

University of Bolton

# Financial Statements 2016-17

# Contents

	<b>Page</b>
<b>Strategic Report 2016-17</b>	<b>2</b>
<b>Members of the Board of Governors</b>	<b>20</b>
<b>Principal Advisers to the University</b>	<b>22</b>
<b>Statement of Corporate Governance and Internal Control</b>	<b>23</b>
<b>Responsibilities of the Board of Governors</b>	<b>30</b>
<b>Independent Auditor's Report to the Governing Body of the University of Bolton</b>	<b>31</b>
<b>Statement of Accounting Policies for the year ended 31 July 2017</b>	<b>33</b>
<b>University of Bolton Statement of Comprehensive Income and Expenditure</b>	<b>38</b>
<b>University of Bolton Statement of Changes in Reserves</b>	<b>39</b>
<b>University of Bolton Balance Sheet</b>	<b>40</b>
<b>University of Bolton Cash Flow</b>	<b>41</b>
<b>Notes to the Accounts</b>	<b>42</b>

# Strategic Report 2016-17

## Context

The University of Bolton is a modern “Teaching Intensive, Research Informed” Higher Education Institution which proudly traces its history back to the foundation, in 1825, of the Bolton Mechanics’ Institute; one of the first to be established in the UK. To this day, the University retains its primary purpose of providing educational opportunities to the widest range of individuals and enable them to achieve their full potential. Its provision has a distinct emphasis upon professional and vocational education. The University welcomes people who wish to invest in their futures through accessing educational opportunities and thus enhance both their life skills and moreover their employment prospects. Intensive teaching through a portfolio of focussed high quality undergraduate and postgraduate programmes, underpinned and informed by research, is central to the University’s abiding mission; as evidenced by the University’s recent ‘Teaching Excellence Framework (TEF) Silver’ award outcome. The University’s Apprenticeships and Access to Higher Education provision is graded by Ofsted as ‘good’ with emphasis on Management, Leadership, Teaching and Learning.

The new Strategic Plan (2015-20) has been a watershed development in the University of Bolton’s journey as a successful university and its real transformation into a “Teaching Intensive, Research Informed” (TIRI) institution. The year saw the University continue the implementation of this Strategic Plan with major developments achieved in educational, physical and technological infrastructure. This learning infrastructure, combined with excellent teaching, is directly enhancing the overall student learning experience and achievement. A continued strategic focus upon wilful institution building, the culmination of which will be the creation of a sector leading Higher Education Institution (HEI) with a unique strategy to be the first truly ‘teaching intensive’ university in Britain. Our University’s performance in the recent National Student Survey (NSS 2017) exemplifies the success of our strategy and efforts. The University of Bolton stood in the top 60 universities in the overall Student Satisfaction results, out of 148 universities and HEIs in the UK. This is an evident and substantial year-on-year improvement achieved based on a strategy of conscious institutional building. Our Employability and Further Study performance continues to improve and our new Employability, Enterprise and Apprenticeships Strategy (2017-22) will take our work in this area to a new level.

Additionally, the University stands on the verge of the amalgamation with Bolton College which, amongst much else, will allow us to manage and improve the pathways to higher education for thousands of learners in the region in a structural fashion i.e. articulating pre-degree provision and enhancing preparedness to study at HE level. This targeted strategic amalgamation directly supports the delivery of the Greater Manchester Skills Strategy while enabling the University to access a wide range of employment sectors and jobs in the region. The University is also at the heart of, and leading, the regeneration of the town of Bolton; its multi-million-pound infrastructure projects are transforming the physical environment of the town centre and the University is widely recognised now as both the engine and driving force for the renaissance of the town. Strategic partnerships with NHS Trusts and a wide range of employers, across the industrial sectors in the North West, exemplify the University’s growing role. The University is taking its rightful place as a key agent for economic, social and cultural development as part of the new Greater Manchester Northern Powerhouse and will strive to become over the next few years a leading Greater Manchester university of the future.

The University continues year on year to demonstrate robust financial performance, generating a healthy surplus (on an historical cost basis) of 0.8% (2015-16, 4.2%) of turnover in the academic year 2016-17. The University experienced strong student recruitment to its courses in the year and made significant progress in improving teaching & learning, student experience, satisfaction and success. Notwithstanding these developments, student retention and employability remains a challenge and is reflective in part of the University’s inclusivity and access agenda. The University has more students as a percentage of its intake from both working class backgrounds and State Schools than any other in the UK, and is in the top three in the UK for its percentage of mature students. Pride is taken in respect of the University’s care for the very high percentage of students admitted who declare as having a disability. Notwithstanding these challenges, the University has commenced fundamental and extensive changes with new and beneficial approaches to student experience, progression, retention, graduate employability, and overall student success. Over the past 2 years, there has been a quantum transformative change in the institution’s engagement with these aspects. The University has been investing significantly in the academic staff, physical infrastructure, specialist facilities and student support personnel. These investments will take time to secure results but are already showing significant evidence of positive impact.

Corporate Social Responsibility (CSR) is an ever increasingly important aspect of the work of staff and students with many charities and community groups benefitting from support. It is within this laudable and enviable profile that the University continues to have a sound and effective control on its cost base and is highly efficient by any sector measure. The

institution continues to sustain low levels of borrowing for the sector, and this, combined with good surplus levels, ensures organisational sustainability and the capability to strategically reinvest in its academic and physical infrastructure.

The overall external Higher Education (HE) environment remains in transition with a number of key developments, including major socio-political and economic complexities arising from Brexit. HE institutions across the sector are faced with multifaceted challenges including key policy changes affecting international student recruitment; the new emphasis upon consumer rights; the recent expansion of private providers; the changing role of the further education sector; and intensifying competition for recruiting students. The passing into statute of the Higher Education and Research Act (2017) and the establishment of the Office for Students constitutes a substantial change to the regulatory and competitive environment. The University will continue to successfully navigate this complex environment with absolute focus on institutional building based on its robust Strategic Plan. Continual innovation and improvement of its educational provision, while placing the student learning experience and success at the centre of all its work, will serve as the core guiding principles for the University's ambition to be a world-class "Teaching Intensive, Research Informed" institution.

## **Recruitment and Revenue**

The University experienced healthy recruitment of UK Home students in 2016-17 to its undergraduate programmes in the majority of the academic areas. For example, the University experienced strong demand for its programmes in areas such as Nursing, Health & Social Care, Dental Technologies, Psychology, Special & Visual Effects (SVFX), Sports Sciences and Motorsports Engineering. Progress was also made in international student recruitment with reasonable growth from EU markets. While the part-time student recruitment continued to be challenging for the University and the wider HE sector in the year, recruitment to the postgraduate taught courses remained healthy with continued growth in postgraduate research student numbers. The Off-Campus Division has shown robust student recruitment in 2016-17 with a healthy financial and academic contribution. During the year, the Division has established a major partnership with Bradford College, to enable the University to validate all its Higher Education provision, which will further improve its student numbers and revenue, starting from September 2017.

The BSc Dental Technologies programme, launched in September 2016, has recruited 40 students in its first year and is expected to grow. Following the successful launch of our innovative Undergraduate Nursing Degree programme in 2015, the School of Health and Human Sciences has been rapidly expanding the provision in this area. In addition to the Lancashire Teaching Hospitals NHS Foundation Trust, the University has now established successful collaborations with the Bolton NHS Foundation Trust, Central Manchester NHS Foundation Trust, South Manchester NHS Foundation Trust, and the Wrightington, Wigan and Leigh NHS Foundation Trust. Similarly, the University is also growing its provision in the Creative Technologies area with new developments in Special & Visual Effects (SVFX), depicting healthy student recruitment and achievement.

With much of the University's income now coming from student fees (via the Student Loans Company (SLC) arrangements), sustainable student recruitment is fundamental to the University's future. The vast majority of home students, on conventional three-year full-time degree programmes, are now on these funding arrangements rather than HEFCE's block teaching grant. The University has been adjusting its financial planning and management to this funding regime to ensure resilience in the face of shifts in government policy and of shifting market demands. The results and financial consequences continue to be positive. The government's removal of the cap on student numbers in 2015, such that all UK universities are permitted to recruit freely without the ceiling of the Student Number Control (SNC), is having a significant impact on the UK student recruitment pattern across the sector. With intensifying competition, student recruitment for forthcoming years will be challenging in the sector. Within this competitive external context, the University maintained its strong recruitment of students in 2016-17.

## **Strategic Developments and Performance**

### **a) Strategic Plan 2015-2020: Achieving core objectives**

The University successfully continued to deliver its Strategic Plan (2015-20) and its transformation into a "Teaching Intensive, Research Informed" (TIRI) institution. During 2016-17, based on its strategic plan, the University continued to achieve fundamental improvements in the quality and nature of its educational provision. The year saw a focussed set of structural adjustments in its UG and PG course portfolio, staffing composition, and learning infrastructure to achieve concrete and sustainable improvements in student recruitment, learning experience, progression, retention, student satisfaction and graduate outcomes including, but not exclusively, levels of employability. The core component of the

University's Strategic Plan (2015-20) is to develop a strong course eco-system, i.e. a portfolio of "Platinum Critical Mass (PCM) Courses" in a focussed set of disciplines, based on the following key principles:

- 1) State-of-the-art course curriculum delivered by high quality larger academic teams.
- 2) Recruitment of high quality students with critical mass cohort sizes.
- 3) Rigorous research focussed entirely upon underpinning the teaching delivery in world-class (often new) facilities.
- 4) Outstanding learning experience and personalised student support throughout the student life cycle.
- 5) Upfront investments in the respective academic disciplines to deploy high quality academic staff, state-of-the-art technologies, and overall learning infrastructure.

The PCM agenda and the underpinning ongoing strategic investments directly address the historical lack of "economies of scale" in the institution's course portfolio, a key strategic and long-term challenge for the University of Bolton. As part of the agenda, all Academic Schools in the University have undertaken a comprehensive analysis of their UG and PG course portfolios to create PCM courses in the respective niche subject areas, in each of which the University will become a leading provider. These courses are market relevant, attracting a critical mass of high quality students from across the UK and internationally. This is a fundamentally new approach adopted to transform the University's UG and PG course portfolio. The institution has made a conscious decision to make significant investments to realise the PCM agenda by developing and growing its academic staff base; excellent facilities; technology; and learning infrastructure. Since 2015, wide-ranging strategic investments have been made to achieve the ambitious long-term goals, reshape the institution and achieve a step change in student recruitment, quality of its provision, student learning experience, retention, and graduate level employability.

