992 research based universities. The University's subject review grades, as determined by the Quality Assurance Agency, demonstrate an institution committed to teaching excellence.

The University underwent an institutional audit by the Quality Assurance Agency in November 2005 and received a highly positive outcome, with broad confidence expressed in its ability to maintain academic standards and the quality of the student experience, six points of commendation and only four minor recommendations for possible improvement.

In July 2006 the University proposed a six-year Strategic Plan which clearly states our position within UK higher education as a university which develops outstanding professionals who themselves develop their professional and social communities for the better, and which set out a number of key strategies for our continued development and prosperity. This plan has subsequently been approved by the Board of Governors and submitted to HEFCE. The University is committed to being a community of professionals for the development of other professionals.

Scope of the Financial Statements

For 2006-07 the period of account was 1 August 2006 to 31 July 2007. During this period the University maintained a 100% shareholding in Bolton Institute Enterprises Ltd, a company established for the purpose of commercial exploitation of intellectual property rights and know-how; it also retained its 24.9% holding in Auxetic Technologies Ltd. It also set up a fully owned company The University of Bolton Enterprises Company Ltd, which has yet to start trading. These financial statements comprise the whole of the activities of the group. Under the terms of the Financial Memorandum between institutions and HEFCE, financial statements are to be prepared in accordance with the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education Institutions.

Results for the Year

The Group's income, expenditure and results for the period 1 August 2006 to 31 July 2007 is summarised as follows:

	2006-07	**2005-06**
	£000	**£000**
Income	43,829	37,892
Expenditure	44,453	39,048
Deficit on continuing operations	(624)	(1,156)
University's share of associated companies trading losses	(21)	(13)
Difference between historical costs depreciation charge and actual depreciation charge	844	886
Historical cost surplus/(deficit) carried to Income and Expenditure Reserve	199	(283)

The group has returned an operating deficit of £624k and a historical surplus of £199k. This is after a charge of £559k required by FRS 17 in respect of the University's membership of the Local Government Pension Scheme.
There has been an increase in teaching grants of £2,109k linked to improved recruitment and achievement of both base contract numbers and additional funded number targets and an increase in academic fees of £2,437k, mainly as a consequence of higher home student numbers together with higher overseas student numbers taught in Bolton and in their home countries. Enterprise activity has increased, with an increase in Research activity of £476k, and an increase of £766k in Other Operating Income.

Capital Projects

Following a detailed feasibility study report to the Board, the University plans consolidation onto a single academic campus by September 2008 and associated refurbishment of the main (Deane/Eagle) Campus over the next few years. The programme will reduce overall space owned by the University but that which remains will be more modern, flexible space and utilisation will be significantly increased. The total programme cost is likely to be in the region of £8M and comes after a programme of works on Deane/Eagle Campus which included receipt of external funding of over £13.7M. During 2006-07 the refurbishment of D Block was completed providing significantly enhanced and flexible teaching and social learning space; and work commenced on the refurbishment of A Block.

The Challenge for the University now comes in financing the relocation and redevelopment of the Deane/Eagle campus, which will not be easy in the current operating climate.

Cashflow

The Cash flow Statement for the period indicates a net cash outflow of £339k, but there is an increase in short-term deposits of £4,558k, which has principally come from the improved operating performance.

Future Developments

The new strategic plan depicts a University embedded with the concept of professionalism set in a modern, fit for purpose campus where committed students seek to study. The University recognises the significant investment required to achieve this strategic goal and has determined an estate strategy plan that goes some way to delivering this objective (i) within the financial resources available to the University (ii) and result in the focusing of all University activities on a single campus.

In order to align the University internally to meet the challenges of the professional model the management of the University was re-structured in 2007 giving greater identity to academic departments. Similarly, social learning space will be enhanced in order to increase student identity with the University's academic life and hence improve retention.

Information on the University's policies on top up fees and bursaries is available on our web site. Broadly, full time undergraduate home fees are charged at the rate of £3,000 (base price 2006-07) although bursaries and scholarships are available to many of these students to a maximum of £1,000.

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Mrs L Brannan
Chair of the Board

Audit Committee

It is a requirement of funding that the Board of Governors maintains an effective Audit Committee. The Committee meets at least three times a year and, among other things, advises the Board of Governors on the effectiveness of the University's internal control systems. The majority of the information which is presented to the Audit Committee is derived from reports by the Internal and External Providers. The Committee itself presents an annual report to the Board in which it summarises its activities and expresses an opinion on the effectiveness of the internal controls. The External Auditor is also obliged to produce for the Board and the HEFCE a Management letter which sets out findings and recommendations arising from each year-end audit. The management letter is considered to be a public document and copies can be obtained from :

Sue Duncan, Solicitor
University Secretary and Clerk to the Governors
The University of Bolton
Deane Road
Bolton
BL3 5AB

Members of the Board of Governors
1 August 2006 to 31 July 2007

Name	Category	Note
Mrs L Brannan	Independent	Chair of the Board
Dr B Tomkins	Independent	Deputy Chair of the Board to 1 April 2007
Ms S Kay	Independent	Deputy Chair of Board from 1 April 2007
Mr N Myerson	Independent	Chair of Employment and Finance from 20 June 2007
Mr D Page	Independent	Chair of Employment and Finance to 20 June 2007
Mr Mark Sheen	Independent	Chair of Audit Committee
Ms M Neville-Rolfe	Independent	
Mr A Horne	Independent	
Prof I Memon	Independent	
Mr E Henshaw	Independent	To 19 April 2007
Dr G Holmes	Vice Chancellor	
Mr W Orchard	Academic Co-opted	
Ms F Hulbert	Statutory Co-opted	To 31 July 2007
Prof R Campbell	Academic Board	
Ms S Burkinshaw	Academic Board	
Mrs S Ward	Support Staff Co-opted	To 31 July 2007
Mr D Sutherland	Students' Union President	To 30 June 2007
Mr K Stitt	Students' Union President	From 1 July 2007
Mr K Gregory	Student Member	

