

**University of Bolton**

**Financial Statements 2012-13**

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## **Operating and Financial Review 2012-13**

### **Context**

The University's financial performance in 2012-13 continued to be robust despite the reduction in Higher Education Funding Council for England (HEFCE) grant, the change in the tuition fee regime, and an increase in general inflation.

Taking into account the above and reflecting continued progress in terms of recruitment and despite the reduction in income from other services rendered, research and international student recruitment on and off campus, the University was able to record a surplus of £2,274,000 on a historical cost basis.

### **The University and the New Funding Regime**

September 2012 saw the first students to enter the University who would be subject to the new funding regime. The sector saw an overall downturn in the number of students who applied for University places and a large increase in those who withdrew their applications at a comparatively late stage. The impact of this varied enormously from institution to institution but the University managed a small decrease in overall numbers accepted in September 2012 through compensating recruitment in January 2013 and also by off-setting a small over-recruitment in the previous year against the final number. The net effect of these actions was that the University recruited to its Funding Council controlled numbers and we anticipated in September that the fee income for the year would be within the budget set.

The University foresaw that recruitment would be challenging for this year and, in 2011-12, it had initiated an Academic Review which rationalised, reviewed, reconfigured and revalidated its entire suite of undergraduate programmes. The aim was to raise the quality of the provision, and the consequent student experience, whilst improving the efficiency of the delivery. It was hoped that this would increase the attractiveness of our programmes, making recruitment easier, and also improve retention by simplifying the requirements for students to progress from one stage to another. The picture in regard to recruitment was complicated by the sector-wide shortfall in applicants, but retention for the academic year 2012-13 has improved and early signs for recruitment for 2013-14 are promising.

Nonetheless, the University was conscious that the Academic Review needed to be accompanied by a review and overhaul of its management structure and during the year began a process of consultations with staff which culminated in the abolition of the existing three Faculties and their replacement by six Academic Groups. The aim was to create a flatter and more responsive management structure, to facilitate interactions between academic teams and to create greater ownership by staff, of the programmes that they delivered and of the experience of their students on those programmes. A similar review and reconfiguration of academic support and professional staff management structures was undertaken with a similar aim – to improve student-focus and increase efficiency whilst maintaining quality of service. All the new structures came into effect before the end of the academic year and they will be fully operational for the upcoming academic year 2013-14.

The policy and economic environment continues to be both unpredictable and highly challenging. The University is, however, confident that it has taken those measures necessary to ensure that it is best placed to continue to thrive and prosper, to meet the challenges with which it is presented and to take the consequent opportunity to transform the quality of the education it offers, of the experience of its students and its continuing interactions with business and the community, regionally, nationally and transnationally.

## **Key Developments**

### **Health and Wellbeing Centre (Bolton One)**

The University had taken possession of its areas of the Bolton One building in April 2012 and Bolton One was formally opened by HRH the Princess Royal on the 23<sup>rd</sup> April 2013. The University has based teaching in Health, Sports Science and Sports Rehabilitation in Bolton One and makes full use of the facilities it offers. It has become evident that the Bolton One building itself is one key factor in the continuing high demand by potential students for places on programmes in these areas. In addition, the University is working with a number of professional sports teams and individuals in the region, including Bolton Wanderers and Warrington Wolves, on the provision of specialist training and sports injuries prevention and treatment provision.

### **University Technical College**

In 2012-13 the University applied, under the guidance of the Baker-Dearing Trust, for permission to create a University Technical College (UTC) in Bolton. A UTC is a 14-18 college with the status of an Academy but which is sponsored by a University and offers a strongly technical focus in its programmes of study and works very closely with industry and employers. The University's bid for Bolton has not yet been accepted, but in the process of consultation about it with the Baker-Dearing Trust, the University also became involved in and took over the sponsorship of, a UTC proposed for Oldham. That UTC is now up and running and the University expects its application for the Bolton UTC to be accepted in the very near future.

### **Centre for Advanced Performance Engineering**

During 2012-13 the University developed plans to create a centre to conduct teaching and research into high performance auto-engineering in conjunction with two, locally based, performance car-makers. Undergraduate programmes were designed and validated and facilities created to support this initiative and undergraduate students recruited. The first intake commenced in September 2013.

### **Centre for Islamic Finance**

In May 2012 the University opened a new Centre to research into and promote awareness of the nature and implications of Islamic finance. The Centre was launched by an inaugural lecture given by Dr Ahmed Ali, President of the Islamic Development Bank, and attended by business leaders, academics and finance managers from across the UK. During the year the Centre has developed a master's level qualification in Islamic Economics and Banking awarded jointly with the University of Sarajevo (validated July 2012) and has begun to negotiate cooperative agreements with a number of other educational institutions and infrastructure providers who are involved in this field.

### **Progress on Research**

The University has continued to develop its Research and Graduate School, in order to provide central support for the training and development of postgraduate research (PGR) students and new, early-career, post-doctoral researchers. We continue to make use of the RAE 08 QR funding to support the growth of capacity and capability in the supervision of PGR students and this year has seen a doubling in the numbers of those students from around 100 in 2011-12 to over 200 in 2012-13. We also continue to support staff who wish to improve their academic qualifications to follow a route towards a doctoral qualification by thesis, by published work or by practice.

This year the University's research efforts have given priority to preparations for submission to the Research Excellence Framework. This has involved a critical and strategic appraisal of our research strengths and weaknesses conducted with external, independent, input in order to create what will

essentially be a survey of the research landscape within the University which will inform future strategy and funding decisions for the next four years.

This year has seen the successful continuation of ongoing Engineering and Physical Science Research Council (EPSRC) and Technology Strategy Board (TSB) projects as well as the continuation of the Knowledge Centre for Materials Chemistry with additional TSB funds and with an extended remit to reach UK wide collaborations with industry by adding complementary expertise from other UK based universities in addition to the existing partners: University of Bolton, Manchester University, Liverpool University and the Science and Technology Facilities Council in Daresbury. The emphasis is now expanded to solutions for societal and industry challenges in the areas of Energy and Low Cost Carbon Economy, Healthcare and Biomedical, ICT and Sustainable Product Design.

Another success came from our involvement in the EU Marie Curie funded project on Tendon Regeneration and Tissue Scaffolding where the collaboration extends beyond UK boundaries and involves companies and universities from various EU member states. An additional EU collaboration with a Greece research institution – TEI Piraeus – includes funding provided for the development of thermo-chromic and piezo-chromic fibres for medical and wearable applications.

In terms of innovation and entrepreneurship, we have developed an extended portfolio of intellectual property with the potential for further commercialisation. An example of such entrepreneurial activity led to the establishment in June 2013 of a spin out company, FibrLec Limited, which is based on patented innovation of hybrid photovoltaic and piezoelectric fibres and textile structures capable in principle of harnessing energy from sun, wind, rain, waves and tides.