The University is also placing renewed emphasis on the professional body accreditations for its programmes to maintain and enhance their quality and competitive position. In a number of areas, these accreditations are critical for continual enhancement of student learning and ultimately their employability. Academic areas across the institution have been successful in achieving relevant accreditations to their programmes from the respective professional bodies including the following: Nursing and Midwifery Council (NMC); British Psychological Society (BPS); General Dental Council (GDC); ACCA; ICAEW; Chartered Institute of Purchasing & Supply (CIPS); British Association of Sport and Exercise Sciences (BASES); British Association of Sport Rehabilitators and Trainers (BASRaT); Institution of Mechanical Engineers (IMechE); Institution of Civil Engineers (ICE); Institution of Structural Engineers (IStructE); Solicitors' Regulation Authority (SRA); and the Bar Standards Board, amongst others.

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

## **b) Our Estate**

In 2016-17, the University continued its strategic investments in the development and improvement of its overall estates infrastructure. These are based on the implementation of a robust Estates Strategy and comprehensive masterplan. The University recognises that the functionality, safety, and efficiency of its estates are central to providing an excellent learning environment, services and experience to its students. Accordingly, the strategy is to develop the estates to be as functional and as attractive as possible whilst supporting the delivery of the University's academic offering. For instance, the University's investment in Bolton One, a state-of-the-art Health, Leisure and Research Centre built in collaboration with the Local Council and the NHS has been a resounding success, with courses housed there being oversubscribed. Bolton One is being used to its maximum capacity with significant positive impact on student learning, experience and satisfaction while also contributing to the wellbeing of local communities. The University has made the following strategic investments to achieve the ambitious long-term goals, reshape the institution and realise a step change in student recruitment, quality of its provision, student learning experience, retention, and graduate level employability:

1. **National Centre for Motorsports Engineering and Simulation (STEM Centre):** Opened in September 2017 with c. £14m investment, to provide state-of-the-art facilities for the School of Engineering and the School of Creative Technologies.
2. **Continual improvement of the IT and overall technological infrastructure:** In 2016 alone, the University has invested over £3m in new hardware, software and laboratory facilities and equipment.

3. **Queen's Specialist Building (QSB):** A £14m purpose built facility acquired in 2015 with a further investment of c. £3m and fully equipped with additional state of the art laboratories. This is an enhanced learning facility for delivering courses in a focused set of disciplines, including Dental Technology, Biology, Education, Biomedical Engineering, and Theatre Studies.
4. **A new build (£8m) town centre facility (Bolton Central Building)** to relocate and transform the Business School into a new Institute of Management, and enhance the delivery of programmes in Business, Management and Accountancy disciplines. This new facility will also host the University's "Industry Hub" which will serve as a "Single Point of Contact" for SMEs and large businesses in the Greater Manchester region, to deliver a comprehensive range of employability and enterprise activities.
5. **Teaching facilities are being expanded** and updated in a number of areas, with substantial capital investments being made including enhanced laboratory and learning facilities for Health, Creative Technologies, Sports and Biomedical Sciences, Engineering, and Arts. In addition, student social learning areas are being redesigned and enhanced.

### c) Teaching Excellence and Student Satisfaction

The transformative strategy that the University adopted, to become a world-class "Teaching Intensive, Research Informed" institution, has started showing significant evidence of positive impact. In 2017's Teaching Excellence Framework (TEF) assessment, the University has been awarded a Silver rating, direct evidence of excellence in its teaching and student learning. TEF was introduced two years ago and has three ascending levels: bronze, silver and gold. The TEF Panel, having considered the information in the provider submission from the University of Bolton in relation to the TEF criteria indicated that its judgement reflects, in particular, evidence of:

1. High quality educational resources developed through targeted investment in learning facilities and the digital environment.
2. Provider development of an institutional culture that facilitates, recognises, and rewards excellent teaching.
3. The provision of professionally relevant courses that actively engage with employers, and embed employability into the curriculum through a range of high quality initiatives.
4. Excellent support for students from disadvantaged backgrounds.
5. Good examples of engaging students in curriculum.

The Silver award recognises the University for exceeding the baseline threshold expected of UK Higher Education, as emphasised below. Silver grades are awarded to universities offering courses with high levels of stretch that ensure all students are significantly challenged.

*"Based on the evidence available, the TEF Panel judged that the higher education provider (University of Bolton) delivers high quality teaching, learning and outcomes for its students. It consistently exceeds rigorous national quality requirements for UK higher education".*

The University also achieved its best ever performance in the National Student Survey (NSS) during 2017, climbing 67 places to be ranked 62 overall in the UK. This is compared to a ranking of 129 in 2016. The University is now the top University in Greater Manchester for Overall Student Satisfaction (84.98% agree), ahead of The University of Manchester, The University of Salford, Manchester Metropolitan University, The University of Central Lancashire and Edge Hill University. The two highest scoring areas were "teaching on my course" (86% satisfaction) and "learning opportunities" (85% satisfaction), both of which are 1% above the sector average. The University also came top in the North West for several subject areas including Accountancy (100% satisfaction), English (100% satisfaction), and Business and Civil Engineering. The University was also ranked in the top 5 across the North West in several other subject areas including: Cinematics & Photography, Psychology, Law, Media Studies, Sports Science, Building and Nursing.

### d) Student Experience, Teaching & Learning, and Retention

The University has adopted a holistic approach in terms of its "Student Experience" taking into account the overarching "Student Life Cycle" and focussing on the interventions across three key dimensions (Student Experience Strategy - 2016-2020): Academic dimension; Social dimension and Administrative and Professional dimension. Achieving tangible and time-based improvements in student retention and overarching learning experience is central to this approach. The University takes the view that improving retention cannot be seen in isolation from learning and teaching, student

engagement and the broader student experience. We therefore approach retention within these contexts while maintaining clear visibility, accountability and support for retention. The strategy aims to enhance student retention by providing more individualised and personalised support and learning experience. This is based on a model of early identification of individual student learning needs followed by early intervention. This involves using inclusive student-centred teaching, learning, and assessment strategies to enhance student engagement, attainment, and overall success.

In 2016-17, we have improved our efforts in providing personalised student support and enhanced learning experience. The interplay between the above three key dimensions is also managed in a focused and coordinated manner. The personalised student support provision is based on a model of early identification of individual student learning needs followed by early intervention efforts. We have decisively increased the importance of engagement analytics as a tool to support early intervention, based on our PULSE system. Our Early Intervention & Transitional Support Model ensures that at an early stage i.e. soon after a student enrolls in an undergraduate programme, we identify the learners who are at risk of attrition and/or poor academic performance. This is achieved based on the Bolton Skills Check conducted for all new students, with a specific focus on literacy and numeracy skills. The results from the Skills Check are integrated with the student profile data to create a coherent view of an individual student. The institution then deploys appropriate individualised support activities to aid their effective transition to Higher Education, progression and attainment. It also helps to identify those who may be socially isolated and those who show particular academic promise, so that they are provided with specific, appropriate and timely support.

The University is also focussing on the enhancement of Learning, Teaching and Assessment (LTA) as a key component for improving student retention. This encompasses designing and delivering a dynamic and innovative curriculum in all programmes with student-centred pedagogies that meet the specific needs, interests and aspirations of our students. The new assessment strategies in Academic Schools have been incorporating formative assessments as well as assessment to develop our students' confidence as learners and to reduce the fear of failure. Feedback provision mechanisms were also improved so that the students receive constructive and timely advice on their assessment work.

We are also making major investments in creating fit-for-purpose learning environments and infrastructure for delivering high quality teaching with appropriate mechanisms for assessment and feedback. This is supported by a comprehensive staff development (STEP) programme to ensure that both academic and support staff are equipped with the skill set to achieve the aforementioned strategic objectives of the University, including retention. In addition, the University has deployed Learning Excellence Achievement Pathway (LEAP) to combine and enhance the full range of online and face-to-face learning development opportunities for students across the institution. It recognises key areas relating to the acquisition of skills, knowledge and experience by the students. As part of this, the students work with Personal Tutors and agree their individual LEAP action plan, which helps them to set and achieve short, medium and long-term goals. This holistic approach is sustained by effective resource allocation across the institution to achieve a step change in improving student retention. Mechanisms have been built to evaluate the effectiveness of these strategies and action plans to ensure maximum impact and improved student retention outcomes. In 2016-17, our new Student Retention Strategy has shown signs of having an impact on reducing non-continuation and improving retention, including the following:

- Over 1600 students participated in welcome & induction activities during September 2016, compared to just over 400 in September 2015. A significant number of new students participated in the Bolton Skills Checks in Autumn 2016. 48 Enhanced Personal Tutors (EPTs) were identified from across the institution and trained to drive personalised support for 'at risk' students.
- 10 pilot Peer Assisted Study Support (PASS) programmes were successfully implemented across all 8 Academic Schools. Early indications suggest the marks of PASS Leaders are increasing by 10-15% with many students reporting improved skills in planning, organisation, time management, reflective practice and resilience. PASS schemes have also helped to improve the localised learning community and have improved tutor/student relationships.
- Retention improved evidently between January 2016 and January 2017. Fewer new entrants have withdrawn in 2016/17 compared to the same time last year with the progression rate currently standing at 94% (by February 2017).

#### **e) Student Success**

Students and graduates of the University of Bolton have achieved a number of key successes during 2016-17 in a wide range of disciplines, including the following:

- One of our Psychology students has won the British Psychological Society's undergraduate award for 2017.
- A third year PhD student in Neuroscience was awarded the "Early Career Researcher Travel Award" by the British Neuroscience Association.