Principal Advisers to the University

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

Solicitors
Cyril Morris Arkwright, Churchgate House, 30 Churchgate, Bolton BL1 1HS
DLA LLP, India Buildings, Water Street, Liverpool, L2 0NH
Eversheds LLP, Eversheds House, 70 Bridgewater Street, Manchester, M1 5ES

External Auditors
KPMG LLP, St James Square, Manchester, M2 6DS

Internal Audit
UNIAC, 3rd Floor Suite 2, 90 Deansgate, Manchester, M3 2GP

External Valuers
Eddisons Chartered Surveyors, Oak House, New North Road, Huddersfield, HD1 5LG

Corporate Governance Statement (Internal Statement of Control)

The University is committed to exhibiting best practice in all aspects of corporate governance and that was fully achieved in 2006-07. This summary describes the manner in which we have applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the University complies with all the provisions of the Combined Code in so far as they apply to the Higher Education Sector, and it has complied throughout the year ended 31 July 2006.

The Governing Body

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

- Audit
- Employment and Finance (now known as the 'Resources Committee')
- Nominations
- Remuneration, and
- Ad hoc

All of these committees are formally constituted with terms of reference approved by the Governing Body. They comprise mainly lay members of the Governing Body, one of whom is the Chair. The Remuneration Committee determines the remuneration of the most senior staff, including the Vice Chancellor, the Pro Vice Chancellors and the University Secretary/Clerk to the Governors.

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

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

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

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

The following processes have been established:

- The Board of Governors met six times in the year.
- Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.
- In addition to the above meetings the Board members underwent two training days in 2006-07, (13 December 2006, and 23 May 2007). Topics covered included roles and responsibilities, strategic planning, academic development, Key Performance Indicators and CUC guidance, implications of the Leitch report and effectiveness reviews and risk management.
- The Board of Governors receives reports, including the annual report, from the Audit Committee. Reports are received from managers of key activities and projects. For example in the last year the Board has received reports on the University's estates strategy; recovery plan; financial strategy; QAA major subject review; health and safety; business forecasts; risk management; student retention; student recruitment; Students' Union; marketing activities; Academic review; Strategic Plan – the Professional Model, and its Research Profile. Implicitly these documents consider risk and internal control.
- The Board of Governors takes responsibility for overseeing risk management, as stated in the Risk Management policy and has determined and approved a risk appetite statement for inclusion therein. The Audit Committee reports to the Board of Governors on aspects of risk management. The Executive Team takes operational responsibility for risk management within the University.

Audit Committee

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

Internal Control

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

The Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2007 and up to the date of approval of the annual report and accounts and that it is regularly reviewed by the Board of Governors.

The University has an Executive Board of 19 individuals that comprises academic and support managers who are responsible for ensuring that risk management is embedded within all of the University's activities. The Executive Board receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. Risk prioritisation is based upon impact and likelihood. Key strategic risks to the institution are brought out of the general risk register into a separate section so they can be more easily monitored with cross references to the more detailed Business Risks and Corporate Objectives. The Executive Board is actively involved in risk prioritisation, the information from these discussions being reported to the Board of Governors.

At its October and December 2007 meetings, the Governing Body carried out the annual assessment for the year ended 31 July 2007 by considering documentation from the Executive Board and internal audit, and taking account of events since 31 July 2007.

Our review of the effectiveness of the system of internal control is informed by internal audit, (Uniac) which operates to standards defined in the HEFCE Audit Code of Practice and, in its annual opinion for 2006-07 internal audit concluded that by the year end the University's risk management, corporate governance and internal control environment were all operating effectively.

Going concern

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

Responsibilities of the Board of Governors

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

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

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

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to :

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

Report of the Auditors, KPMG LLP to the Members of The University of Bolton

Independent Auditors' report to the Board of Governors of The University of Bolton

We have audited the financial statements (the "financial statements") of the University of Bolton group for the year ended 31 July 2007 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors, for our audit work, for this report or for opinions we have formed.

Respective responsibilities of the University's Board of Governors and the Auditors

The University's Board of Governors responsibilities for preparing the financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 9.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with Financial Regulations and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, and with the funding agreement with the Training and Development Agency and the Learning and Skills Council.

We also report to you whether in our opinion, the Governors' Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information we require for our audit.

We read the Governors' Report and the Corporate Governance Statement, and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of our Opinion

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

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

Opinion

In our opinion :

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the affairs of the University and the group as at 31 July 2007 and of the deficit of expenditure over income for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education
- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency, and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2007 have been applied for the purposes for which they were received, and

- In all material respects, income during the year ended 31 July 2007 has been applied in accordance with the University's Financial Regulations and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England, the funding agreement with the Training Development Agency, and the funding agreement with the Learning and Skills Council

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KPMG LLP
Chartered Accountants, Registered Auditor
12 December 2007

KPMG LLP
St James Square
Manchester
M2 6DS

Statement of Principal Accounting Policies

a) Accounting Convention

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

b) Scope of the Accounts

The University has two subsidiary companies, Bolton Institute Enterprises Ltd, The University of Bolton Enterprises Ltd; and an associated company (Auxetic Technologies Ltd). The results of these companies are included within the consolidated Income and Expenditure Account, and are fully consolidated within the Balance Sheet. Auxetic Technologies Ltd's financial year runs to 1 April to 31 March, accordingly its results have been consolidated on the basis of its filed accounts and its management accounts for the period 1 April to 31 July respectively. (See Note 14 Investments).

c) Tangible Fixed Assets

(i) Land and Buildings

Land and buildings inherited from Bolton MBC and buildings acquired since incorporation are stated in the balance sheet at valuation as at 31 July 2004 on the basis of depreciated replacement cost, with exception of Cubaran House and the I-Zone building which were valued on a market value basis because of their potential and actual commercial usage respectively.