### **Public Benefit**

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.
- 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 is a partnership between the University, Bolton College and Bolton Sixth Form College which aims to highlight, promote and advocate educational opportunities and progression routes in Bolton and to cooperate to facilitate these through shared activities. 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.
- 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 Bolton Museum, the National Media Museum (Bradford), and the National Coal Mining Museum in Wakefield.
- 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 provides a base and support for the National Forum on Health and Wellbeing.

- Its applied research and knowledge transfer activities support business and industry, the NHS, the Further Education sector and community bodies.
- 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.

Many of these University activities are described in more detail below.

### **Employer Engagement and Knowledge Exchange**

The University was an active partner in the European Social Fund funded £2.5 million North West Graduate Employability Support Project working with eight North West universities to disseminating good practices in regard to graduate employability. The project ended in June 2013, but prior to this a major transnational conference was held in the Lake District in February 2013, bringing together the North West university partners and several transnational partners from across Europe.

Bolton was also involved in a European Regional Development Fund (ERDF) project which began in March 2010 with the aim of providing support to local small or medium sized businesses (SMEs) to improve their business and create or safeguard jobs. These business assists were undertaken by either final year undergraduates or recent graduates and, as a side-effect, around thirty Bolton graduates have gained employment or started their own businesses as a result. By the time the current funding phase ended in August 2013, the University had assisted 95 SME's, created 12 jobs and safeguarded a further 24.

For a second ERDF project, the Enterprise Champions Project, Bolton has run a series of "bootcamps" aimed at helping current and recent graduates start up their own business. These with other activities have resulted in 14 business start-ups and 24 jobs created. An additional outcome from this project is the establishment of a pool of business mentors drawn from local SME's who had benefitted from an earlier University project "Unite with Business". These mentors work closely with the potential business start-ups to help them to start trading. The University has also signed a Memorandum of Understanding with UnionLearn to support and facilitate the professional development of Trade Union representatives and officials. Local trust funding (the Marriot Trust, administered by Bolton-Le Moors Rotary Club) continues to support a number of community focussed projects including scholarships and student exchanges in the areas of social cohesion, the medical application of auxetic materials, the history of leisure in Bolton, sports rehabilitation and in support of the Humphrey Spender mass observation project.

### **Widening Participation and the Student Body**

The University's record in widening participation in higher education is amongst the best in the North West: 38% of entrants to first degree programmes are from NS-SEC groups 4, 5 and 6. 48% of its total student body study part-time (the second highest percentage in the North West), and many of whom are sponsored by employers and engaged in career development. It is pleasing to note also that 50% of the University's full-time undergraduates are mature (over 21), the highest percentage by far among North West universities and one of the highest percentages in the sector. 20% of its students declare as members of an ethnic minority and this figure has risen since last year. Furthermore, 47% of the University's students are male, against the national trend, which has seen male participation rates, particularly among males from socially under-represented groups, decline.

All of these factors indicate the extent to which the University serves a very diverse student community and offers educational opportunity to those groups under-represented in higher education, especially in the North West of England. It also endeavours to offer opportunities for higher education progression and continuing education for those in work and with vocational qualifications as well as academic qualifications

### **Collaborative Provision and Transnational Education**

The Off Campus Division has continued to develop its structures and processes during 2012-13 to better manage all partner provision. In addition to having programmes that are unique to the Off Campus Division, the Division continues to work productively with On Campus colleagues in order to offer a range of programmes to partners. Work has begun to support the increasing maturity of the campus in Ras Al Khaimah (RAK) so that it can operate as a franchise partner. This will ensure that there are clearer lines of academic management that secure the robustness of the awards made to those who study at RAK.

The Off Campus Division's strategic objective is to work with fewer, larger partners and to reduce the number of Bolton staff involved in the delivery of programmes off campus in favour of fully franchised operations. The Off Campus Division now has a colleague on secondment at a partner in Zambia with a remit to develop the Africa 'hub' of partners in Malawi, Zambia and Botswana initially. Similarly another colleague now spends extended periods in Vietnam developing links across the country as well as managing an existing partner in Ho Chi Minh City. New York College (NYC) Greece has signalled its intention to expand its partnership with the University at all levels and this has provided an opportunity to work with them in other countries where they operate. The University of New York Prague (UNYP) is in discussion with the University regarding franchising courses from the University.

The Off Campus Division also recognises the importance of niche markets that the University may not otherwise be able to capitalise on. Examples are the School of Sound Recording (SSR) in Manchester and Shockout Arts in Manchester with whom we will deliver a Foundation Degree in Commercial Dance. As a result of an internal subject review and in order to respond to recommendations made by the QAA following their audit of the University's academic provision in April 2011, the University has reconfigured and revalidated its engineering programmes delivered in Ras Al Khaimah (RAK). It is hoped that the continued exchange of staff and students will enhance provision both in Bolton and in RAK and will contribute to the development of a strong theme of internationalisation within the curriculum.

Transnational programmes are currently operated by the University in Greece, Germany, China, Hong Kong, Vietnam, Singapore, Malaysia, Malawi, Zambia and Botswana, and they provide a significant income stream which we hope to grow over the next five years through planned strategic developments.

### **Addressing the Environmental Sustainability Agenda**

The University Environmental Sustainability Group continues to meet and to oversee 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. The Group worked closely with the Core Curriculum Group in 2012-13 to ensure that sustainability was embedded within all programmes in the Academic Review as one of the three "Bolton values" alongside employability and internationalisation, and it oversees the continuing estates and facilities improvements which are helping to deliver the University's carbon reduction targets. As from Dec 2013 all main campus electricity will be sourced from renewables.

## Financial

The University has reported a surplus of £2,274,000 (2012: £3,625,000) (on a historical cost basis) which is equal to 5.0% (2012: 7.1%) of our turnover in the year.

## Operating Surplus

The operating surplus was £1,682,000 (2012: £3,033,000). The main variations from the previous year are:

Significant Variations from 2011-12			
Head	Favourable	Unfavourable	Reason (significant items only)
Funding Council Grants		£9,319,000	Change in funding regime
Academic Fees and Support Grants	£5,263,000		Change in funding regime
Other Operating Income		£1,093,000	Reduction in Other Services Rendered (non-research contracts)
Staff Costs	£3,170,000		Reduction due to staff leaving during the year
Other Operating Expenses	£1,803,000		Reduction in costs of Administration and Central Services

## Liquidity

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

The University's Financial Strategy sets a target of cash balances being maintained at, or higher than, 6% of turnover. This would equate to a value of £2,706,000 in 2012-13. This target was achieved during 2006-07 and has been maintained since then. During the year the cash balance was reduced to £20,341,000 as shown in the cash flow statement on page 27 of the Financial Statements.

There was a net inflow of cash in 2012-13, mainly arising from Operating Activities. The University's cash balances remain ahead of the target set in the financial strategy.

## Reserves

At 31 July 2013 the University's Income & Expenditure Account reserves amounted to £19,611,000 before the impact of FRS17. The volatile pension reserve reduced to a £11,971,000 deficit bringing the retained reserves to a surplus of £7,640,000. This represents an improvement of £7,039,000 on the retained reserves of £601,000 reported in the previous year.