- A Psychology PhD student published a paper on his “six keys to compassion” in the widely read Nursing Standard. His TEDx talk on compassion is now hosted on the NHS Compassion website.
- A PGCE Sports Teacher represented England in the World Cup Rugby League Tournament 2017 in Australia.
- A student from the University’s Access programmes has successfully completed PGCEs with distinction and fulfilled her dream of teaching.
- A PhD student in Psychology published a paper in the Journal of Internet Medical Research (Impact Factor 5.2), with her supervisor, within four months of starting her PhD.
- An MSc student completed a scoping report for the charity Medequip4Kids, which is likely to lead to a major collaboration between the charity and the University, looking at delivering Positive Psychology interventions in secondary schools.
- The University’s Debating Society was launched this year as students went head-to-head debating the famous Entick v Carrington case.
- A Media Production graduate claimed the top prize at the Royal Television Society’s Northwest Student Awards.
- One of our mature students, who graduated with First Class Honours, is now completing his Solicitor’s qualification course whilst working at the leading law firm, DWF, as a paralegal
- A BSc (Hons) Sport & Exercise Science student competed in the National Triathlon Series, having previously competed only at Junior level. He has improved his ranking by 34 places and currently receives the Sports Bursary to help fund his training and competitions.
- A recent Accountancy Graduate and winner of the 2015 ICAEW Bolton Society of Chartered Accountants student prize secured a trainee accounting position at webuyanycar.com. Similarly, another Accountancy graduate has won the 2016 ICAEW Bolton Society of Chartered Accountants student prize and secured a training contract with Sydalls Chartered accountants in Bolton.
- On the Trainee Nursing Associate (TNA) programme, an exemplary student is representing the GM partnership for the TNAs at the National Community of Practice Forum.
- A Trainee Nursing Associate has been nominated along with her team for the Nursing Times award. This is in recognition of developing the community welfare walk, collaborative working and the vulnerable adult’s service.
- Another Trainee Nursing Associate has completed her first 10k charity run in recognition of breast cancer. Having first-hand experience of this diagnosis and how it can affect not only the person but also families, she has committed herself to raising money for charity on top of her already demanding studies on the Trainee Nursing Associate programme.
- A BSc (Hons) Nursing (Adult) student was shortlisted for the Student Nursing Times Awards 2017 as Most Inspirational Student of the Year. Her determination to achieve, despite personal issues, saw her continue to achieve high marks in assignments and progress well in practice.
- A first year undergraduate on the BSc (Hons) Dental Technology programme excelled in his work-based learning module and gained a work placement at Mellor Ceramics enabling him to experience working with dental alloys, ceramics and composite to construct dental appliances.
- A Special Effects for Film & Television graduate (2017) was quickly snapped up by special effects props company Paragon. Paragon first met the student at “New Blades”, one of the many events our students attend to display their work and meet industry professionals. This graduate is currently thrilled that she is working on a project to replicate NASA materials for a space museum.
- A Special Effects for Film & Television graduate (2017) is making props for children’s television at a local company ‘Factory Create’. She has since been offered work at two other London based props making companies due to her extensive technical knowledge in the field.
- A Special Effects for Film & Television graduate (2017) is currently working for a major player in the props world ‘Barrow Create’. Barrow Create are a local Manchester based company specialising in props and set-building. Their most recent work was to make giant prop pies for the ‘Pukka Pies’ TV advert.
- This academic year, a number of Visual Effects (VFX) Degree graduates were hired by prestigious studios across the UK. They have gained employment at multi OSCAR-winning visual effects studio “Double Negative” in London. Another OSCAR-winning studio (Best Visual Effects – Film: “Gladiator”) “The Mill”, also based in London, employed our graduates.
- Our Special and Visual Effects students won internships at a number of prestigious companies including; VFX studio Industrial, Light & Magic, known most notably for “Star Wars”, and RealTimeUK, a North-West Studio famous for games, cinematics & automotive advertising.
- A Games Art final year student walked off with a prize at “Jamchester 2017”, UK’s biggest game development competition for professionals (Manchester in July 2017), as his team won Best Audio Design for their game, “Filian Dei”.
- A Graphic Design student was the only winning British entry in the 17<sup>th</sup> Annual International Typography Day Conference in Mumbai. The conference theme was “Diversity” and all the winning entries were featured in a book and exhibition. Another student was the only British entry to be shortlisted for the International Student Poster Competition, Skopje 2016. The theme this year was “Identity Crisis”.

- An alumnus of the University's MA International Multi Media Journalism (Beijing) programme won an Award of Excellence at the prestigious Society of Publishers in Asia (SOPA) Awards for Editorial Excellence for his artificial intelligence-powered project, "Bhumika Can Speak for Herself".
- A team of Media Degree students won a series of awards for their stunningly cinematic sci-fi thriller "The Getaway" at the Los Angeles Short Film Festival, beating many top entries in the competition. Echoing the 1956 classic "Invasion of the Body Snatchers", this film - their final major project - touches on the profound issues of what makes us human, and was awarded "Best Student Film", "Best Thriller" and "Best Science Fiction Film", in addition to an Honorary Mention for Cinematography.
- A project by our Textiles & Surface Design students won first prize and a 3-month work-placement through a live project with Gohar / Sartex fabrics, based in Rochdale. The Textiles and Surface Design team met the company whilst exhibiting at MoOD Brussels. The live project involved designing a range of bedding designs using the forecasted trends for Heimtex International Textile Trade Fair, with a view to placing the designs into production and showcasing at New York Market Week and Heimtex Frankfurt in January 2017. The company designs for many high-street outlets including Primark, Next, Tesco and Dunelm.
- Another student was shortlisted for the Sainsbury's Award as part of the New Designers Exhibition in June 2017, and was also selected for a Creative Show Award to work with the wallpaper company Woodchip and Magnolia. This student's designs will go into production as part of their ranges.
- An MA student's drone sculpture was produced in collaboration with the award winning company Scan Computers International Ltd. Utilising innovative cutting edge technology, the exhibition was streamlined live allowing for remote 360degree interactive viewing, resulting in a virtual experience of being in the space in real time. The company also made a film documenting the exhibition.
- A mature student graduated with First Class Honours in Electrical & Electronic Engineering and is now working at the Brooks Automation as an Electrical Engineer.
- One of our Master's graduate's (2017) work was selected for prestigious New Light art exhibition. The 2017/18 Prize Exhibition, the largest to date, will travel to three of the North's most prestigious venues: the Bowes Museum, Barnard Castle; Huddersfield Art Gallery; and Tullie House Museum and Art Gallery, Carlisle. Also, for the first time, all the artists will exhibit at the cultural heart of London as they spend a week at the Bankside Gallery in June 2018.
- Games Design and Programming students from the University of Bolton "Fixed Update Ltd" have launched their gaming app with All 4 Games. Their game "Pathos" is now available to download in the Apple and Google Play Stores. Pathos is a puzzle game that follows the story of a young girl, Pan, who is on a journey of discovery through an unknown world. With 36 unique environments across six chapters, players travel with Pan to help her overcome her obstacles. With paths to build and friends to gain along the way, players will be mesmerized in this extraordinary world. The three students from the University are now in their final year of study.
- The Octagon Theatre has awarded a student the role of Supported Artist in recognition of her talent, hard work and commitment to the theatre. The student will receive support and mentorship from the Octagon artistic team and she will have the opportunity to develop a piece of theatre for the Reveal Festival.
- A PhD Graduate's work was exhibited in the South Bank National Poetry Reading Tour sponsored by the Arts Council England. With two books published, he is currently on another national tour. He featured on BBC1's "Inside Out" Programme with film of him with his tutor from the University.
- A first class honours graduate in Biomedical Engineering (2017) was awarded the Governors' Prize by the University. He has since obtained a graduate position at Olympus Medical, within which he will be able to work towards becoming a chartered engineer.

## Quality Assurance: Protecting and Enhancing Standards

The University continues to receive recognition of its taught programmes from external professional and statutory bodies. This is underpinned by robust internal peer review processes co-ordinated by the Standards and Enhancement Office. Highlights in 2016-17 included:

- General Dental Council recognition for our Dentistry provision in October 2016
- Nursing and Midwifery Council (NMC) approval of:
  - BSc (Hons) Nursing (Adult) at UHSM
  - BSc (Hons) in Community Specialist Practice (District Nursing)
  - Postgraduate Diploma in Community Specialist Practice (District Nursing)
  - BSc (Hons) Specialist Community Public Health Nursing (Health Visiting)
  - Postgraduate Diploma in Specialist Community Public Health Nursing (Health Visiting)
  - Advanced Professional Development in Community Practitioner Nurse Prescribing V100

- National Youth Agency and Endorsement and Quality Standards Board for Community Development Learning (ESB) of BA (Hons) Community Development and Youth Work (Endorsed Route)
- Association of Chartered Certified Accountants – ACCA Fundamentals
- British Psychological Society reaccreditation of:
  - BSc (Hons) Psychology
  - BSc (Hons) Criminological and Forensic Psychology
  - BSc (Hons) Psychology, Psychotherapy and Counselling
  - PG Diploma Psychological Studies
  - MSc Psychology (Conversion Course)
- ABC Level 2 Certificate in Counselling Skills accreditation of:
  - PPC4001 Introduction to Counselling Concepts
  - PPC5001 Counselling Skills
- Higher Education Academy accreditation of:
  - University of Bolton Staff Teaching Enhancement Programme (STEP) Framework – Descriptors 1 – 4
  - Postgraduate Certificate in Teaching and Supporting Learning in Higher Education: Module 1 (EDM7040/7042) Teaching and Supporting Learning – Descriptor 1
  - Postgraduate Certificate in Teaching and Supporting Learning in Higher Education: Module 1 (EDM7040/7042) Teaching and Supporting Learning and Module 2 (EDM7041/7043) Professional Academic Practice in Action – Descriptor 2
  - Ofsted – Access to HE Diploma (Business Management and Access to HE Diploma (Social Sciences) and FdSc Dental Technology programmes (SFA Funded)
- Joint Board of Moderators (which includes Institute of Highway Engineers/Chartered Institute of Highways and Transportation/Institute of Civil Engineers/Institute of Structural Engineers) accredited both MSc and BEng (Hons) Civil Engineering
- Chartered Institute of Building accredited:
  - BSc (Hons) Construction Project Management
  - MSc Construction Project Management
  - HNC Construction and Surveying
  - BSc (Hons) Architectural Technology (not running)
  - BSc (Hons) Building Surveying and Property Management (not running)
  - BSc (Hons) Quantity Surveying and Commercial Management (not running)
- IMechE accredited:
  - BEng (Hons) Advanced Performance Engineering
  - BSc (Hons) Motorsport Technology
- Chartered Institute of Procurement and Supply accreditation of MSc Supply Chain Management at three partners, SCMP/CMIM/ISTT

In order to ensure that students are at the heart of our enhancement processes, we regularly ask our learners how they are finding their programmes. In 2016-17 we reviewed over 11,000 Module Evaluation Questionnaires and took action on the basis of the feedback at course, School and institutional level as appropriate. For example, we have upgraded equipment and teaching rooms in some areas in response to student suggestions. With over 90 external examiners from around the UK working with us on nearly 600 exams, we ensure that our standards are kept high throughout the assessment process. We continue to update and develop our portfolio of programmes with over 80 new or revised courses plus 96 programmes approved under our regulations with our new partner Bradford College.