The depreciation charged in 2006-07 (Note 13) is based upon the economic lives of the buildings as determined by the valuation made as at 31 July 2004.

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

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

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

Assets whilst in the course of construction are not depreciated.

(ii) Equipment

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

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

d) HEFCE Grants

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

e) Other Grants

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

f) Taxation

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

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

g) Restructuring and Early Retirement Costs.

The University has a voluntary restructuring and early retirement scheme. Costs are provided for in full from the date applications to the scheme are formally approved.

h) Stocks

The University does not hold any stocks.

i) Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

j) 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.

k) Foreign Currency

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

l) 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 only that the University's position is disclosed by way of footnote. In the case of the GMPF the University's share is identifiable and hence FRS17 is fully applicable; accordingly its share in the scheme is fully incorporated in the accounts.

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

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

m) Repairs and Maintenance.

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

n) Research and Development

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

Consolidated Income and Expenditure Account
For the Year to 31 July 2007

	Note	2006-07	2005-06
		£000	£000
Income			
Funding Council Grants	1	23,555	21,446
Academic Fees and Support Grants	2	13,594	11,157
Research Grants and Contracts	3	2,071	1,595
Other Operating Income	4	4,270	3,504
Endowment Income and Interest Receivable	5	339	190
Total Income		43,829	37,892
Expenditure			
Staff Costs	6	25,356	22,298
Staff Costs - Restructuring Scheme	6	2,267	72
Other Operating Expenses	9	13,929	13,550
Depreciation	13	2,097	2,299
Interest Payable	10	804	829
Total Expenditure		44,453	39,048
(Deficit) After Depreciation of Assets at Valuation		(624)	(1,156)
University's share of (Losses) from Trading Associates		(21)	(13)
Group (Deficit) After Depreciation of Assets at Valuation		(645)	(1,169)

Consolidated Statement of Historical Cost Deficits and Surpluses
For the Year to 31 July 2007

	Note	2006-07	2005-06 Restated
		£000	£000
(Deficit) After Depreciation of Assets at Valuation		(645)	(1,169)
Difference between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	23	844	886
Historical Cost Surplus/(Deficit)		199	(283)

The income and expenditure of the Group relates wholly to continuing operations.

Balance Sheets
As at 31 July 2007

	Note	Consolidated 2006-07 £000	University 2006-07 £000	Consolidated 2005-06 Restated £000	University 2005-06 Restated £000
Fixed Assets					
Tangible Assets	13	52,665	52,665	53,381	53,381
Investments	14	3	0	12	0
		52,668	52,665	53,393	53,381
Endowment Asset Investments	15	110	110	105	105
Current Assets					
Debtors	16	2,998	2,998	2,598	2,599
Short Term Deposits	17	6,823	6,823	2,265	2,265
Cash at Bank and in Hand		80	80	419	419
		9,901	9,901	5,282	5,283
Creditors: Amounts Falling Due within one Year	18	7,650	7,650	6,512	6,512
Net Current (Liabilities)/Assets		2,251	2,251	(1,230)	(1,229)
Total Assets Less Current Liabilities		55,029	55,026	52,268	52,257
Creditors: Amounts Falling Due after more than one Year	19	7,472	7,472	7,762	7,762
Provisions for Liabilities and Charges	20	4,404	4,404	2,557	2,557
Net Assets excluding pension (liability)		43,153	43,150	41,949	41,938
Net Pension (Liability)	32d	(3,374)	(3,374)	(6,416)	(6,416)
Total Net Assets		39,779	39,776	35,533	35,522
Represented by:					
Deferred Capital Grants	21	12,277	12,277	11,005	11,005
Endowments					
Specific	22	110	110	105	105
Reserves					
Income and Expenditure Account	24	3,595	3,592	2,824	2,813
Pension Reserve	32d	(3,374)	(3,374)	(6,416)	(6,416)
Income and Expenditure Account		221	218	(3,592)	(3,603)
Revaluation Reserve	23	27,171	27,171	28,015	28,015
Total Reserves		27,392	27,389	24,423	24,412
Total Funds		39,779	39,776	35,533	35,522

The financial statements on pages 12 to 32 were approved by the Board of Governors on 12th December 2007, and signed on its behalf by :

Mrs L Brannan, Chair of the Board of Governors Dr G Holmes, Vice Chancellor

……. …….

Consolidated Cash Flow Statement
For the Year to 31 July 2007

	Note	2006-07 £000	2005-06 £000
Net Cash Inflow from Operating Activities	27	4,135	1,822
Returns on Investments and Servicing of Finance	28	(550)	(662)
Capital Expenditure and Financial Investment	29	871	(1,286)
Cash (Outflow) before use of Liquid Resources & Financing		4,456	(126)
Management of Liquid Resources (Short-term Deposits)	31	(4,558)	419
Financing	30	(237)	(202)
Increase/(Decrease) in Cash	31	(339)	91

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2006-07 £000	2005-06 £000
Increase/(Decrease) in Cash in the Period		(339)	91
(Decrease)/Increase in Short Term Deposits	31	4,558	(419)
Repayment of Debt	30	237	202
Change in Net Debt		4,456	(126)
Net Debt at 1st August		(5,323)	(5,197)
Net Debt at 31st July	31	(867)	(5,323)

Statement of Consolidated Total Recognised Gains and Losses
For the Year to 31 July 2007