## Borrowings

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

## **Sustainability**

There have been several factors bearing upon 2012-13 recruitment nationally which will affect the higher education sector going forward. There are fewer undergraduate students; a significant reduction in international students; and a reduction in part time recruitment because of employers limiting staff training funds.

This has impacted on the University, which has put in place schemes to review its costs and redesign its business processes. 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 their working capital requirements.

After undertaking such a 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.

Signature

Ms M Neville-Rolfe CB

Chair of the Board of Governors

12 November 2013

**Members of the Board of Governors:  
1 August 2012 to 31 July 2013**

<b>Name</b>	<b>Category</b>	<b>Sub-Committee Membership</b>	<b>Note</b>
Ms M Neville-Rolfe CB BA LLD (Honoris Causa)	Independent	Resources Remuneration Nominations Ad Hoc	Chair of the Board
Rt Reverend N McCulloch KCVO MA Hon DL	Independent	Audit Nominations Remuneration Ad Hoc	Deputy Chair of the Board
Mr M Sheen BA PGCE FCA CTA	Independent	Audit Ad Hoc	Chair of Audit Committee
Dr N Myerson LLB Solicitor of the Supreme Court	Independent	Resources Remuneration Ad Hoc	Chair of Resources Committee
Mr S Conn FCA FIPA	Independent	Resources Nominations Ad Hoc	
Mr R Gould MA FCA CCMi	Independent	Resources Remuneration Ad Hoc	
Prof R Lewis BA MA BPhil PGCE MEd	Independent	Audit Ad Hoc	
Ms S Kay LLB Barrister	Independent	Audit Remuneration Nominations Ad Hoc	
Prof A Banerjee OBE JP DSc (Hons) FRCP	Independent	Resources Ad Hoc	
Dr A. Keating MBA HND Eng MIDGTE	Independent	Resources Ad Hoc	
HH Prof W Morris MA Cantab (Hons) LLD (Honoris Causa)	Independent	Audit Ad Hoc	
Prof G Holmes BSc MBA PGCE PhD FInstD	Vice Chancellor	Resources Nominations Remuneration	
Dr T Speake DA BA MA FHEA ARPS PhD	Academic Co-opted		

Ms G Richards BA MEd	Statutory Co-opted Audit	
Mrs A Fitzpatrick MSc BSC (Hons) SRP MCSP PGCE HEA	Senate Member	From 13.11.2012
Mrs L Cove-Burrell MSc PGCE FCMI	Senate Member	From 13.11.2012 to 30.07.2013
Ms D Morris DipCam (DigitalM) MA MCIPR	Support Staff Co-opted	From 30.04.2013
Mr S Aziz BSc MSc	Student Elected Member	To 30.06.2013
Mr B Priso Bongue HND BEng MSc	Student Elected Member	From 01.07.2013
Mr A Johnson BA (Hons)	Students' Union President	From 01.07.2013
Ms Sue Burkinshaw MA PGCE BA	Senate Member Nominations	To 31.10.2012
Mrs P Lonsdale PGCE BA MBA	Support Staff Co-opted	To 29.4.2013

## **Principal Advisers to the University**

### **Bankers**

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

### **Solicitors**

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

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

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

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

42 Bedford Row, London WC1R 4LL

### **External Auditors**

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

### **Internal Audit**

UNIAC, 4<sup>th</sup> Floor, St James Building, Oxford Street, Manchester, M1 6FQ

## **Statement of Corporate Governance and Internal Control**

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

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

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

## **Governance and Legal Structure**

The University is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988. 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 1826 alongside other similar institutions formed to serve the educational needs of employers and workers in the northern industrial towns. During the 19<sup>th</sup> and 20<sup>th</sup> 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 are those members of the Governing Body listed on pages 7 and 8. The University is satisfied that it has had due regard for the Charity Commission's guidance on public benefit and that required statements appear elsewhere in these Financial Statements.

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

The 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 Baroness Morris of Bolton OBE DL DPhil LLD.

### **The Governing Body**

The Board of Governors comprises up to 19 members (since 3 July 2012), including the Vice Chancellor, and has a majority of independent members, who are external and independent of the University. It meets at least four times each financial year. Two of these meetings are designated as training days and include a formal Board meeting as well as a less formal training session to brief members on current and relevant issues.

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

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

All of these sub-committees are formally constituted with terms of reference approved and regularly reviewed by the Governing Body. They comprise mainly independent members of the Governing Body, one of whom is the Chair. The Chair of the Board of Governors plays an important role in the governance of the University while working independently of its regular executive management. She is supported by the Deputy Chair. The Remuneration Committee is a decision making body and determines the remuneration of the designated senior post holders, including the Vice Chancellor, the Pro Vice Chancellor (Academic) and the University Registrar and Secretary who is also Clerk to the Governors. Ad-hoc Board of Governors' working groups are occasionally established to consider project and risk based oversight tasks.

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Governing Body has delegated to the Vice Chancellor (as Head and Accountable Officer of the Institution) responsibility for the organisation, direction and management of the University and leadership of its staff.

All Governors have access to the Clerk to the Governing Body, who is appointed to act as Secretary to the Board and is responsible for the Governance function. The appointment and removal of the Clerk are matters for the Governing Body as a whole.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. All Governors are required to exercise their responsibilities in the interests of the institution as a whole rather than as the representative of any constituency.

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

The following processes have been established:

- The Board of Governors formally meets at least four times throughout the financial year.

- Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board and sub-committee meetings. Relevant briefings are also circulated on an ad-hoc basis as required.
- In addition to the above formal meetings, members participate in regular training sessions. In 2012-13, members attended two training sessions on 13 November 2012 and 30 April 2013. Topics covered included – discussions and presentations on the Alistair McPherson Report on the CUC Northern Group University Board Survey; the Research Excellence Framework; the impacts of the UK Border Agency on the HE Sector; a presentation by Deloitte on Strategic Options and a strategic update from the Vice Chancellor.
- The Board of Governors (and its sub-committees) receives detailed reports, including the annual report from the Audit Committee and reports from senior managers on key activities and projects, as itemised on the relevant agenda.
- The Board of Governors takes responsibility for overseeing risk management, as stated in the Risk Management Policy and has determined and approved a Risk Appetite Statement for inclusion therein. The Audit Committee reports to the Board of Governors on aspects of risk management and the risk register is regularly presented to the Board of Governors. The Senior Executive Team takes operational responsibility for risk management within the University.
- Board members have been actively engaged in all the Board's sub-committees and pro-actively involved in ad-hoc Board of Governors' working groups when established by the Governing Body.
- The University maintains a Register of Interests of members of the Board of Governors and for members of the Senior Executive Team, which may be consulted by arrangement with the Registrar, Secretary and Clerk to the Governors.