## Research, Staff Development and Success

Following a review of research activity in 2015 the University has taken a more targeted approach to externally funded research, with a clear focus on high quality research projects which, under the “Teaching Intensive, Research Informed” (TIRI) framework benefit our students and our teaching agenda. Nonetheless in 2016-17, the University secured over

£500k in external research grants from UK research councils, health authorities, the EU and private business. New externally-funded research projects included the following:

- Lignin Based Carbon Fibres for Composites funded by the EU Commission (Professor Baljinder Kandola).
- Non-setting adhesive applications for automotive and energy storage systems funded by Innovate UK (Professor Peter Myler).
- The Application of Positive Psychology to Dual Diagnosis through facilitating hope resilience and well-being (Professor Jerome Carson).
- Psychological Wellbeing in North West Schools (Chathurika Kannangara).
- Effects of Impact & Fire on Aerospace & Automotive Composite Materials Containing Nanoparticles & Microparticulate Additives (Professor Baljinder Kandola).

The University maintains a very healthy postgraduate research portfolio. In 2016-17 we awarded 26 PhDs and enrolled over 80 new research students. Our annual Jenkinson Award Scheme, designed to pump prime high quality innovative research which can also enhance the curriculum and student learning experience, supported 17 new projects this year:

- Smile (Phase 2) Social Media as Informal support for people with mental illness: an Extended study - Dr Gill Allen & Dr Julie Prescott
- CHANGE – CHAmeleoN Group Evaluation – Dr Gill Allen
- The changing nature of happiness (Phase 2) – Professor Jerome Carson
- “Back to the Future” – Indigenous Natural Colourants - Rachel Dawson
- The Agency – University of Bolton’s Creative Hub – ‘Where Talent connects with Talent’ - Neil Dougan & Dr Nicola Shaw
- “Originals” – a collaborative and creative project responding to the history of textiles in Bolton - Donna Claypool and academic staff from Textiles and Surface Design
- A thematic analysis of the development of trainee CBT therapists - Daniel Gaunt
- 1936 Berlin Olympic Village Project Phase 2 - David Gledhill & Peter Lewis
- Grit and Resilience: Predictors of academic success, wellbeing and achievement? - Chathurika Kannangara
- Evaluating online humanistic counselling for young people: examining the practice-based evidence and conducting fidelity checks – Dr Julie Prescott
- Salivary Diagnostics in Oral Cancer: Integrating Advanced DNA Technologies into Further and Higher Education - Dr Ianis Matsoukas
- Further Development of Simulations and Characterisation of High Performance Composites – Professor Peter Myler
- The Centre for Worktown Studies – Dr Bob Snape
- Generation of Reference Genomes for Genetic Clusters that Lack Reference Strains – Dr Jonathan Thomas
- The Relationship Between Facial Mimicry of Others’ Expressions and Emotion Understanding as Measured by a Facial Expression Recognition Software – Dr Pedro Vital
- Don Paterson and The Catch - Dr Ben Wilkinson
- Poets for Bolton: Writing the Town – Dr Ben Wilkinson

The University is also fostering a high-performance culture across the University that promotes staff development and recognises good performance. A systematic Academic Staff Development (STEP) programme was developed and implemented to provide training for staff in areas such as teaching & learning methods, industry collaboration, student employability, skills development, assessment strategies, personal tutoring techniques, etc. A structured performance appraisal system was also developed for academic and support staff to ensure commitment and ownership towards the institution’s transformation (TIRI) agenda. This includes tangible career progression routes and rewards for achieving exceptional performance. For instance, the new teaching oriented progression routes include Teaching Professors, Associate Teaching Professors and Assistant Teaching Professors. In 2016, the University made the watershed appointments of new Teaching Professors, acknowledging the outstanding contribution of its staff to the student learning experience, but particularly those who excel at teaching.

During the year, the University also secured funding from HEFCE for six undergraduate bursaries for second year full time students as part of a project “Student Led Technology, Enhanced Learning and Teaching” led by Dr Duncan Cross and Dr Julie Prescott. The project will research how students use technology for learning, and develop and evaluate interventions created by the students. The year also saw two University Professors, Richard Horrocks and Subhash Anand, release their new book, the leading publication on the whole field of technical textiles. The first edition of the Handbook of Technical

Textiles has been an essential purchase for professionals and researchers world-wide since it was published in 2000. Now the Professors have released an updated edition, split into two volumes: Technical Textile Processes and Technical Textile Applications.

## **National and International Partnerships – Off Campus Division (OFCD)**

During 2016-17, OFCD strengthened its collaborative partnerships and sustained its academic and financial contribution to the University. The Division has shown robust student recruitment in the year. It continued to work closely with the University's Academic Schools and deliver a key objective of the University's Strategic Plan i.e. to develop and expand our collaborative partnerships within the UK and internationally. For example, the University is now contributing to five joint delivery programmes in China where our academics visit and deliver modules to prepare students to complete their final year in Bolton. The OFCD also launched a prestigious Masters Programme in Visual Journalism at one of the leading Media universities in China. Within the UK, the OFCD continues to expand our existing niche partnerships in areas such as Dance (Shockout Arts) and Backstage Engineering (Backstage Academy). These collaborations are particularly innovative, and continue to thrive based on their deep integration with the industries in which they operate. In 2016-17, OFCD established a major new partnership with Bradford College to validate all its Higher Education provision, which will further improve the Division's student numbers and revenues, starting from September 2017. It is also developing a limited number of new partnerships, focusing on the degree apprenticeship agenda in the UK.

The overarching focus of the Division is to actively improve the revenues, surplus generation, and academic contribution to the University through the delivery of high quality UG, PG and Research Degree programmes. These key objectives are pursued and achieved based on well-established and rigorous academic quality control systems and sound governance procedures to develop and manage partnerships. Strategically, the OFCD directly contributes to the realisation of the University's internationalisation goals and provide avenues of pragmatic growth that are academically relevant and financially prudent. Currently, the OFCD is developing a limited number of new collaborations based on a set of key factors including: academic quality of partnerships; revenue and surplus generation potential; esteem; future growth; student quality; and demand. Within the UK, OFCD is building a network of progression partnerships for which the University is the preferred HE provider (e.g. Bury College, Bolton College, and Alliance Learning amongst others). Internationally, it is focusing on blended and franchised delivery models using technological interventions in learning and teaching as appropriate for the context (e.g. in Malawi, Greece, China, Malaysia and Botswana).

The Off-Campus Division continues to provide a healthy financial contribution to the University from its operations through a clear and deliberate strategy of fewer and larger partnerships within the UK and internationally, and focussing on a set of core clusters of activity. As the University redesigns and renews its on-campus course provision, based on the TIRI and Platinum courses agenda, a number of these course are adopted by our collaborative partners.

## **Links to Industry: New Employability, Enterprise and Apprenticeships (EEA) Strategy: 2017-22**

The University's Strategic Plan (2015-20) and the constituent TIRI agenda endeavours to improve the employability and overall success of its students through a fundamental repositioning of the institution. This approach encompasses the development of a Platinum Critical Mass (PCM) course portfolio, integrated employer collaborations, enterprise and knowledge transfer operations to achieve a step change in the overall student learning experience and graduate skills development. As part of this transformative approach, the University has developed and deployed its new Employability, Enterprise and Apprenticeships Strategy (2017-22) which will take our work in these areas to the next level. It builds upon the work accomplished through the previous Employability & Enterprise Strategy (2014-17) that concludes its tenure. The new five-year Plan will focus on the following three key dimensions:

- *Employability of our students:* Focussing on the integrated development of employability skills of our students based on embedment of key graduate attributes in the core curriculum, systematic provision of industry work placement opportunities and preparation of our students for the graduate job market.
- *Enterprise Research operations:* Focussing on applied research with businesses based on our TIRI agenda and Platinum subject areas, integrated knowledge transfer activity & projects, and consequent income generation based on dynamic interactions with industry.
- *Apprenticeships:* Focussing on the development and delivery of a strong portfolio of Higher Apprenticeships, in synchronisation with the TIRI philosophy and Platinum agenda.

This new EEA Strategy places the “student success” at the centre of “everything we do” in the institution. It consciously and purposefully brings together the three diverse, but interrelated core components: Employability, Enterprise and Apprenticeships. As exemplified below, this integration will achieve coherency in our industry collaborations, optimise the resource utilisation, and address some key issues such as the lack of a sizeable business development and employability team at the University:

- All three components of the EEA Strategy need development of strong industry collaborations and proactive interactions with businesses across the region i.e. with SMEs and large companies in the target industry sectors. These are essential to achieve the key outputs of this Strategy i.e. improving the employability of our students, placements, applied research and enterprise income, and delivering Degree Apprenticeships. Each of the key outputs (KPIs) defined for this strategy requires, at the core, such integral relationships with the industry.
- The University has a small Business Development and Careers team to develop industry links, promote student employability, and enterprise research activities. It will not be feasible to have diverse teams for delivering the 3 core components separately. Furthermore, operating in silos will create communication inefficiencies and suboptimal service provision to the companies interacting with the University.
- Integration of the three components (EEA) will also benefit the post-merger institution (University of Bolton and Bolton College), by creating a strong and dedicated team with a wide range of skills, connections and expertise in industrial relations, student employability, and apprenticeships promotion and delivery. This will optimise resource utilisation, enable a “single point of contact” for industry for these interrelated elements, and provide institutional capability to reach businesses across Greater Manchester and beyond.

The guiding principles outlined below reflect the University of Bolton’s commitment to provide clarity and support for the development and delivery of three core components (EEA) of the Strategy for all of its key stakeholders: students, staff and employers. For students, they aim to provide opportunities to develop and enhance a wide range of employability attributes and skills. For staff, to develop a holistic approach across the institution with common goals for supporting the development of employability and enterprise in the learning and teaching environment. For employers, to create an institution that is responsive to the needs of the labour market, ensuring that our students and graduates can add value to the workforce. Over the next 5 years, these principles will provide a framework to develop and deliver specific action plans and interventions, to achieve the aims of the Strategy.

1. Revitalising and expanding industry collaborations to create a core network of partner employers in the target industry sectors, including Engineering, Health, Retail, Logistics, Sports, and Creative Industries.
2. Strengthening Industry Advisory Boards (IABs) in all eight Academic Schools to support the comprehensive range of Employability, Enterprise and Apprenticeships developments.
3. Continual enhancement of curriculum design and delivery to strengthen Graduate Attributes across the undergraduate and postgraduate programmes to enhance their industry relevancy and employability.
4. Improving work placement and experience opportunities for students to achieve a step change in graduate level employment.
5. Delivering a strong portfolio of Higher and Degree Apprenticeship programmes with integrated progression pathways for students across FE and HE.
6. Promoting and further expanding applied research and knowledge exchange with industry to invigorate enterprise income generation, apprenticeships development, and increase student placements etc.
7. Creating a coherent institutional enterprise ecosystem to develop and deliver enterprise projects with SMEs and large businesses in the region (e.g. Knowledge Transfer Partnerships (KTPs)), with executive level commitment to the agenda.
8. Rapidly building the institutional capability and capacity to achieve the defined Employability and Enterprise goals. For example, the University is currently expanding its business liaison capacity and knowledge base to deliver the Employability and Enterprise initiatives presented above, and effectively promote our portfolio of Degree Apprenticeships to companies in the focused various industry sectors.