	Note	2006-07 £000	2005-06 Restated £000
(Deficit) after Depreciation of Assets at Valuation and Tax		(645)	(1,169)
Paid up Capital in Associated Company	29	13	0
Endowment Income	22	5	2
Actuarial Gain/(Loss) in Respect of Pension Scheme	32a	3,601	(138)
Total Recognised Loss for Year		2,974	(1,305)
Prior Year Adjustment in respect of Pension Scheme	32e	0	(4,542)
Total Recognised (Losses) Since Last Report		2,974	(5,847)
Reconciliation			
Opening Reserves and Endowments		24,528	25,833
Total Recognised (Losses)/Gains relating to the Year		2,974	(1,305)
Prior Year Adjustment (Net Pension Liability at 1 August 2004)	32	0	0
Closing Reserves and Endowments		27,502	24,528

Notes to the Accounts

1. Funding Council Grants

	2006-07			2005-06
	HEFCE	LSC	Total	Total
	£000	£000	£000	£000
Recurrent Grant				
Teaching	17,678	213	17,891	16,680
Research	175	0	175	192
Widening Access	3,291	0	3,291	2,213
Other Recurrent Grants	1,194	0	1,194	1,111
Total Recurrent Grants	22,338	213	22,551	20,196
Specific Grants				
Teaching Quality Enhancement Fund	175	0	175	36
Project Capital	0	0	0	231
Other	179	0	179	183
Total Specific Grants	354	0	354	450
Releases of Deferred Capital Grants (Note 21)	650	0	650	800
	23,342	213	23,555	21,446

2. Academic Fees and Support Grants

	2006-07	2005-06
	£000	£000
Fees paid by or on behalf of individual students		
UK Higher Education Students	6,425	4,200
European Union (excluding UK) Students	189	82
Non-EU Students	3,969	4,035
UK Further Education Students	120	141
Part-time Fees	1,958	1,958
Other Fees and Grants	100	85
Total fees paid by or on behalf of individual students	12,761	10,501
NHS Contracts	833	656
Total Fees	13,594	11,157

Notes to the Accounts

3. Research Grants and Contracts

	2006-07	2005-06
	£000	£000
Research Councils	321	330
UK Based Charities	47	31
EU Government Bodies	489	411
Other Grants and Contracts	1,186	794
Releases from Deferred Grants (Note 21)	28	29
	2,071	1,595

4. Other Operating Income

	2006-07	2005-06
	£000	£000
Residences, Catering and Conferences	1,821	1,681
Other Income Generating Activities	863	861
Releases from Deferred Capital Grants (Note 21)	33	33
EU Government Bodies	649	311
Other Income	904	618
	4,270	3,504

5. Endowment Income and Interest Receivable

	2006-07	2005-06
	£000	£000
Income from Short Term Investments	249	165
Pension Finance Income (Note 32c)	90	25
	339	190

Notes to the Accounts

6. Staff Costs

	2006-07	2005-06
	£000	£000
Staff Costs:		
Wages & Salaries	20,582	18,151
Social Security Costs	1,674	1,457
Other Pension Costs (including FRS17 adjustment Note 32b)	2,887	2,565
	25,143	22,173
Contribution to Pension Provision (Note 20)	213	125
Total Staff Costs	25,356	22,298
Restructuring Costs - Enhanced Pensions (Notes 20 & 32)	309	0
Restructuring Costs - SSAP24 Provision	139	0
Restructuring Costs - Cash	1,819	72
Total Staff Costs Restructuring Scheme	2,267	72
	27,623	22,370

The average pay award during 2006-07 for academic and support staff was 4.0% (2005-06, 3.0%); and, 4.0% (2005-06, 4.9%) for, locally reviewed, management salaries (those, senior members, of staff whose salaries are negotiated outside of the main negotiating bodies).

Analysis of Staff by Major Category	2006-07		2005-06	
	£000	FTE	£000	FTE
Academic	12,926	254	10,975	242
Support (including FRS17 adjustment)	9,035	323	8,285	335
Locally Reviewed, Management (including FRS17 adjustment)	3,182	49	2,913	44
	25,143	626	22,173	621

The staff numbers exclude temporary and casual staff because they cannot be converted to full-time equivalents.

7. Higher Paid Staff Emoluments.

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

	2006-07	2005-06
	No.	No.
£70,000 - £79,999	3	3
£80,000 - £89,999	0	1
£90,000 - £99,999	2	2
£100,000 - £109,999	0	1
£110,000 - £119,999	0	0
£120,000 ~ £129,999	0	0
£130,000 - £139,999	0	0
£140,000 - £149,999	0	0
£150,000 - £159,999	2	0
£160,000 ~ £169,999	0	0
£170,000 - £179,999	1	0
	8	7

The emoluments of the higher paid staff include contributions to the Teachers' Pension Scheme, paid at the same rates as for other academic staff.

Compensation for loss of office which was either paid or provided for in respect of higher paid staff during the year has been included.

Notes to the Accounts

8. Emoluments of the Vice Chancellor

	2006-07	2005-06
	£	£
Dr G Holmes		
Salary	147,500	83,400
Benefits in Kind (Medical Insurance)	2,400	2,200
Employer's Pension Contribution to Teachers' Pension Scheme	20,400	11,300
Total Emoluments	**170,300**	**96,900**
Mrs M Temple to 31 December 2005		
Salary	0	94,000
Performance Bonus	0	0
Benefits in Kind (Medical Insurance)	0	200
Employer's Pension Contribution to Teachers' Pension Scheme	0	12,700
	0	**106,900**

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 for other academic staff.