**Attendance at meetings of the Boards of Governors by individual members for the period 1 August 2012 - 31 July 2013 has been recorded as follows:-**

Ms M Neville-Rolfe (Chair)	Independent Member	6 of 6
Rt Reverend N McCulloch (Deputy Chair)	Independent Member	3 of 6
Mr M Sheen (Chair Audit)	Independent Member	5 of 6
Dr N Myerson (Chair Resources)	Independent Member	5 of 6
Mr S Conn	Independent Member	3 of 6
Mr R Gould	Independent Member	6 of 6
Ms S Kay	Independent Member	5 of 6
Prof R Lewis	Independent Member	4 of 6
Prof A Banerjee	Independent Member	5 of 6
Dr A Keating	Independent Member	5 of 6
HH Prof W Morris	Independent Member	5 of 6
Prof G Holmes	Vice Chancellor	6 of 6
Dr T Speake	Staff (Academic) Co-Opted Member	5 of 6
Ms G Richards	Statutory Co-Opted Member	4 of 6
Ms S Burkinshaw	Staff (Academic) Co-Opted Member	1 of 1
Mrs P Lonsdale	Staff (Support) Co-Opted Member	2 of 3
Mr S Aziz	Student Elected Member	3 of 5
Ms L Cove-Burrell	Senate Member	3 of 5
Ms D Morris	Staff (Support) Co-opted Member	2 of 2
Mrs A Fitzpatrick	Senate Member	4 of 5
Mr A Johnson	President, Students' Union	1 of 1
Mr B Priso Bongue	Student Elected Member	1 of 1

## **Audit Committee**

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. This sub-committee of the Board considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the committee as necessary, they are not committee members. The Chair of the Board of Governors is also precluded from membership.

At least once each financial year, the committee meets the University's external and internal auditors without any officers present for independent discussions. Risk management (including the risk register) is a standing item on every agenda and the committee annually considers for recommendation to the Board the University's Risk Appetite Statement.

The Audit Committee presented its annual report for the year ended 31 July 2013, and including any significant issues up to the date of the report, to the Governing Body on 12 November 2013. Therein the committee confirmed its opinion that based upon the work performed during the year and on the information presented to it, the institution's risk management, control and governance arrangements are adequate and effective and arrangements are in place to promote economy, efficiency and effectiveness (value for money). The committee's overall opinion had been informed by its opinion on the management control and quality assurance of data provided to HEFCE, HESA and other public bodies, which is that those arrangements are effective.

## **Internal Control**

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

The Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2013 and up to the date of approval of the annual report and accounts and that it is regularly reviewed by the Board of Governors.

The University has a Senior Executive Team of 10 individuals who are responsible for ensuring that risk management is embedded within all of the University's activities. The Senior Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. Risk prioritisation is based upon impact and likelihood. Key strategic risks to the institution are brought out of the general risk register into a separate section so they can be more easily monitored with cross references to the more detailed Business Risks and Corporate Objectives. The Senior Executive Team is actively involved in risk identification, prioritisation, evaluation and management review of its effectiveness, the information from these

discussions being reported to the Audit Committee and the Board of Governors by the senior executives.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the University's internal auditor, Uniac, which observes and complies with the requirements of the HEFCE Audit Code of Practice, HM Treasury Government Internal Auditing Standards and International Standards for the Professional Practice of Internal Auditing. In its annual opinion for 2012-13, Uniac concluded that at the financial year ending 31 July 2013 the University's risk management framework, corporate governance, internal controls (although some reviews have identified areas for improvement), and arrangements for securing value for money were all operating effectively.

Signature

Ms M Neville-Rolfe CB

Chair of the Board of Governors

12 November 2013

## **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, the National College for Teaching and Leadership and the Chief Executive of Skills Funding are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council, the funding agreement with the Teaching Agency and the Chief Executive of Skills Funding Agency and any other conditions which the Funding Councils may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; Safeguard the assets of the University and prevent and detect fraud; and Secure the economic, efficient and effective management of the University's resources and expenditure.

Signature

Ms M Neville-Rolfe CB

Chair of the Board of Governors

12 November 2013

## **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 2013 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of historical cost surpluses and deficits, the balance sheet, the cash flow statement, the statement of recognised surpluses and deficits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, in accordance with paragraph 12(2) of the University's articles of government and section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the University's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Governing Body and auditor**

As explained more fully in the Responsibilities of the Board of Governors set out on page 17, the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they 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 (APB'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/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2013 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**

In accordance with HEFCE's Financial Memorandum dated July 2010 and the funding agreement with the National College for Teaching and Leadership, we are required to report to you whether, in our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and managed in accordance with the University's statutes; and
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the funding council's Financial Memorandum, the funding agreement

with the National College for Teaching and Leadership and any other terms and conditions attached to them.

**Matter on which we are required to report by exception**

We have nothing to report in respect of where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion, the Statement of Internal Control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester

November 2013

## **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 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 their working capital requirements.

After undertaking such a 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 four subsidiary companies, Bolton Institute Enterprises Limited, The University of Bolton Enterprises Company Limited, Blu U Thefutureversity Limited, and Bolton UTC, all of which are dormant. The four 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.

### **d) Tangible Fixed Assets**

#### **(i) Land and Buildings**

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

The estate was last subject to a full formal valuation in July 2009. In accordance with the terms of FRS15 this became subject to an interim review by an independent valuer in 2012; this review showed no material change to the estate's value.

Bolton One (acquired February 2012) has been recognised at the value of the premium paid for the lease, with its useful economic life being set at 25 years in accordance with the lease's primary period.

Apart from Bolton One, the depreciation charged (Note 11) is based upon the economic lives of the buildings as determined by the valuation made as at 31 July 2009, and these range between 5 and 50 years.

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

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

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

**(ii) Equipment**

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

<b>Equipment</b>	<b>Economic Life (Years)</b>
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, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

**i) Leases**

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

#### **j) Foreign Currency**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the 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 scheme. 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 2013. 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.

**Income and Expenditure Account  
for the Year ended 31 July 2013**

	Note	2012-13 £000	2011-12 £000
<b>Income</b>			
Funding Council Grants	1	14,311	23,630
Academic Fees and Support Grants	2	26,242	20,979
Research Grants and Contracts	3	1,614	2,024
Other Operating Income	4	2,705	3,798
Endowment Income and Interest Receivable	5	234	273
Total Income		<u>45,106</u>	<u>50,704</u>
<b>Expenditure</b>			
Staff Costs	6	23,805	26,975
Staff Costs – Restructuring	6	1,841	1,054
Other Operating Expenses	9	14,777	16,580
Depreciation	11	2,168	2,399
Interest Payable	10	833	663
Total Expenditure		<u>43,424</u>	<u>47,671</u>
Surplus After Depreciation of Assets at Valuation		<u>1,682</u>	<u>3,033</u>
<b>Statement of Historical Cost Surpluses and Deficits for the Year ended 31 July 2013</b>			
Surplus After Depreciation of Assets at Valuation		1,682	3,033
Difference between Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	21	592	592
Historical Cost Surplus		<u>2,274</u>	<u>3,625</u>

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

The notes on pages 29 to 46 form part of the Financial Statements.