9. Developing infrastructure to support the Strategy in terms of knowledge base, systems, processes, technology, and physical infrastructure.
10. Focused structuring and integration of resources across the two institutions (the University and Bolton College) including business development teams, careers services, apprenticeships delivery teams, etc.

The University is investing strategically in the academic staff, physical infrastructure, specialist facilities and student support personnel to support the implementation of the EEA Strategy. Progress has been made in creating a strong network of partner employers who are a key component in developing and delivering high quality programmes so that the students develop the core skill sets required for the respective industry sectors. The University's "Employability and Further Study" performance continues to improve in absolute terms. However, the University recognises the need to achieve substantial further improvements in graduate employability and enterprise efforts. We have also made it a priority to develop and offer a comprehensive range of Degree Apprenticeship programmes through integrated partnerships with companies in the region. The institution will utilise this major growth opportunity and play a significant role in the Greater Manchester region in delivering apprenticeships. Our approach for developing and delivering Higher Apprenticeship programmes, across various academic disciplines, will build upon the University's Platinum Strategy in synergy with the TIRI agenda. The provision of apprenticeships will be based on demand drivers from industry, and will support the progression of learners to higher education and skilled employment.

## **The Student Body, Educational Opportunities, Equality and Diversity**

The widening participation philosophy is firmly embedded in the University's mission, and the institution strives to remove barriers to Higher Education with no boundaries to studying and learning. The University of Bolton continues to be one of the most inclusive universities in England and its recruitment of students from underrepresented groups as shown by gender, ethnicity or social group substantially exceeds the HEFCE benchmarks. The University's record in providing opportunities for learning in higher education is amongst the best in the sector as shown in the data released from the Higher Education Statistics Agency for 2015/16:

- 99.3% of UK domiciled young (under 21) entrants to full-time first degree programmes were from state schools or colleges, which is above the University's HESA benchmark of 97.1%.
- 51% of the University's UK domiciled full-time undergraduate entrants are mature (21 or over), which is significantly higher than the sector average.
- 30.6% of the University's total HE student body study part-time; many of these students are sponsored by employers and engaged in career development.
- 33% of the University's UK domiciled HE students declare as members of an ethnic minority, which has seen an increase since 2014-15, and is significantly higher than the sector average.
- 42% of the University's UK domiciled HE students are male, against the national trend, which has seen male participation rates particularly among white males from socially under-represented groups, decline.
- Of the University's undergraduates, 12.0% of full-time students and 7.4% of part-time students are in receipt of Disability Support Allowance (DSA). The percentages of students with a disability compared to the overall student population have steadily risen over the last five years at the University and exceed the sector average substantially.

The University workforce continues to be richly diverse and remained broadly comparable with that seen in the same period in the previous academic year. Compared to the sector (source ECU Equality in Higher Education: Statistics Report) the University has a higher proportion of its staff from Black and Minority Ethnic communities. Similarly, the proportion of staff who have disclosed that they have a disability was also higher. However, the percentage of University academic staff that are female was slightly less, and the percentage of staff over the age of 50 was slightly higher than the respective sector averages.

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

A new approach to Equality Impact Assessments (now called Equality Checks) was implemented in the year. Policies and organisational initiatives are now assessed against this new process and no diversity related issues have been identified. During the academic year there were also initiatives to raise awareness of mental health issues and unconscious bias, completion of the online diversity training package by existing staff and the launch of a network of Equality, Diversity and Dignity Champions across the University.

## **Environmental Sustainability Agenda**

The University is making good progress on its Environmental Sustainability Agenda by promoting and improving the efficient utilisation of resources including energy consumption; disposing of materials in a responsible manner; water consumption; procuring material from renewable sources; reducing waste; and promoting recycling and reuse wherever possible. For example, in 2016-17, the University made further progress in driving efficiencies in its energy consumption by modernising its lighting to LED. Over 30% of the University now uses LED lighting, which reduces energy consumption and consequent CO2 emissions up to 80%, when compared to traditional lighting. In addition, the University has been implementing PIR based motion detection technology to achieve further energy savings. This system now covers over 80% of the University and plans are in place to achieve 100% coverage by 2020. The University also has a purchasing policy that promotes sustainability and encourages suppliers to follow good practice. It now procures all its paper sustainably from suppliers with EU Ecolabel. The Environmental Sustainability Group at the University continues to oversee the improvements in estates and facilities to deliver the University's carbon reduction targets and its overarching sustainability goals.

## **Public benefit**

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

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

- The institution strives to remove barriers to Higher Education based on its core commitment to the widening participation philosophy. The University of Bolton continues to be one of the most inclusive universities in England and its recruitment of students from underrepresented groups meets, or exceeds, all HEFCE benchmarks for social inclusion in admissions, especially for Black, Asian and Minority Ethnic (BAME) groups and for students with disabilities.
- Following the successful launch of its innovative Undergraduate Nursing Degree programme in 2015, the University is rapidly expanding the provision in this area, contributing directly to capacity building and addressing the skills shortage in the Health Sector. In addition to the Lancashire Teaching Hospitals NHS Foundation Trust, the University has now established successful collaborations with the Royal Bolton NHS Foundation Trust, Central Manchester NHS Foundation Trust, South Manchester NHS Foundation Trust, and the Wrightington, Wigan and Leigh NHS Foundation Trust to deliver a wide range of programmes.
- The University is also establishing strategic partnerships with a wide range of employers, across the industrial sectors in the North West, exemplifying the University's growing role and contribution to the local economy. The University is taking its rightful place as a key agent for economic, social and cultural development as part of the new Greater Manchester Northern Powerhouse. The University is also at the heart of, and leading, the regeneration of the town of Bolton; its multi-million-pound learning infrastructure projects are transforming the physical environment of the town centre and the University is widely recognised now as both the engine and driving force for the renaissance of the town.

- The University offers substantial bursaries and incentives targeted to all those alumni who wish to further their studies at the University but who have no other financial support to do so. This reaffirms the University's commitment to lifelong support for those who can benefit from higher education.
- The University works in partnership with a number of public sector agencies, educational partners and community groups to improve the economic prospects and social mobility of Bolton and the North West. The Bolton Education Zone partnership, between the University, Bolton College and Bolton Sixth Form College, continues to work actively to highlight, promote and advocate educational opportunities and progression routes in Bolton and to cooperate to facilitate these through shared activities.
- The University's Centre for Research into Health and Wellbeing works closely with the Council, the Bolton Clinical Commissioning Group and the Royal Bolton NHS Foundation Trust to research into and promote health education and awareness amongst the local community and, through its support for the National Forum on Health and Wellbeing, the same work is actively carried out across the North West. Of particular note is the University's close involvement in the Bolton Health Mela hosted by our Centre for Research for Health and Wellbeing. The Health Mela offers health advice in a non-threatening and friendly environment and is a key event in the annual schedule of inclusive public health support.
- Through its engagement with international students both here in the UK and also at its partnership centres across the world, the University demonstrates a commitment to internationalism and the bringing together of cultures through education which is also evidenced in the globalisation strand which is embedded in the curriculum of every one of its undergraduate programmes. This is reinforced with an emphasis on employability, enterprise and innovation in a global context.
- Its applied research and knowledge transfer activities support business and industry, the Further Education sector and community bodies. In the last Research Excellence Framework (REF) the University was rated by independent international panels as delivering world-leading research in six of the seven subjects submitted. One of the highest rated projects for impact, in English Language and Literature, across the UK focused on how University of Bolton research had helped community groups support the families of prisoners. The University also continues to deliver Knowledge Transfer Partnership (KTP) projects and other applied research projects with companies in the region, directly benefiting the industry.
- It supports a number of local organisations and charities both directly and indirectly. For example, in 2017, the University of Bolton had the honour of hosting a very special event for Fortalice, where it celebrated 40 years of providing refuge and frontline services for women, families, children and young people affected by domestic abuse. The University also supports the Bolton Lads & Girls Club, a local charity, which has been providing a wide range of sporting and learning opportunities for young people since 1890. It also works with other local voluntary agencies and charities such as Bolton at Home, Octagon Theatre, Bolton Rotary Club etc., to help create equality of opportunity and community cohesion in Bolton and beyond.

## Future Prospects

In 2017-18, the University will focus its efforts on continuing the implementation of its core strategic plan and transformation towards a world-class 'Teaching Intensive, Research Informed (TIRI)' institution. It will further strengthen and intensify the deployment of beneficial approaches to student experience, progression, retention, graduate employability, and overall student success. The University will continue to develop excellent teaching staff, support services and learning infrastructure to deliver high quality teaching and student experience. The University will build up on its recent successes in the Teaching Excellence Framework (TEF Silver Award), Student Satisfaction (NSS 2017), and improvements achieved in student retention. It will make targeted investments to achieve its Platinum Courses development agenda, build high quality research that directly contributes to the core teaching, and prepare for the Research Excellence Framework (REF 2020).

The University will ensure that the new arrangements for quality and performance which come into effect on 1 January 2018 under the auspices of the new Office for Students in the context of the Higher Education and Research Act (2017) are reflected in our own internal procedures. Our adoption of the TIRI model ensures we are well placed to meet this new agenda.

Additionally, we will continue to work towards achieving a good outcome in relation to the Research Excellence Framework (REF) in 2021, while maintaining a clear priority for the impact of research on our teaching intensive agenda above all else.

It will strive to derive the educational, social and economic returns from the strategic investments it made in recent years, directly benefitting the students, industry and local communities. For example, the new £14m National Centre for Motorsports Engineering and Simulation (STEM Centre) and the Bolton Central Building will move towards full capacity utilisation while providing state-of-the-art learning facilities for the School of Engineering, the School of Creative Technologies, and the Institute of Management. The University will further develop and expand its undergraduate provision in Dental Technologies in its Queen's Specialist Building, contributing to the University's growth agenda. These infrastructure investments will also serve as a base for industry partners, becoming an exemplar for industry-academic collaboration, creating a strong eco-system in which the students will have the opportunity to gain valuable industry experience, thereby directly improving their employability.