9. Other Operating Expenses

	2006-07	2005-06
	£000	£000
Residences, Catering and Conference Operating Expenses	823	853
Consumables and Laboratory Expenditure	481	470
Books and Periodicals	557	548
Equipment	1,244	557
Travel and Conference Expenses	757	631
Advertising	843	734
Studentships	1,363	814
Heat, Light, Water and Power	653	641
Repairs and General Maintenance	469	368
Refurbishment	70	1,232
Non-contracted Staff	888	636
Grants to Bolton University Students Union	252	309
Franchising	1,490	1,256
Payments to Partners	246	209
Rents	13	8
External Auditor's Remuneration	31	32
External Auditor's Remuneration for Non-audit work	13	77
Internal Auditor's Remuneration	36	55
Equipment Operating Lease Rentals	12	10
Other Expenses	3,688	4,110
	13,929	13,550

10. Interest Payable

	2006-07	2005-06
	£000	£000
Loans not wholly repayable within five years	28	58
Finance Leases	776	771
	804	829

Notes to the Accounts

11. Analysis of 2006/07 Expenditure by Activity

	Staff Costs	Operating Expenses	2006-07 Dep'n	Interest Payable	Total	2005-06 Total
	£000	£000	£000	£000	£000	£000
Academic Departments	14,039	4,300	26	0	18,365	16,954
Academic Services	1,106	682	256	0	2,044	2,046
Administration and Central Services	6,888	4,449	7	28	11,372	8,600
Premises	1,091	2,138	1,443	0	4,672	5,991
Residences and Catering	192	822	338	776	2,128	2,174
Research Grants and Contracts	919	862	27	0	1,808	1,370
Other Expenditure	3,388	676	0	0	4,064	1,913
Total per Income and Expenditure Account	27,623	13,929	2,097	804	44,453	39,048

The depreciation charge has been funded by:

Deferred Capital Grants Released (Note 21)	711	862
Revaluation Reserve Released (Note 23)	844	886
General Income	542	551
	2,097	2,299

12. (Deficit) on Continuing Operations for the Year

The (deficit) on continuing operations for the year is made up as follows:

	2006-07	2005-06 Restated
	£000	£000
Group's (deficit) for the year	(645)	(1,169)
Surplus generated by subsidiary undertakings and transferred to the University under Gift Aid	0	0
Total	(645)	(1,169)

Notes to the Accounts

13. Tangible Assets

	Group and University				
	Land & Buildings Freehold £000	Land & Buildings Leased £000	Equipment £000	Leased Equipment £000	Total £000
Valuation or Cost					
At 1st August 2006 - Valuation	21,253	6,686	0	0	27,939
- Cost	20,867	7,514	13,278	599	42,258
At 1st August 2006	42,120	14,200	13,278	599	70,197
Additions at Cost	685	0	47	0	732
Building in the Course of Construction	649	0	0	0	649
	1,334	0	47	0	1,381
At 31 July 2007	43,454	14,200	13,325	599	71,578
Depreciation					
At 1st August 2006 - Valuation	1,554	344	0	0	1,898
- Cost	1,247	332	12,740	599	14,918
At 1st August 2006	2,801	676	12,740	599	16,816
Charge for year - Valuation	672	172	0	0	844
Charge for year - Cost	689	166	398		1,253
	1,361	338	398	0	2,097
At 31st July 2007	4,162	1,014	13,138	599	18,913
Net Book Value					
At 31st July 2007	39,292	13,186	187	0	52,665
At 1st August 2006	39,319	13,524	538	0	53,381
Financed by Capital Grant	12,103	0	174	0	12,277
Finance Lease	0	7,445	0	0	7,445
Other	27,189	5,741	13	0	32,943
Net Book Value at 31st July 2007	39,292	13,186	187	0	52,665

Land and Buildings with a net book value of £26,887,000 and cost of £18,064,000 have been funded from Treasury sources: should these particular buildings be sold, the University would have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Higher Education Funding Council.

Included within land and buildings is land valued at £4,780,000 (freehold) and £1,350,000 (leased) which is not depreciated.

Notes to the Accounts

14. Investments

The University owns 100 £1 Ordinary Shares in Bolton Institute Enterprises Ltd, a wholly owned subsidiary of the University; and 25% of Auxetic Technologies Ltd. The University of Bolton Enterprises Company Ltd has no issued capital.
Bolton Institute Enterprises Ltd holds 30,000 £1 Ordinary shares, valued at £1,456, in c-Lect medical Ltd. Auxetic Technologies Ltd was set up in October 2004 to develop some of the University's intellectual property. The investment being 25% of its issued capital (with the remainder being held by Rising Stars Growth Fund 45%; the founders 25%,and others 5%). Since the University does not have control of Auxetic Technologies Ltd, it has been treated as an associate, and its results to 31st July 2007 have consolidated with the University's at the 25% share of its equity. (Auxetic Technologies Ltd's financial year runs to 1 April to 31 March, accordingly its results have been consolidated on the basis of its filed accounts and its management accounts for the period 1 April to 31 July respectively. – See Statement of Accounting Policies, Scope of the Accounts, page 11)

15. Endowment Asset Investments

	Consolidated 2006-07 £000	University 2006-07 £000	Consolidated 2005-06 £000	University 2005-06 £000
Balance at 1st August	105	105	103	103
Movement	5	5	2	2
Balance at 31st July	110	110	105	105
Represented by:				
Short Term Deposits	110	110	105	105

16. Debtors

	Consolidated 2006-07 £000	University 2006-07 £000	Consolidated 2005-06 £000	University 2005-06 £000
Debtors	1,666	1,666	1,818	1,818
Prepayments	175	175	175	176
Government Grant	1,157	1,157	605	605
	2,998	2,998	2,598	2,599

17. Short Term Deposits

In accordance with the policy of the Board all surplus cash is invested on the sterling money market via the University's own banker. No other investments are permitted.