**Balance Sheet  
as at 31 July 2013**

	Note	University 2012-13 £000	University 2011-12 £000
<b>Fixed Assets</b>			
Tangible Assets	11	52,909	54,887
<b>Endowment Asset Investments</b>	13	266	275
<b>Current Assets</b>			
Debtors	14	2,998	2,641
Cash at Bank and in Hand		<u>20,341</u>	<u>16,730</u>
		23,339	19,371
<b>Creditors: Amounts Falling Due Within One Year</b>			
Net Current Assets	15	<u>15,325</u>	<u>13,299</u>
Total Assets Less Current Liabilities		<u>8,014</u>	<u>6,072</u>
		61,189	61,234
<b>Creditors: Amounts Falling Due After One Year</b>			
Provisions for Liabilities and Charges	16	6,083	7,913
Net Assets excluding pension liability	17	<u>2,864</u>	<u>3,624</u>
Net Pension Liability	29	<u>(11,971)</u>	<u>(15,785)</u>
<b>Total Net Assets</b>		<b><u>40,271</u></b>	<b><u>33,912</u></b>
Represented by:			
Deferred Capital Grants	18	15,072	15,151
Endowments Specific <b>Reserves</b>	19	266	275
Income and Expenditure Account	21	19,611	16,386
Pension Reserve	29	<u>(11,971)</u>	<u>(15,785)</u>
Income and Expenditure Account		7,640	601
Revaluation Reserve	20	<u>17,293</u>	<u>17,885</u>
Total Reserves		<u>24,933</u>	<u>18,486</u>
<b>Total Funds</b>		<b><u>40,271</u></b>	<b><u>33,912</u></b>

The notes on pages 29 to 46 form part of the Financial Statements.

The Financial Statements were approved by the Board of Governors on 12 November 2013 and signed on its behalf by:

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

Prof G Holmes, Vice Chancellor

**Cash Flow Statement  
for the Year ended 31 July 2013**

	<b>Note</b>	<b>2012-13 £000</b>	<b>2011-12 £000</b>
Net Cash Inflow from Operating Activities	24	4,465	3,519
Returns from Investments and Servicing of Finance	25	(211)	(293)
Capital Expenditure and Financial Investment	26	<u>77</u>	<u>(8,563)</u>
Cash Inflow/(Outflow) before Financing		4,331	(5,337)
Financing	27	<u>(720)</u>	<u>2,427</u>
Increase/(Decrease) in Cash	28	<u>3,611</u>	<u>(2,910)</u>

**Reconciliation of Net Cash Flow to Movement in Net Funds**

	<b>Note</b>	<b>2012-13 £000</b>	<b>2011-12 £000</b>
Increase/(Decrease) in Cash in the Period		3,611	(2,910)
Repayable Grant Received	27	0	(3,000)
Repayment of Debt	27	<u>720</u>	<u>573</u>
Change in Net Funds		4,331	(5,337)
Net Funds at 1 August		<u>8,133</u>	<u>13,470</u>
Net Funds at 31 July	28	<u>12,464</u>	<u>8,133</u>

The notes on pages 29 to 46 form part of the Financial Statements.

## Statement of Recognised Surpluses and Deficits for the Year ended 31 July 2013

	Note	2012-13 £000	2011-12 £000
Surplus after Depreciation of Assets at Valuation		1,682	3,033
Endowment (Expenditure) / Income	19	(9)	16
Actuarial Gain / (Loss) in respect of Pension Scheme	29	<u>4,765</u>	<u>(7,316)</u>
Total Recognised Gain / (Losses) Since Last Report		<u>6,438</u>	<u>(4,267)</u>
<b>Reconciliation</b>			
Opening Reserves and Endowments		18,761	23,028
Total Recognised Gains / (Losses) relating to the Year		<u>6,438</u>	<u>(4,267)</u>
Closing Reserves and Endowments		<u>25,199</u>	<u>18,761</u>

The notes on pages 29 to 46 form part of the Financial Statements.

## Notes to the Accounts

	HEFCE £000	2012-13 FE Provision £000	Total £000	2011-12 Total £000
<b>1. Funding Council Grants</b>				
<b>Recurrent Grant</b>				
Teaching	12,411	190	12,601	19,278
Research	689	0	689	668
Other	<u>525</u>	<u>0</u>	<u>525</u>	<u>177</u>
Total Recurrent Grants	13,625	190	13,815	20,123
<b>Specific Grants</b>				
ECIF	0	0	0	0
Bolton One (Note 35)	0	0	0	3,000
Other	<u>19</u>	<u>0</u>	<u>19</u>	<u>50</u>
Total Specific Grants	<u>19</u>	<u>0</u>	<u>19</u>	<u>3,050</u>
<b>Releases of Deferred Capital Grants (Note 18)</b>				
	<u>477</u>	<u>0</u>	<u>477</u>	<u>457</u>
	<u>14,121</u>	<u>190</u>	<u>14,311</u>	<u>23,630</u>

## 2. Academic Fees and Support Grants

Fees paid by or on behalf of Individual Students	2012-13 £000	2011-12 £000
Full-time home and EU students	19,311	13,760
Full-time international students	3,475	4,025
Part-time students	2,382	2,195
Education contracts	912	760
Further education students	58	112
Other fees and grants	<u>104</u>	<u>127</u>
	<u>26,242</u>	<u>20,979</u>

### 3. Research Grants and Contracts

	2012-13 £000	2011-12 £000
Research Councils and Charities	183	257
Industry and Commerce	159	227
Government	<u>1,272</u>	<u>1,540</u>
	<u>1,614</u>	<u>2,024</u>

### 4. Other Operating Income

	2012-13 £000	2011-12 £000
Residences, Catering and Conferences	1,891	2,283
Other Income	709	1,369
Releases from Deferred Capital Grants (Note 18)	<u>105</u>	<u>146</u>
	<u>2,705</u>	<u>3,798</u>

### 5. Endowment Income and Interest Receivable

	2012-13 £000	2011-12 £000
Income from expendable endowments and donations	52	23
Income from short-term investments	<u>182</u>	<u>250</u>
	<u>234</u>	<u>273</u>

### 6. Staff Costs

	2012-13 £000	2011-12 £000
<b>Staff Costs</b>		
Wages and Salaries	19,080	21,948
Social Security Costs	1,575	1,812
Other Pension Costs (including FRS17 adjustment Note 29)	<u>3,125</u>	<u>3,010</u>
	23,780	26,770
Contribution to Pension Provision (Note 17)	<u>25</u>	<u>205</u>
Total Staff Costs	23,805	26,975
Restructuring Costs	<u>1,841</u>	<u>1,054</u>
	<u>25,646</u>	<u>28,029</u>

### Analysis of Staff by Major Category

	2012-13 FTE	2011-12 FTE
Academic	233	254
Support	257	277
Management and Specialist	<u>10</u>	<u>30</u>
	<u>500</u>	<u>561</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:

	<b>2012-13</b>	<b>2011-12</b>
	<b>No.</b>	<b>No.</b>
£100,000 - £109,999	0	0
£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	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	0
£210,000 - £219,999	0	0
£220,000 - £229,999	0	1

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

	<b>2012-13</b>	<b>2011-12</b>
	<b>£</b>	<b>£</b>
Vice Chancellor		
Salary	199,000	227,100
Benefits in kind (healthcare)	2,900	2,700
Employer's Pension Contribution to Teachers' Pension Scheme	<u>26,400</u>	<u>26,400</u>
Total Emoluments	<u>228,300</u>	<u>256,200</u>

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

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

## 9. Other Operating Expenses

	2012-13 £000	2011-12 £000
Academic Departments	6,954	6,753
Academic Services	1,571	1,556
Administration and Central Services	2,985	3,733
Premises	1,887	2,602
Residences and Catering	897	1,217
Research Grants and Contracts	409	591
Other Expenditure	<u>74</u>	<u>128</u>
	<u>14,777</u>	<u>16,580</u>
Other Operating Expenses include:-		
External Auditor's Remuneration in respect of the Audit of the Financial Statements	36	36
External Auditor's Remuneration in respect of Non-Audit Services – Corporation Tax Compliance	3	7
Operating Lease Rentals Other	<u>64</u>	<u>64</u>

The operating leases expire during 2013-14, commitments remaining under them are £17,000 in 2013-14.

## 10. Interest Payable

	2012-13 £000	2011-12 £000
Loans repayable within five years	6	38
Finance Leases	390	504
Pension Finance Interest (Note 29)	<u>437</u>	<u>121</u>
	<u>833</u>	<u>663</u>

## 11. Tangible Assets

	Land & Buildings Freehold £000	Land & Buildings Leased £000	Equipment £000	Leased Equipment £000	Total £000
<b>Cost or Valuation</b>					
At 1 August 2012 - Valuation	8,982	4,356	0	0	13,338
- Cost	<u>30,964</u>	<u>16,196</u>	<u>14,177</u>	<u>599</u>	<u>61,936</u>
At 1 August 2012	39,946	20,552	14,177	599	75,274
Additions at Cost	190	0	0	0	190
At 31 July 2013	<u>40,136</u>	<u>20,552</u>	<u>14,177</u>	<u>599</u>	<u>75,464</u>
<b>Depreciation</b>					
At 1 August 2012	4,111	1,600	14,077	599	20,387
Charge for Year	1,301	767	100	0	2,168
At 31 July 2013	<u>5,412</u>	<u>2,367</u>	<u>14,177</u>	<u>599</u>	<u>22,555</u>
<b>Net Book Value</b>					
At 31 July 2013	34,724	18,185	0	0	52,909
At 1 August 2012	<u>35,835</u>	<u>18,952</u>	<u>100</u>	<u>0</u>	<u>54,887</u>
Financed by Capital Grant	15,072	0	0	0	15,072
Finance Lease	0	4,852	0	0	4,852
Other	<u>19,652</u>	<u>13,333</u>	<u>0</u>	<u>0</u>	<u>32,985</u>
	<u>34,724</u>	<u>18,185</u>	<u>0</u>	<u>0</u>	<u>52,909</u>

Included within land and buildings is land valued at £6,599,250 (freehold) and £1,490,000 (leased) which is not depreciated.

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

In accordance with the terms of FRS15 this valuation was assessed on the depreciated replacement cost basis by an independent valuer, Nolan Redshaw Limited, on 28 September 2012. This assessment was in accordance with RICS Valuation – Professional Standards, Global and UK Edition (March 2012). The review showed no material change to the estate's value and has therefore not been reflected in these financial statements.

## 12. Investments

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.

The University controls Bolton UTC, a company limited by guarantee. The liability is limited to £10 per share

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

## 13. Endowment Asset Investments

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 August	275	259
(Decrease)/Increase in cash balances	<u>(9)</u>	<u>16</u>
Balance at 31 July	<u>266</u>	<u>275</u>
Bank Balances	<u>266</u>	<u>275</u>
Total Endowment Asset Investments	<u>266</u>	<u>275</u>

## 14. Debtors

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
Debtors	2,491	2,232
Prepayments	281	290
Government Grant	<u>226</u>	<u>119</u>
	<u>2,998</u>	<u>2,641</u>

## 15. Creditors Amounts falling due within one Year

	2012-13 £000	2011-12 £000
Mortgages and Unsecured Loans (Note 22)	25	50
Obligations Under Finance Leases (Note 22)	769	634
HEFCE Repayable Grant (Note 22)	1,000	0
Payments Received on Account	2,705	2,538
Creditors	7,039	5,653
Social Security & Other Taxation Payable	519	607
Accruals and Deferred Income	925	870
Government Grants	<u>2,343</u>	<u>2,947</u>
	<u>15,325</u>	<u>13,299</u>

## 16. Creditors Amounts falling due after more than one year

	2012-13 £000	2011-12 £000
Mortgages secured on residential and other properties repayable by 2013 (Note 22)	0	25
Obligations Under Finance Leases (Note 22)	4,083	4,888
HEFCE Repayable Grant (Note 22)	<u>2,000</u>	<u>3,000</u>
	<u>6,083</u>	<u>7,913</u>

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

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

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

## 17. Provisions for Liabilities and Charges

	Restructuring £000	Pension £000	Total £000
Balance at 1 August	857	2,767	3,624
Utilised in Year	(593)	(192)	(784)
Increases to Provision	<u>0</u>	<u>25</u>	<u>24</u>
At 31 July	<u>264</u>	<u>2,600</u>	<u>2,864</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: -

	2012-13	2011-12
Net Interest Rate	2.00%	2.00%

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

## 18. Deferred Capital Grants

	HEFCE £000	Other £000	Total £000
Balance at 1 August			
Buildings	12,376	2,775	15,151
Equipment	<u>0</u>	<u>0</u>	<u>0</u>
	<u>12,376</u>	<u>2,775</u>	<u>15,151</u>
Cash Received and Receivable			
Buildings	452	51	503
Equipment	<u>0</u>	<u>0</u>	<u>0</u>
	<u>452</u>	<u>51</u>	<u>503</u>
Released to Income and Expenditure – Depreciation			
Buildings (Notes 1 and 4)	477	105	582
Equipment (Notes 1 and 4)	<u>0</u>	<u>0</u>	<u>0</u>
	<u>477</u>	<u>105</u>	<u>582</u>
Balance at 31 July			
Buildings	12,351	2,721	15,072
Equipment	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<u>12,351</u>	<u>2,721</u>	<u>15,072</u>

The value of the interest retained by HEFCE is £15,255,480 (2011-12 £17,155,554).