The University will rigorously deploy its new Employability, Enterprise and Apprenticeships Strategy (2017-22) which will take our work in these areas to the next level. This new five-year Plan places the "student success" at the centre of "everything we do" in the institution. It consciously and purposefully brings together the three diverse, but interrelated core components; Employability, Enterprise and Apprenticeships. This integration will achieve coherency in our industry collaborations and optimise the resource utilisation. It will also enable an integrated development of employability skills of our students based on embedment of key graduate attributes in the core curriculum, systematic provision of industry work placement opportunities and preparation of our students for the graduate job market. The University will also build the institutional capability and capacity to develop and deliver a strong portfolio of Higher and Degree Apprenticeship programmes with integrated progression pathways for students across FE and HE.

The University is in advanced stages of a merger with Bolton College to enable the vertical integration of Higher and Further Education capabilities. This strategic initiative is in response to the national (and Greater Manchester) review of Post-16 - Sixth Form and FE colleges that is intended to reshape the FE landscape and develop a more effective and responsive system to meet the needs of the national economy. This proposed merger provides an exciting opportunity to shape the future development of education, training and skills in Greater Manchester and beyond with wide ranging benefits. The University endeavours to complete the merger process with Bolton College in 2018 and work towards the core aim i.e. creating a larger, stronger, and much more sustainable institution will be a key focus of our work over the coming years. The combined institution will have a common mission and values, which will focus on "student learning experience and success". During this merger process, the University will continue to work closely with Bolton College to combine complementary strengths of the institutions for benefiting the students i.e. improved progression, learning experience, integrated higher apprenticeships etc.

The University will continue to invest in systematic Academic Staff Development (STEP) programme to provide training in areas such as Teaching & Learning methods, Assessment strategies, Personal tutoring techniques, Industry collaboration, Student employability, Skills development, etc. We will foster a high-performance culture across the University that promotes staff development and recognises good performance to ensure commitment and ownership towards the institution's transformation (TIRI) agenda.

## **Financial**

The University has for the 12<sup>th</sup> year running reported an operating surplus. In this case, £404,000 (2016: £2,006,000) (on a historical cost basis) which is equal to 0.8% (2016: 4.2%) of turnover in the year.

### **Key Performance Indicators (KPIs)**

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

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

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

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

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

### **Principal Risks and Uncertainties**

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

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

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

## Performance

	2016-17	2015-16
	£'000	£'000
Income	49,660	47,329
Expenditure	<u>49,519</u>	<u>45,570</u>
Surplus before FRS 17	141	1,759
Defined Benefit Pension Scheme Adjustment under FRS 102	<u>(1,029)</u>	<u>(879)</u>
Surplus after Defined Benefit Pension Adjustment	(888)	880
Release from Capital Reserve	<u>1,292</u>	<u>1,126</u>
Historical Cost Surplus	<u>404</u>	<u>2,006</u>
Historical Cost Surplus as percentage of Income	0.8%	4.2%

## Operating Surplus

The operating (deficit) / surplus was (£888,000) (2015: £880,000).

## Liquidity

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

The University's Financial Strategy sets a target of cash balances being maintained at, or higher than, 6% of turnover. This would equate to a value of £2,980,000 in 2016-17. This target was achieved during 2006-07 and has been maintained (in fact considerably exceeded) since then. At 31 July 2017 the cash balance was £17,032,000 as shown in the Balance Sheet on page 40 of the Financial Statements.

There was a net outflow of cash in 2016-17, mainly arising from significant Capital Expenditure. The University's cash balances remain significantly ahead of the target set in the financial strategy.

<u>Liquidity Ratios</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
External Borrowing as % of Income	2.3%	4.6%	6.7%
Net Cash Flow from Operations as % of Income	5.9%	4.3%	9.7%
Net Liquidity	133 days	164 days	200 days

## Reserves

At 31 July 2017 the University's Income & Expenditure Account reserves amounted to £30,911,000 before the impact of the Defined Benefit Pension Scheme Adjustment under FRS 102. There was an increase in the retained reserves due to a good operating performance.

## Borrowings

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

## Sustainability

There have been several factors bearing upon 2016-17 recruitment nationally which will affect the higher education sector going forward. There has been a significant reduction in international students in the sector (primarily UKVI driven); and a reduction in part time recruitment because of employers limiting staff training funds and a reluctance by individuals to pay the new higher fees or take on debt.

Whilst this has impacted on the University, actions taken to control costs have meant that the overall impact of these changes has been contained, as can be seen in the operating performance for the year.

### **Going concern**

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

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

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

### **Disclosure of Information to Auditors**

The members of the Board of Governors who held office at the date of approval of the report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Signed on behalf of the Board by:

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

21 November 2017

## Members of the Board of Governors:

**1 August 2016 to 31 July 2017**

Name	Category	Sub-Committee Membership	Note
Rt Reverend N McCulloch KCVO MA Hon DCL DLitt (Honoris Causa) DEd (Honoris Causa)	Independent	Resources Nominations Remuneration Ad Hoc	From 14.09.2016 Chair of the Board
Professor HH W Morris MA Cantab (Hons) LLD (Honoris Causa)	Independent	Audit Nominations Remuneration Ad Hoc	From 14.09.2016 Deputy Chair of the Board (From 4 April 2017) Chair of Audit Committee
Mr R Gould MA (Hons) FCA CCMl	Independent	Resources Remuneration Ad Hoc	To 14.09.2016 Chair of Resources Committee
Professor A Banerjee OBE JP DSc (Hons) FRCP	Independent	Resources Nominations Ad Hoc	To 14.09.2016
Mr S Conn FCA FIPA	Independent	Resources Nominations Remuneration Ad Hoc	From 14.09.2016 Chair of Remuneration Committee
Rev Canon Dr P Denby MBE JP DL MPhil Med Hon DD	Independent		To 14.09.2016
Ms R Hannan BA (Hons) BPS Level A & B	Independent	Resources Remuneration Ad Hoc	From 14.09.2016
Professor M J Leeming LLB (Hons) Her Majesty's Senior Coroner, Manchester West	Independent	Audit Nominations Ad Hoc	From 14.09.2016
Mr A Fawcett MBA	Independent		From 14.09.2016
Mr M Granby BSc (Hons)	Independent		From 14.09.2016 to 04.04.2017
Ms K Hall MBA PgDip Management Studies HNC Total Quality Management	Independent		From 14.09.2016
Mr P Nichol FICA	Independent		From 14.09.2016 to 04.04.2017 Deputy Chair
Mr A Roberts	Independent		From 14.09.2017
Mr C Trees BEd MEd DASE	Independent		From 14.09.2016 to 04.04.2017

Mr C Wewer DL BA (Hons) BArch RIBA R1	Independent	Audit Ad Hoc	To 14.09.2016
Rev Canon Dr P Denby MBE JP DL MPhil Med Hon DD	Statutory Co-opted	Audit	From 14.09.2016
Prof R Lewis BA (Hons) MA BPhil PGCE MEd	Statutory Co-opted	Audit Remuneration Ad Hoc	From 14.09.2016
Professor G E Holmes DL BSc (Hons) MBA PGCE FInstD PhD	Vice Chancellor	Resources Nominations Remuneration	To 28.09.2017
Mrs A Fitzpatrick BSc (Hons) PGC – HE MSc MCSP SRP Fellow HEA	Senate Member	Nominations	To 14.09.2016
Ms G Waugh BA (Hons) CertEd Med PGDE (PCET) Post Grad Dip Med MA Fellow of the Institute for Learning	Senate Member		From 14.09.2016
Ms D Morris DipCam (DigitalM) MA MCIPR	Support Staff Co-opted	Nominations	To 14.09.2016
Mrs V Newton BA (Hons) PGDE	Students' Union President		To 30.06.2017
Ms S Johnson BSc (Hons)	Students' Union President		From 05.07.2017

## **Principal Advisors to the University**

### **Bankers**

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

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

### **External Legal Advisors**

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

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

Mills & Reeve, 78 – 84 Colmore Row, Birmingham, B3 2AB

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

Veale Wasbrough Vizards, Narrow Quay House, Narrow Quay, Bristol, BS1 4QA

42 Bedford Row Chambers, London WC1R 4LL

### **Financial Advisors**

Deloitte LLP, 2 Hardman Street, Manchester M3 3HF

KPMG LLP Transaction Services, One Snowhill, Snowhill Queensway, Birmingham, B4 6GH

### **External Auditors**

Scott-Moncrieff, Exchange Place, 3 Sempie Street, Edinburgh EH3 8BL

### **Internal Audit**

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

## **Statement of Corporate Governance and Internal Control 1 August 2016 – 31 July 2017**

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 and up to the date of approval, has acted in good faith 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; and
- apply the Committee of University Chairs' Governance Code of Practice contained in 'The Higher Education Code of Governance (December 2014)' effective from 1 January 2015 which adopts and builds on the 'Nolan Principles of Public Life', which provide an ethical framework for the personal behaviour of governors; and
- clearly define and communicate the scope of its own responsibilities in the context of legislation, governing instruments and guidance including The Higher Education Code of Governance through the adoption of a Statement of Primary Responsibilities; and
- comply with the Higher Education Funding Council for England's Memorandum of Assurance and Accountability between HEFCE and institutions (2016/12) which was effective from 1 August 2016 to 25 July 2017) and (2017/08) which was effective from 26 July 2017 and supersedes (2016/12); and
- have regard to the advice and guidance as set out in The UK Corporate Governance Code issued by the Financial Reporting Council (April 2016); and
- have regard to the advice and guidance as set out in the Good Pay Guide for Charities and Social Enterprises (2013) issued by the Association of Chief Executives of Voluntary Organisations; and
- have oversight of the University's approach to corporate and social responsibility.

The University's Internal Auditor, PwC, commenced in June 2017 a high level assessment of the University's policies and processes against the requirements of The Higher Education Code of Governance and also the Charity Governance Code. Following its assessment, PwC concluded that the University has a wealth of policies and mechanisms in place that demonstrate their compliance with The Higher Education Code of Governance and the Charity Governance Code. In respect of The Higher Education Code of Governance, PwC found that there are appropriate mechanisms in place to meet all of the "must" statements.

In relation to the University's Prevent duty annual reporting obligation, HEFCE confirmed in February 2017 its conclusion that the information provided to it demonstrated sufficient evidence of due regard to the Prevent duty. Throughout the academic year and up to the date of approval, the Governing Body is assured that the University:

- has had due regard to the need to prevent people being drawn into terrorism (the Prevent duty); and
- has provided to HEFCE all required information about its implementation of the Prevent duty; and
- has reported to HEFCE in a timely way all serious issues related to the Prevent duty, or now attaches any reports that should have been made, with an explanation of why they were not submitted.