18. Creditors: Amounts Falling Due Within One Year

	Consolidated 2006-07 £000	University 2006-07 £000	Consolidated 2005-06 £000	University 2005-06 £000
Mortgages and Unsecured Loans (Note 25)	50	50	50	50
Obligations Under Finance Leases (Note 25)	248	248	195	195
Payments Received on Account	794	794	758	758
Creditors	3,765	3,765	2,859	2,859
Social Security and Other Taxation Payable	1088	1088	781	781
Accruals and Deferred Income	209	209	68	68
Government Grants	1,496	1,496	1,801	1,801
	7,650	7,650	6,512	6,512

Notes to the Accounts

19. Creditors: Amounts Falling Due After More Than One Year

	Consolidated 2006-07 £000	University 2006-07 £000	Consolidated 2005-06 £000	University 2005-06 £000
Mortgages secured on residential and other properties repayable by 2011	275	275	325	325
Obligations under Finance Leases (Note 25)	7,197	7,197	7,437	7,437
	7,472	7,472	7,762	7,762

The mortgage is a secured loan upon Chadwick Campus, repayable by equal instalments of principal of £50,000 pa, and at an effective annual interest rate of 7¾%.
The leases are repayable by rentals (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 11¼%.
The rentals on the Orlando residence are variable, based on the 3 month London Inter Bank Offered Rate (LIBOR).

20. Provisions for Liabilities and Charges

	Consolidated 2006-07 £000	University 2006-07 £000	Consolidated 2005-06 £000	University 2005-06 £000
Pension Enhancement:				
Balance at 1st August	2,557	2,557	2,590	2,590
Utilised in Year	(155)	(155)	(158)	(158)
Transfer from Income and Expenditure Account	270	270	125	125
Pension Enhancement Balance at 31st July	2,672	2,672	2,557	2,557
HERA	1502	1502	0	0
Severances	230	230	0	0
Total Provisions at 31st July	4,404	4,404	2,557	2,557

21. Deferred Capital Grants

Group and University

	HEFCE £000	Other £000	Total £000
Balance at 1st August			
Buildings	7,890	2,601	10,491
Equipment	426	88	514
	8,316	2,689	11,005
Cash Received and Receivable			
Buildings	1,983	0	1,983
Equipment	0	0	0
	1,983	0	1,983
Released to Income and Expenditure - Depreciation			
Buildings (Notes 1 & 4)	338	33	371
Equipment (Notes 1 & 3)	312	28	340
Total (Note11)	650	61	711
Balance at 31st July			
Buildings	9,535	2,568	12,103
Equipment	114	60	174
Total	9,649	2,628	12,277

Notes to the Accounts

22. Specific Endowments

	Group and University	
	2006-07 £000	2005-06 £000
Balance at 1st August	105	103
Income for the year	5	2
Balance at 31st July	110	105
Represented by:		
Fellowship and Scholarship Funds	37	35
Prize Funds	47	45
Other Funds	26	25
	110	105

23. Revaluation Reserve

	Group and University	
	2006-07 £000	2005-06 £000
Balance at 1st August	28,015	28,901
Released in Year (Depreciation)	(844)	(886)
Revaluation of Fixed Assets (Note 13)	0	0
Revaluation of Design Centre	0	0
Balance at 31st July	27,171	28,015

24. Income and Expenditure Account

	Consolidated 2006-07 £000	University 2006-07 £000	Consolidated 2005-06 Restated £000	University 2005-06 Restated £000
Balance at 1st August	(3,592)	(3,603)	(3,171)	(3,186)
(Deficit) after Depreciation of Assets at Valuation	(645)	(624)	(1,169)	(1,165)
Called up Share Capital	13	0	0	0
Release from Revaluation Reserve (Note 23)	844	844	886	886
Historical Cost Surplus/(Deficit) after Tax.	212	220	(283)	(279)
Actuarial Gain/(Loss) in respect of Pensions (Note 32a)	3,601	3,601	(138)	(138)
Balance at 31st July	221	218	(3,592)	(3,603)
Balance Represented by :				
Income and Expenditure Reserve	3,595	3,592	2,824	2,813
Pension Reserve	(3,374)	(3,374)	(6,416)	(6,416)
Balance at 31st July	221	218	(3,592)	(3,603)

Notes to the Accounts

25. Financing Obligations

	Group and University			
	Loan 2006-07 £000	Lease 2006-07 £000	Total 2006-07 £000	Total 2005-06 £000
Financing Obligations fall due as follows:				
Between two and five years	200	1,651	1,851	1,565
Over five years	75	5,546	5,621	6,197
Total over one year (Note 19)	275	7,197	7,472	7,762
Within one year (Note 18)	50	248	298	245
	325	7,445	7,770	8,007

*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 31st July 2007.

26. Capital Commitments

	Group and University	
	2006-07 £000	2005-06 £000
Committed contracts at 31st July	511	651
Authorised but not contracted at 31st July	1,083	0
	1,594	651

27. Reconciliation of Consolidated Operating (Deficit) to Net Cash from Operating Activities

	2006-07 £000	2005-06 £000
Surplus/(Deficit) before tax	(645)	(1,169)
Depreciation (Note 13)	2,097	2,299
Deferred capital Grants Released to Income (Note 21)	(711)	(862)
Investment income (Note 5)	(339)	(190)
Interest Payable (Note 10)	804	829
Pension cost less contributions payable (Note 32b)	649	345
(Increase) in Debtors	(400)	(120)
Increase in Creditors	833	723
Increase in Provisions	1,847	(33)
Net Cash (Outflow)/Inflow from Operating Activities	4,135	1,822

28. Returns on Investments and Servicing of Finance

	2006-07 £000	2005-06 £000
Income from Endowments (Note 22)	5	2
Income from Short Term Investments (Note 5)	249	165
Interest Paid (Note 10)	(28)	(58)
Leasing Finance Charge (Note 31)	(776)	(771)
	(550)	(662)