## 19. Endowments

	<b>Restricted Expendable £000</b>	<b>Restricted Permanent £000</b>	<b>Total £000</b>
Balance at 1 August			
Capital	136	38	174
Accumulated Income	<u>49</u>	<u>52</u>	<u>101</u>
	185	90	275
New Endowments	10	0	10
Income for Year	2	1	3
Expenditure for Year	<u>(21)</u>	<u>(1)</u>	<u>(22)</u>
	<u>(9)</u>	<u>0</u>	<u>(9)</u>
At 31 July	<u>176</u>	<u>90</u>	<u>266</u>
Represented by:			
Capital Value	126	38	164
Accumulated Income	<u>50</u>	<u>52</u>	<u>102</u>
	<u>176</u>	<u>90</u>	<u>266</u>

## 20. Revaluation Reserve

	<b>2012-13 £000</b>	<b>2011-12 £000</b>
Balance at 1 August	17,885	18,477
Released in Year (Depreciation)	<u>(592)</u>	<u>(592)</u>
Balance at 31 July	<u>17,293</u>	<u>17,885</u>

## 21. Income and Expenditure Account

	<b>2012-13</b> <b>£000</b>	<b>2011-12</b> <b>£000</b>
Balance at 1 August	601	4,292
Surplus after Depreciation of Assets at Valuation	1,682	3,033
Release from Revaluation Reserve (Note 20)	<u>592</u>	<u>592</u>
Historical Cost Surplus	2,274	3,625
Actuarial Gain / (Loss) in respect of Pensions (Note 29)	4,765	(7,316)
Balance at 31 July	<u>7,640</u>	<u>601</u>
Balance Represented by:		
Income and Expenditure Reserve	19,611	16,386
Pension Reserve	(11,971)	(15,785)
Balance at 31 July	<u>7,640</u>	<u>601</u>

## 22. Financing Obligations

	<b>Loan</b>	<b>Lease</b>	<b>HEFCE</b>	<b>Total</b>	<b>Total</b>
	<b>2012-13</b>	<b>2012-13</b>	<b>Repayable</b>	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>	<b>Grant</b>	<b>£000</b>	<b>£000</b>
			<b>2012-13</b>		
			<b>£000</b>		
Financing Obligations fall due as follows:					
Between two and five years	0	4,083	2,000	6,083	6,666
Over five years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,247</u>
Total over one year (Note 16)	0	4,083	2,000	6,083	7,913
Within one year (Note 15)	<u>25</u>	<u>769</u>	<u>1,000</u>	<u>1,794</u>	<u>684</u>
	<u>25</u>	<u>4,852</u>	<u>3,000</u>	<u>7,877</u>	<u>8,597</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 2013.

### 23. Capital Commitments

	2012-13 £000	2011-12 £000
Committed Contracts at 31 July	0	0
Authorised but not contracted at 31 July	<u>0</u>	<u>0</u>

### 24. Reconciliation of Operating Surplus to Net Cash From Operating Activities

	2012-13 £000	2011-12 £000
Surplus before Tax	1,682	3,033
Depreciation (Note 11)	2,168	2,399
Deferred Capital Grants Released to Income (Note 18)	(582)	(603)
Investment Income (Note 5)	(204)	(273)
Impairment of Fixed Asset	0	0
Interest Payable (Note 10)	396	542
Pension Cost less Contributions payable (Note 29)	951	159
(Increase) / Decrease in Debtors	(357)	1,269
Increase / (Decrease) in Creditors	1,171	(3,401)
(Decrease) / Increase in Provisions	<u>(760)</u>	<u>394</u>
Net Cash Inflow from Operating Activities	<u>4,465</u>	<u>3,519</u>

### 25. Returns on Investments and Servicing of Finance

	2012-13 £000	2011-12 £000
Net Income from Endowments	3	(1)
Income from Short Term Investments	182	250
Interest Paid	(6)	(38)
Leasing Finance Charge	<u>(390)</u>	<u>(504)</u>
	<u>(211)</u>	<u>(293)</u>

### 26. Capital Expenditure and Financial Investment

	2012-13 £000	2011-12 £000
Tangible Assets Acquired (other than leased equipment)	(190)	(8,587)
Endowment Asset Investments Disposed / (Acquired)	<u>9</u>	<u>(16)</u>
Total Fixed and Endowment asset Investments Acquired	(181)	(8,603)
Proceeds from the sale of assets	0	0
New Endowments Received	10	40
Deferred Capital Grants Received	<u>248</u>	<u>0</u>
	<u>77</u>	<u>(8,563)</u>

## 27. Analysis of Changes in Financing During the Year

	<b>Mortgages and Loans</b>	<b>Finance Leases</b>	<b>Repayable Grant</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 August 2011	125	6,045	0	6,170
Repayable Grant Received	0	0	3,000	3,000
Capital Repayments	<u>(50)</u>	<u>(523)</u>	<u>0</u>	<u>(573)</u>
Balance at 31 July 2012	75	5,522	3,000	8,597
Capital Repayments	<u>(50)</u>	<u>(670)</u>	<u>0</u>	<u>(720)</u>
Balance at 31 July 2013	<u>25</u>	<u>4,852</u>	<u>3,000</u>	<u>7,877</u>

## 28. Analysis of Changes in Net Funds

	<b>At 1 August 2012</b>	<b>Cash Flows</b>	<b>At 31 July 2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at Bank and in hand	16,730	3,611	20,341
Debt due within one year	(684)	(1,110)	(1,794)
Debt due after one year	<u>(7,913)</u>	<u>1,830</u>	<u>(6,083)</u>
	<u>8,133</u>	<u>4,331</u>	<u>12,464</u>

## 29. Pension Schemes

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

The total pension cost for the University was:

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
TPS Contributions Paid	1,388	1,669
GMPF Charge to the Income and Expenditure Account	1,631	1,236
USS Contributions paid	<u>106</u>	<u>105</u>
Total Pension Cost (Note 6)	<u>3,125</u>	<u>3,010</u>
Outstanding Pension Contributions at 31 July	308	356

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

	<b>TPS</b>	<b>GMPF</b>	<b>USS</b>
Investment Returns per annum	Nil	5.8%	6.4%
Salary Scale increase per annum	3.95%	4.6%	4.3%
Pension increase per annum	1.7%	2.8%	3.3%
Market Value of Assets at date of last valuation	Nil	£44M	£28,843M
MFR proportion of members' accrued benefits covered by the actuarial value of the assets.	Nil	79%	103%

## **29. Pension Schemes (Continued)**

### **Teachers' Pension Scheme**

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

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

Following the implementation of Teachers' Pension (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2012 to 31 July 2013 the employer contribution was 14.1%. The employees' rate was on a banded scale (according to salary) between 6.4% - 8.8%. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Under the definitions set out in FRS 17, the TPS is a multi-employer defined benefit pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly the University has taken advantage of the exception in FRS17 and has accounted for its contributions as if it were a defined contribution scheme.

### **Universities Superannuation Scheme**

USS is an unfunded defined benefit scheme. The scheme is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the USS actuary reviews the progress of the USS scheme.

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

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

### **Greater Manchester Pension Fund**

The GMPF is a funded defined benefit scheme. The scheme is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the GMPF actuary reviews the progress of the GMPF scheme.