### **Governance and Legal Structure**

The University of Bolton is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988. The University is commonly referred to as a 'post 92' institution

which is a reference to the Further and Higher Education Act 1992; this Act made changes to the funding and administration of further and higher education within England and Wales.

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 Governing Body ensures compliance with statutes, ordinances and provisions regulating the institution and its framework of governance.

The University traces its history to the Bolton Mechanics' Institute, established in 1825 alongside other similar institutions formed to serve the educational needs of employers and workers in the northern industrial towns. During the 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; it must comply with the terms of the Charities Act 2011 and HEFCE acts as its principal regulator. Therefore members of the Governing Body are also trustees and have the responsibilities and potential liabilities that go with trustee status. Those charitable trustees who served at any time during the financial year and until the date the Financial Statements are formally approved as those members of the Governing Body listed on pages 20 and 21. The University is satisfied that it has had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these Financial Statements. Professional fundraisers and commercial participators do not carry out fundraising activities for the University. Instead, the University is preparing the ground for fundraising by raising its profile, building an excellent reputation and increasing the number of its friends.

The Governing Body is the legal personification of the University and holds itself responsible for the strategic direction, the educational character and mission, all financial and property matters and staffing policies of the University. The Vice Chancellor, as the Chief Executive of the University, is (as stipulated in the University's 'Articles of Government') responsible for the organisation, direction and management of the University and leadership of the staff, and the appointment, assignment, grading, appraisal, suspension, dismissal, and determination – within the framework set by the Governing Body – of the pay and conditions of service of staff other than the Designated Senior Post Holders.

Academic stewardship is undertaken by the University's Senate, of which the Vice Chancellor is Chair, and the responsibilities of Senate are set out in the University's Articles of Government. Overall accountability for academic matters, in particular academic quality, remains with the Governing Body.

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

The Chancellor is the honorary head of the University and is appointed by the Governing Body to act as the principal figurehead and ambassador for the University. The University's current Chancellor is the Earl of St Andrews, George Philip Nicholas Windsor. The Earl of St Andrews is the eldest son of Their Royal Highnesses, The Duke and Duchess of Kent. He is the third Chancellor in the history of the University and his term of office officially began on 1 January 2017. The previous Chancellor of the University of Bolton was Sir Ernest Ryder, Lord Justice of Appeal and Senior President, whose term ended on the 31 December 2016.

The Earl's interest in cultural diversity and building bridges between civilisations is mirrored within the University and, in particular, represented by the Centre for Islamic Finance at the University. The Earl has been associated with the University through the Centre for Islamic Finance for some time as its patron.

Supporting the Chancellor in his role is the Pro Chancellor, also appointed by the Governing Body. The office of Pro Chancellor is a non-constitutional honorary role. The University's first and current Pro Chancellor is Dr Brett Warburton of Warburtons Ltd who was appointed to the role on 1 April 2015.

### **The Governing Body**

The Board of Governors comprises up to 18 members, including the Vice Chancellor, and has a majority of independent members, who are external and independent of the University. The elected President of the University's Students' Union is an ex officio member of the Governing Body and provides a conduit for the 'student voice' via her report to members at each meeting.

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

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

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

In accordance with CUC guidance, the University maintains a Register of Interests of Governors and senior managers which is available for inspection on request to the Clerk; the Register of Interests is available for reference at each meeting of the Governing Body.

### **Conduct of Business**

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

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

The average attendance for members of the Board of Governors at full meetings of the Board and at meetings of its sub-committees for the period 1 August 2016 to 31 July 2017 was 85%.

The **Audit Committee** formally meets at least three times throughout the financial year, with the University's External and Internal Auditors invited to attend at all meetings. It considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from HEFCE as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives (including the Vice Chancellor) are invited to attend meetings to present reports as determined by the Chair of

the Audit Committee and the Clerk, they are not Committee members. Its membership comprises of Independent Governors save for the Chair of the Board of Governors who is precluded from membership. The minutes from a meeting of the Audit Committee are presented to members at the subsequent meeting of the Governing Body.

At least once each financial year, the Audit Committee meets the University's External and Internal Auditors without any officers present for independent discussions. Risk management (including the risk register) is a standing item on every agenda, as it is for each scheduled meeting of the Board of Governors, and the Committee annually considers, for recommendation to the Board of Governors, the University's Risk Appetite Statement.

The University has explicitly benchmarked its academic governance arrangements against the CUC Code for Higher Education (Element 4 Academic Governance) since February 2015 via a compliance dashboard presented to the Audit Committee at each meeting and subsequently to the University Board. This dashboard approach has led to enhancements including (i) structured induction for new members of Senate and its Sub-Committees and (ii) comprehensive self-assessment by Senate and its Sub-Committees on an annual basis, leading to a Committee enhancement action plan. In this context the University has also, via its Audit Committee, approved a protocol to support the Governors' Annual Assurance Statement on Quality to HEFCE as part of their new Revised Operating Model for quality assurance and assessment.

The Committee is required to produce an annual report for the Governing Body and the accountable officer (which, following approval, is shared with HEFCE) that must cover the financial year and include any significant issues up to the date of signing the report and its consideration of the financial statements for the year. The report is presented to and reviewed by the Governing Body before the audited financial statements are signed. The report confirms the Committee's opinion on the adequacy and effectiveness of the University's arrangements for:

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

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

The **Remuneration Committee** is a decision making body with delegated authority from the Governing Body to review and determine the salaries and other emoluments, conditions of service and, where appropriate, severance payments, of the Designated Senior Post Holders, which include the statutory roles of Vice Chancellor and Clerk to the Board of Governors.

The Governing Body recognises that the proper remuneration of all staff, including the Vice Chancellor and his immediate team, is an important part of ensuring institutional sustainability and protecting the reputation of the institution. The Remuneration Committee membership comprises of Independent Governors and the Vice Chancellor who is required to withdraw from the meeting and not be a member when his own salary, other emoluments, conditions of service and, where appropriate, severance payment, are under consideration. Similarly the Clerk is in attendance however is required to withdraw from the meeting and not be a member when her own salary, other emoluments, conditions of service and, where appropriate, severance payment, are under consideration.

The Remuneration Committee is chaired by the longest serving Independent Governor (excluding the ex officio Independent Governors). It considers comparator information on the emoluments of senior post holders within its remit and all arrangements are unambiguous, diligently recorded and available for review by the University's audit service providers. It further considers the public interest and the safeguarding of public

funds alongside the interests of the institution when considering all forms of payment, reward and severance to the senior post holders.

Its terms of reference are reviewed annually by the Board of Governors at their first meeting in the academic year. The Remuneration Committee reports on its decisions and operation at least annually to the Governing Body; the minutes from a meeting of the Remuneration Committee are presented to members at the subsequent meeting of the Governing Body.

The University provides and publishes information on senior staff salaries in its annual audited financial statements and returning annual submissions to HEFCE as required by HEFCE's Memorandum of Assurance and Accountability. Specifically the financial statements publish the pay and non-pay benefits of the Vice Chancellor and disclose the number of Designated Senior Post holders and their remuneration costs (excluding pension benefits) in the following bands: £100,000 to £109,999, £110,000 to £119,999 and £120,000 to £129,999.

The **Resources Committee** is an advisory committee and ensures, inter alia, that the University's revenue and capital budgets are prepared in accordance with approved plans and in accordance with the Funding Council requirement that financial solvency is maintained. The minutes from a meeting of the Resources Committee are presented to members at the subsequent meeting of the Governing Body.

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

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

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

As part of the University's Corporate Governance Action Plan a full governance effectiveness review is undertaken every five years. In March 2017, the University's Internal Auditor, PwC, undertook an audit of the governance of the decision making process for a significant strategic project being undertaken by the University; the intention of this audit was to meet the expectations of the quinquennial governance effectiveness audit. Given the strategic importance of the merger project to the University, it has been imperative throughout that the decision making of those charged with governance over the project has been based on up-to-date, comprehensive and relevant information, cognisant of the wider University strategy, and reflective of the associated risks and issues. PwC concluded from its desktop review and interviews with members of the Board of Governors that the governance over decision making in relation to the merger project had been clear, transparent and well documented noting amongst other things that (i) reports were clear and "told the story" of where the process was given the fast moving and changing circumstances the University found itself in, (ii) minutes of Board and Committee meetings evidenced challenge from the Governors and discussion between the Governors, (iii) decisions relating to the merger project were clearly documented throughout the process in Board minutes, (iv) all papers and minutes of meetings were distributed appropriately and in a timely manner to Governors and (v) all Governors interviewed concurred that they have felt that they were provided with sufficient information throughout the process that allowed them to make the decisions required of them in an informed and independent manner.

## **Internal Control**

The University's Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and

assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the University's governing documents and Higher Education Funding Council for England's Memorandum of Assurance and Accountability.

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

The Governing Body has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing risk which is linked to achieving institutional objectives, that it has been in place for the year ended 31 July 2017 and up to the date of approval of the University's Financial Statements and that it has been regularly reviewed by the Governing Body.

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

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

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

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

- Internal Audit, which observes and complies with the requirements of the HEFCE Audit Code of Practice;
- the work of the senior executive team within the University, who have responsibility for the development and maintenance of the internal control framework; and
- by comments made by the External Auditors in their management letter and other reports.

**Signed on behalf of the Board by:**

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

21 November 2017

## **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 2015 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 of Assurance and Accountability agreed between the Higher Education Funding Council for England and the University's Board of Governors, the Board of Governors, through its Accountable Officer, is required to prepare Financial Statements for each financial year. Under those terms and conditions, the Board of Governors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the University for that year. In preparing these Financial Statements, the Board of Governors has ensured that:

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

The Board of Governors has taken reasonable steps to:

- Ensure that funds from the Higher Education Funding Council for England are used only for activities that are eligible for funding under the Further and Higher Education Act 1992, as this is the intended purpose for which the funds have been provided by Parliament and in accordance with the Financial Memorandum of Assurance and Accountability with the Funding Council, and any other conditions which the Funding Councils may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; safeguard the assets of the University and prevent and detect fraud; and secure the economic, efficient and effective management of the University's resources and expenditure.

**Signed on behalf of the Board by:**

The Rt Reverend Bishop N McCulloch KCVO

Chair of the Board of Governors

21 November 2017

## **Independent Auditor's Report to the Governing Body of the University of Bolton**

### **Opinion**

We have audited the financial statements of the University of Bolton (the University) for the year ended 31 July 2017 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2017 and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education, and relevant legislation.