Notes to the Accounts

29. Capital Expenditure and Financial Investment

	2006-07 £000	2005-06 £000
Investments in Associated Company	9	4
Payment of Instalment on Partly Paid Shares	13	0
Tangible Assets Acquired (other than leased equipment) (Note 13)	(1,129)	(2,975)
Endowment Asset Investments Acquired (Note 15)	(5)	(2)
Total Fixed and Endowment Asset Investments Acquired	(1,112)	(2,973)
Receipts from the sale of assets		0
Deferred Capital Grants Received (Note 21)	1,983	1,687
Receipts from the issues of shares	0	0
	871	(1,286)

30. Analysis of Changes in Consolidated Financing During the Year

	Mortgages & Loans £000	Finance Leases £000	Total £000
Balance at 1st August 2005	425	7,784	8,209
Capital Repayments	(50)	(152)	(202)
Balance at 31st July 2006	375	7,632	8,007
Capital Repayments	(50)	(187)	(237)
Balance at 31st July 2007	325	7,445	7,770

31. Analysis of Changes in Net Debt

	At 1 August 2006 £000	Cash Flows £000	Other Changes £000	At 31 July 2007 £000
Cash at Bank and in hand	419	(339)		80
Short Term deposits	2,265	4,558		6,823
Debt due within one year	(245)	237	(290)	(298)
Debt due after one year	(7,762)	776	(486)	(7,472)
	(5,323)	5,232	(776)	(867)

32. Pension Schemes

The pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), for academic staff; the Greater Manchester Pension Fund (GMPF) for those staff not included as academic; and additionally a small number of staff are members of the Universities' Superannuation Scheme (USS). Details on each scheme and the assumptions, plus other data that have the most significant effect on the determination on the contribution level are as follows :

Teachers' Pension Scheme (TPS)

The University participates in the TPS, which is an unfunded defined benefit pension scheme where contributions payable are credited to the Exchequer and a notional set of investments maintained. The pension cost is assessed every five years by the Government Actuary.

The contributions payable by the University during the accounting period were equal to 9.1% of total pensionable salaries, amounting to £1,407,000 (£1,291,000 2005-06). This contribution rate has remained at 13.5% for the year of account. The pensions charge recorded by the University during the accounting period was equal to the contributions payable.

Notes to the Accounts

32. Pension Schemes *(continued)*

FRS17
The TPS is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The University will therefore account for its pension costs on a defined contribution basis as permitted by FRS17. This includes the additional 5.15% contribution payable from April 2003 to make up a deficiency in funding level.

	TPS
Latest actuarial valuations	31st March 2001
Actuarial method	Prospective Benefits
Gross Rate of returns per annum	7.0%
Real Earnings growth per annum	1.5%
Real Rate of Return in excess of Prices per annum	3.5%
Market value of assets at date of last valuation	£102,010 million
Proportion of members accrued benefits covered by the actuarial value of the assets	100.0%

The funding of the scheme is such that the employer's contribution has risen from 8.3% in 2001-02, to 13.5% from 1st April 2003.

Greater Manchester Pension Fund (GMPF)
The University participates in the GMPF, which is a funded defined benefit pension scheme where contributions payable are held in a trust separately from the University.

The University paid contributions averaging 12%, amounting to £924,000 (£921,000 2005-06) for the accounting period as recommended by the actuary. Deficits are recognised in the University's accounts during the accounting period. The contribution rate rose in April 2005 from 13.9% to 14.2% although following the 2004 valuation this rate will remain in operation until March 2008.

FRS17
The University participates in the GMPF, a defined benefit scheme operating in the UK.
Under the requirements of FRS17 the University has incorporated its share of assets and liabilities of the GMPF on an FRS17 market value basis at the end of the accounting period.
The Actuary has now completed the 2004 valuation exercise, and accordingly the University's FRS17 valuation as at 31st July 2007 has been based on the data from the full fund actuarial valuation carried out at 31st March 2004 by a qualified independent actuary. The main assumptions used by the actuary were :

Major Actuarial Assumptions

	2006-07	**2005-06**	**2004-05**
Rate of Increase in Pensions	3.3%	3.1%	2.8%
Rate of Increase in Salaries	4.8%	4.6%	4.3%
Discount Rate	6.8%	5.1%	5.0%
Inflation Assumption	3.3%	3.1%	2.8%

The assets in the scheme and the expected rate return were :

Scheme Assets

	Long term Return Expected 2006-07 %	**Value at 2006-07 £000**	**Long term Return Expected 2005-06 %**	**Value at 2005-06 £000**	**Long term Return Expected 2004-05 %**	**Value at 2004-05 £000**	**Long term Return Expected 2003-04 %**	**Value at 2003-04 £000**
Equities	8.0%	18,431	7.7%	16,692	7.3%	14,643	7.9%	11,980
Bonds	5.2%	4,647	4.7%	4,262	4.7%	3,450	5.4%	2,913
Property	6.0%	2,860	5.7%	2,403	5.4%	1,986	6.7%	1,769
Cash	5.1%	2,780	4.8%	1,868	4.5%	1,729	4.5%	1,028
		28,718		**25,225**		**21,808**		**17,690**

Notes to the Accounts

32. Pension Schemes *(continued)*

The following amounts at 31st July were measured in accordance with the requirements of FRS17 :

Deficit in Scheme - Net Pension Liability

	2006-07 £000	2005-06 £000	2004-05 £000
Total market value of assets	28,718	28,718	21,808
Present value of scheme liabilities	(32,092)	(31,641)	(27,766)
Deficit in Scheme - Net Pension Liability	(3,374)	(2,923)	(5,958)

Analysis of Amounts Charged to Income and Expenditure Account

	2006-07 £000	2005-06 £000
Current Service Cost net of Employees' Contributions	1,331	1,222
Past Service Cost	346	54
	1,677	1,276
Financing - Expected return on Scheme Assets	(1,744)	(1,443)
- Interest on Expected return on Scheme Liabilities	1,654	1,418
- Net Return	(90)	(25)
Total Amounts Charged to Income and Expenditure Account	**1,587**	**1,251**