For GMPF, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the GMPF Regulations. The contribution payable by the employer was 17.9% of pensionable salaries to March 2013, rising to 18.6% from April 2013. For subsequent years the rate will remain at 18.6%.

## 29 Pension Schemes (Continued)

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 2013.

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 2013 were:

	2012-13	2011-12
Rate of Increase in Pension	2.8%	2.2%
Rate of Increase in Salaries	4.6%	4.0%
Discount Rate	4.6%	4.1%
Inflation Assumption	2.9%	2.9%

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	20.1	22.9
Future Pensioners	22.5	25.0

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

Scheme Assets	Long Term Return		Long Term Return		Long Term Return		Value at 2010 -11 £000
	Expected 2012-13 %	Value at 2012-13 £000	Expected 2011-12 %	Value at 2011-12 £000	Expected 2010-11 %		
Equities	6.5	31,850	5.5	24,269	7.0	24,159	
Bonds	3.7	7,962	3.3	7,721	4.6	6,750	
Property	4.6	2,654	3.7	1,838	5.1	1,776	
Cash	3.4	1,769	2.8	2,941	4.0	2,842	
		<u>44,235</u>		<u>36,769</u>		<u>35,527</u>	

## 29. Pension Schemes (Continued)

The following amounts at 31 July 2013 were measured in accordance with the requirements of FRS17.

### Analysis of the Amount shown in the Balance Sheet

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
University's estimated asset share	44,235	36,769
Present value of scheme liabilities	<u>(56,206)</u>	<u>(52,554)</u>
Deficit in Scheme – Net Pension Liability	<u>(11,971)</u>	<u>(15,785)</u>

### Analysis of the Amount charged to income and expenditure

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
Current Service Cost	1,346	1,245
Contributions in respect of Unfunded Benefits	(10)	(9)
Past Service Costs	322	0
Over estimate employers' contributions	<u>(27)</u>	<u>0</u>
Adjustment to Pension Costs (Note 6)	<u>1,631</u>	<u>1,236</u>

### Analysis of the Amount charged to other interest paid

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	(1,730)	(2,212)
Interest on Scheme Liabilities	<u>2,167</u>	<u>2,333</u>
Adjustment to other interest payable (Note 10)	<u>437</u>	<u>121</u>

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

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
Actual Return less Expected Return on Pension Scheme Assets	5,647	(1,281)
Actuarial (Losses) on liabilities	<u>(882)</u>	<u>(6,035)</u>
	<u>4,765</u>	<u>(7,316)</u>

## 29. Pension Schemes (Continued)

### Analysis of Movements in the present value of the scheme liabilities

	2012-13 £000	2011-12 £000
Opening Defined Benefit Obligation	52,554	43,837
Current Service Cost	1,346	1,245
Interest Cost	2,167	2,333
Contributions by members	422	461
Actuarial Losses	882	6,035
Past Service Gains	322	0
Estimated Unfunded Benefits Paid	(10)	(9)
Estimated benefits Paid	<u>(1,477)</u>	<u>(1,348)</u>
	56,206	52,554

### Analysis of Movements in the market value of the scheme assets

	2012-13 £000	2011-12 £000
Opening Market Value of the Scheme Assets	36,769	35,527
Expected Return on Assets	1,730	2,212
Contributions by members	422	461
Contributions by University	1,144	1,198
Contributions in respect of Unfunded Benefits	10	9
Actuarial Gains / (Losses)	5,647	(1,281)
Estimated benefits Paid	<u>(1,487)</u>	<u>(1,357)</u>
	44,235	36,769

### History of Experience Gains and Losses

	2012-13 £000	2011-12 £000	2010-11 £000	2009-10 £000	2008-09 £000
Difference between the expected and actual return on assets	5,647	(1,281)	2,137	2,399	(2,333)
Value of Assets	44,235	36,769	35,527	30,982	26,123
<b>Percentage of Assets</b>	<b>12.8%</b>	<b>(3.5%)</b>	<b>6.0%</b>	<b>7.7%</b>	<b>(8.9%)</b>
Experience Gains/(Losses) on Liabilities	(2)	(485)	(616)	8	(4)
Total Present Value of liabilities	56,206	52,554	43,387	42,335	39,126
<b>Percentage of the Total Present Value of Liabilities</b>	<b>0.0%</b>	<b>(1.0%)</b>	<b>(1.4%)</b>	<b>0.0%</b>	<b>0.0%</b>
Actuarial Gains/(Losses) Recognised in STRGL	4,765	(7,316)	3,382	2,505	(6,714)
Total Present Value Liabilities	56,206	52,554	43,387	42,335	39,126
<b>Percentage of the Total Present Value of Liabilities</b>	<b>8.5%</b>	<b>(13.9%)</b>	<b>7.8%</b>	<b>5.9%</b>	<b>(17.2%)</b>

### 30. Access Funds, Mature Bursaries, and National Scholarship Programme

	2012-13	2011-12
	£000	£000
Balance at 1 August	42	26
Funding Council Grant	548	277
Interest Earned	<u>1</u>	<u>2</u>
	549	279
Disbursed to Students	(521)	(252)
Audit Fees	(1)	(1)
Administration Costs	<u>(9)</u>	<u>(10)</u>
	(531)	(263)
Balance at 31 July	<u>60</u>	<u>42</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.

### 31. Other Funds for which the University acts as Paying Agent

	2012-13	2011-12
	£000	£000
Balance at 1 August	30	77
Funds Received in Year	42	240
Disbursements in the Year	(41)	(279)
Administration Costs	<u>0</u>	<u>(8)</u>
	(41)	(287)
Balance at 31 July	<u>31</u>	<u>30</u>

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

### 32. Payment relating to Academic Partnerships

	2012-13	2011-12
	£000	£000
Receipts in respect of University Academic Partners	120	273
Disbursements made to University Academic Partners	<u>(120)</u>	<u>(273)</u>
	<u>0</u>	<u>0</u>

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

### 33. Related Party Transactions

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

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

The President of the Students' Union is also a member of the Board of Governors. Payments to the Students' Union totalled £90,000 (grant) and £1,140 (other transactions) (2011-12, £198,000 and £170 respectively). There were no amounts due to the Students' Union at 31 July 2013 (2011-12, nil).

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

#### **34. Board of Governors' Expenses**

No member of the Board of Governors received any remuneration in their capacity as a member. However, sundry expenses incurred are reimbursed; these totalled £2,435 during 2012-13 (£1,398 in 2011-12).

#### **35. Contingent Liability**

The University received £3,000,000 repayable grant from HEFCE towards the development of Bolton One. The repayment is contingent on the sale of the Chadwick Campus at a price above £3,000,000; with any repayment of grant being confined to a half share (up to a maximum of £3,000,000) of the surplus over £3,000,000. The asset is held on the Balance Sheet at a value of £2,450,000 and it is considered unlikely that any realisation would attain the trigger threshold, accordingly, the £3,000,000 was recognised as income in the 2011-12.

There are no other contingent liabilities (2011-12: None).