(a) Analysis of Amounts Recognised in Statement of Total Recognised Gains and Losses

	2006-07 £000	2005-06 £000
Actual Return less Expected Return on Pension scheme Assets	802	1,130
Experience Gains and Losses arising on Scheme Liabilities	0	(7)
Changes in Assumptions Underlying the Present Value		
- of Scheme Liabilities	2,799	(1,261)
Total Actuarial Gain/(Loss) Recognised	**3,601**	**(138)**

Notes to the Accounts

32. Pension Schemes *(continued)*

The total, the movement in the University's share of the scheme's deficit during the year, is made up as follows :

Movement in the University's Share of the Scheme's (Deficit)

	2006-07		2005-06	
	£000	£000	£000	£000
Deficit on Scheme at August 1st		(6,416)		(5,958)
Movement in Year				
Current Service Cost net of Employees' Contributions	(1,331)		(1,222)	
Employers' Contributions	1,020		923	
Contributions in respect of Unfunded Benefits	8		8	
Past Service Costs	(346)		(54)	
(b) Adjustment to Pension Costs (Note 6)		(649)		(345)
(c) Other Finance Income		90		25
(a) Actuarial Gain/(Loss)		3,601		(138)
Movement in Year		3,042		(458)
(d) Deficit on Scheme at July 31st		**(3,374)**		**(6,416)**

(e) The opening balance on the scheme as at 1 August 2004 (£4,542,000) has been brought into the accounts within the Statement of Recognised Gains and Losses as a prior year adjustment (Note 24).

History of Experience Gains and Losses

	2006-07	2005-06	2004-05	2003-04	2002-03
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	802	1,130	2,520	579	18
Value of Assets	28,718	25,225	21,808	17,690	15,148
Percentage of Assets	**2.8%**	**4.5%**	**11.6%**	**3.3%**	**0.1%**
Experience Gains/(Losses) on Liabilities	0	(7)	(245)	2	(153)
Total Present Value of Liabilities	32,092	31,641	27,766	22,231	20,036
Percentage of the Total Present Value of Liabilities	**0.0%**	**(0.0%)**	**(0.9%)**	**0.0%**	**(0.8%)**
Actuarial Gains/Losses Recognised in STRGL	3,601	(138)	(1,285)	551	(2,864)
Total Present Value of Liabilities	32,092	31,641	27,766	22,231	20,036
Percentage of the Total Present Value of Liabilities	**11.2%**	**(0.4%)**	**(4.6%)**	**2.5%**	**(14.3%)**

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. Accordingly, FRS17 is not fully applicable because the scheme is a defined benefit scheme, and there are no separable assets. The cost recognised within the deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was as 31st March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pension. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the discount rate of interest would be 5.4% per annum, salary increases would be 4.1% per annum and pensions would increase by 3.1% per annum. The valuation was carried out using the projected unit method.
At the valuation date, the market value of the assets of the scheme was £30,064 million and the value of the past service liabilities was £27,582 million leaving a surplus of assets of £2,482 million. The assets therefore were sufficient to cover 109% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Notes to the Accounts

32. Pension Schemes *(continued)*

The University contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on universities' future contribution commitment.

The total pension contributions to USS for the University were £50K (2005-06 £8K). The contribution rate payable by the University of pensionable salaries was 14%.

33. Access Funds and Mature Bursaries

	2006-07			2005-06
	Access	Bursaries	Total	Total
	£000	£000	£000	£000
Balance at 1st August	24	16	40	28
Funding Council Grant	470	(9)	461	532
Interest Earned	8	0	8	1
	478	(9)	469	533
Disbursed to students	(395)	0	(395)	(522)
Audit Fees	(1)	0	(1)	1
Administration Costs	0	0	0	0
	(396)	0	(396)	(521)
Balance at 31st July	106	7	113	40

Funding Council grants are available solely for students: the University acts as paying agents. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

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

Group and University

	2006-07	2005-06
	£000	£000
Balance at 1st August	37	115
Funds Received in Year	1,750	1,846
Disbursements in the Year	(1,688)	(1,888)
Administration Costs	(29)	(36)
	(1,717)	(1,924)
`		
Balance at 31st July	70	37

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

Notes to the Accounts

35. Payments relating to Academic Partnerships

	2006-07 £000	2005-06 £000
Receipts in respect of University Academic Partners	485	516
Disbursements made to University Academic Partners	(485)	(516)
	0	0

Where the University acts as paying agent in respect of contracts with other Higher Education Institutions transactions are to be excluded from the Income and Expenditure Account.

36. Related Party Transactions

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

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

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

37. Board of Governors' Expenses

No member of the Board of Governors received any remuneration in their capacity as a member. However, sundry expenses incurred are reimbursed, these totalled £1,111 during 2006-07 (£1,668 in 2005-06).

38. Contingent Liability

There are no contingent liabilities.

Trust Fund Balances
As at 31st July 2006

Trust Funds

The University administers the following Trust Funds, but they do not form part of the University's Accounts.

	2006-07 £	2005-06 £
Ryder Brothers "Beehive" Prize Fund	1,319	1,256
Samuel Crompton Prize Fund	15,098	14,379
BIHE Mechanical Engineering Fund	1,054	1,004
William McKinlay Prize Fund	515	491
J T Fielding Scholarship	852	811
Sydney Bannister Memorial Fund	1,395	1,329
F C Openshaw Memorial Fund	17,431	16,601
C H Booth Legacy	575	548
Mike Avis Prize Fund	247	426
Janis Williamson Prize Fund	389	466
Bob Williamson Prize Fund	126	217
	39,001	37,528

I have examined the transactions of the above trust funds and certify that the balances as at 31st July 2007 are as stated.

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KPMG LLP

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12th December 2007