This report is made solely to the University's Governing Body (the Governing Body), in accordance with paragraph 12.2 of the University's articles of government. Our audit work has been undertaken so that we might state to the Governing Body 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 the Governing Body for our audit work, for this report, or for the opinions we have formed.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Governing Body is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Higher Education Funding Council for England's (HEFCE's) Memorandum of assurance and accountability between HEFCE and institutions dated July 2016**

In our opinion in all material respects:

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

### **Responsibilities of the Governing Body**

As explained more fully in the Responsibilities of the Governing Body set out on page 30, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Scott-Moncrieff, Statutory Auditor  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

## Statement of Accounting Policies

### for the year ended 31 July 2017

#### 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

#### 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or have dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method where material. Investments in the University's subsidiaries and associates are recorded at cost.

#### 3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

#### Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

## Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

## Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

## 4. Accounting for retirement benefits

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 FRS 102 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 the defined benefit pension scheme adjustment under FRS 102 is fully applicable; accordingly, its share in the scheme is fully incorporated in the accounts.

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

The University's provision for enhancing pensions was last revalued at 31 July 2017. All movements on this provision are recognised in the Income and Expenditure account.

#### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

### **5. Employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

### **6. Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **7. Operating leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

### **8. Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of the University at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

### **9. Fixed assets**

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

#### Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. The University has a policy of ensuring a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows

No depreciation is charged on assets in the course of construction.

#### Equipment

Equipment, including computers and software, costing less than £10,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

IT and Telecoms Equipment	10 Years
Halls of Residence Furniture	10 Years
Other Equipment	5 Years
Motor Vehicles	4 Years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

#### Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### 10. Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

Investments in associates and subsidiaries are carried at cost less impairment. in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

### 11. Cash and cash equivalents

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.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 12. Financial Instruments

Financial instruments are recognised in the Balance sheet when the University becomes party to the contractual provisions of the instrument. All of the University's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS102. All of the

University's financial instruments are initially measured at transaction price. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from asset to expire, or when the University has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

### **13. Provisions, contingent liabilities and contingent assets**

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### **14. Taxation**

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

### **15. Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

**University of Bolton Statement of Comprehensive Income and Expenditure**  
**Year Ended 31 July 2017**

	Notes	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
<b>Income</b>			
Tuition fees and education contracts	1	42,019	38,941
Funding body grants	2	3,942	4,821
Research grants and contracts	3	624	604
Other income	4	2,972	2,786
Investment income	5	91	167
<b>Total income before endowments and donations</b>		<b>49,648</b>	<b>47,319</b>
Donations and endowments	6	12	10
<b>Total income</b>		<b>49,660</b>	<b>47,329</b>
<b>Expenditure</b>			
Staff costs	7	28,874	27,205
Fundamental restructuring costs	9	418	97
Other operating expenses		17,719	15,792
Depreciation	10	2,882	2,541
Interest and other finance costs	8	632	814
<b>Total expenditure</b>	9	<b>50,525</b>	<b>46,449</b>
<b>(Deficit) / Surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates, and before tax</b>		<b>(865)</b>	<b>880</b>
<b>Taxation</b>	3	<b>(23)</b>	<b>0</b>
		<b>(888)</b>	<b>880</b>
Unrealised surplus on revaluation of land and buildings	10	0	8,294
Actuarial gain / (loss) in respect of pension schemes	25	9,026	(2,983)
<b>Total comprehensive income for the year</b>		<b>8,138</b>	<b>6,191</b>
Represented by:			
Endowment comprehensive income for the year		1	1
Restricted comprehensive income for the year		1	1
Unrestricted comprehensive income for the year		9,428	(979)
Revaluation reserve comprehensive income for the year		(1,292)	7,168
Attributable to the University		8,138	6,191
Attributable to the non-controlling interest		0	0
		<b>8,138</b>	<b>6,191</b>
<b>Surplus for the year attributable to:</b>			
Non controlling interest		0	0
University		(888)	880
All items of income and expenditure relate to continuing activities		<b>(888)</b>	<b>880</b>
<b>Total Comprehensive Income for the Year</b>		<b>8,138</b>	<b>6,191</b>

All items of income and expenditure relate to continuing activities.

**University of Bolton Statement of Changes in Reserves  
Year ended 31 July 2017**

	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000	£'000
<b>Balance at 1 August 2015</b>	<b>195</b>	<b>81</b>	<b>7,336</b>	<b>30,642</b>	<b>38,254</b>
Surplus/(deficit) from the Statement of Comprehensive Income and Expenditure	1	1	878	0	880
Other comprehensive income	0	0	(2,983)	8,294	5,311
Transfers between revaluation and income and expenditure reserve	0	0	1,126	(1,126)	0
Release of restricted funds spent in year	0	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>1</b>	<b>1</b>	<b>(979)</b>	<b>7,168</b>	<b>6,191</b>
<b>Balance at 1 August 2016</b>	<b>196</b>	<b>82</b>	<b>6,357</b>	<b>37,810</b>	<b>44,445</b>
Surplus/(deficit) from the Statement of Comprehensive Income and Expenditure	1	1	(890)	0	(888)
Other comprehensive income	0	0	9,026	0	9,026
Transfers between revaluation and income and expenditure reserve	0	0	1,292	(1,292)	0
Release of restricted funds spent in year	0	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>1</b>	<b>1</b>	<b>9,428</b>	<b>(1,292)</b>	<b>8,138</b>
<b>Balance at 31 July 2017</b>	<b>197</b>	<b>83</b>	<b>15,785</b>	<b>36,518</b>	<b>52,583</b>

## University of Bolton Balance Sheet

	Notes	As at 31 July 2017 £'000	As at 31 July 2016 £'000
<b>Non-current assets</b>			
Fixed assets	10	83,920	80,370
<b>Current assets</b>			
Trade and other receivables	12	1,281	2,122
Investments	13	0	960
Cash and cash equivalents	19	17,032	19,333
		<u>18,313</u>	<u>22,415</u>
Less: Creditors: amounts falling due within one year	14	(13,905)	(12,804)
<b>Net current assets</b>		<u>4,408</u>	<u>9,611</u>
<b>Total assets less current liabilities</b>		<b>88,328</b>	89,981
Creditors: amounts falling due after more than one year	15	(18,011)	(19,900)
<b>Provisions</b>			
Pension provisions	16	(17,458)	(25,595)
Other provisions	16	(276)	(41)
<b>Total net assets</b>		<u><u>52,583</u></u>	<u><u>44,445</u></u>
<b>Restricted Reserves</b>			
Income and expenditure reserve - endowment reserve	17	197	196
Income and expenditure reserve - restricted reserve	18	83	82
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted	20	15,785	6,357
Revaluation reserve		36,518	37,810
<b>Total Reserves</b>		<u><u>52,583</u></u>	<u><u>44,445</u></u>

The Financial Statements were approved by the Board of Governors on 21 November 2017 and were signed on its behalf by :

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

Professor GE Holmes DL  
President and Vice Chancellor

## University of Bolton Cash Flow

### Year ended 31 July 2017

	Notes	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		(888)	880
<b>Adjustment for non-cash items</b>			
Depreciation	10	2,882	2,541
Reversal of previous impairment	10	0	(427)
(Increase) / Decrease in debtors	12	787	(1,062)
Increase / (Decrease) in creditors	14	(256)	49
Increase/ in pension provision	16	889	862
(Decrease) in other provisions	16	235	(141)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(89)	(165)
Interest payable	8	72	121
Endowment income		(2)	(2)
Capital grant income		(676)	(606)
Profit on the Disposal of Fixed Assets		(7)	0
<b>Net cash inflow from operating activities</b>		<b>2,947</b>	<b>2,050</b>
<b>Cash flows from investing activities</b>			
Proceeds from the Disposal of Fixed Assets		42	0
Capital grants receipts		0	3,927
Investment income		143	134
Payments made to acquire fixed assets		(5,254)	(8,385)
New non-current asset investments		960	0
		<b>(4,109)</b>	<b>(4,324)</b>
<b>Cash flows from financing activities</b>			
Interest element of finance lease		(72)	(121)
Endowment cash received		2	2
Repayments of amounts borrowed		0	(1,000)
Capital element of finance lease		(1,069)	(992)
		<b>(1,139)</b>	<b>(2,111)</b>
<b>(Decrease) in cash and cash equivalents in the year</b>		<b>(2,301)</b>	<b>(4,385)</b>
Cash and cash equivalents at beginning of the year	19	19,333	23,718
Cash and cash equivalents at end of the year	19	17,032	19,333

## Notes to the Accounts

	Year Ended 31 July 2017	Year Ended 31 July 2016
Notes	£'000	£'000
<b>1 Tuition fees and education contracts</b>		
Full-time home and EU students	34,442	31,173
Full-time international students	3,130	3,369
Part-time students	4,447	4,399
	<u>42,019</u>	<u>38,941</u>

	Year Ended 31 July 2017	Year Ended 31 July 2016
Notes	£'000	£'000
<b>2 Funding body grants</b>		
Higher Education Funding Council	3,240	4,195
Skills Funding Agency	70	107
Capital grant	576	506
<b>Specific grants</b>	56	13
	<u>3,942</u>	<u>4,821</u>

	Year Ended 31 July 2017	Year Ended 31 July 2016
Notes	£'000	
<b>3 Research grants and contracts</b>		
Research councils	77	13
Research charities	20	8
Government (UK and overseas)	231	422
Industry and commerce	132	117
Other	55	44
Research and Development Expenditure Credit	109	0
	<u>624</u>	<u>604</u>

Research and Development Expenditure Credit (RDEC) is claimed from HM Revenue and Customs at a rate of 10% or 11% on qualifying research and development expenditure, and is received net of Corporation Tax. The gross income recognised in the year relates to qualifying expenditure incurred between the years ending 31 July 2014 and 31 July 2015 with tax deducted shown separately. The University is not able to claim for RDEC in relation to ant expenditure from 1 August 2015 onwards.

As an exempt charity, the University is potentially exempt from Corporation Tax on income and gains falling within section 287 of the Corporation Tax Act (CTA) 2009 and sections 471-478-488 CTA 2010 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. The charge for UK Corporation Tax is solely in respect of Research and Development Expenditure Credit grants receivable.

	Year Ended 31 July 2017	Year Ended 31 July 2016
Notes	£,000	£,000
<b>4 Other income</b>		
Residences, catering and conferences	1,741	1,722
Other revenue grants	96	93
Other capital grants	100	100
Other income	1,035	871
	<u>2,972</u>	<u>2,786</u>

	Year Ended 31 July 2017	Year Ended 31 July 2016
Notes	£,000	£,000
<b>5 Investment income</b>		
Investment income on endowments	17	1
Investment income on restricted reserves	18	1
Other investment income	<u>89</u>	<u>165</u>
	<u><b>91</b></u>	<u><b>167</b></u>

	Year Ended 31 July 2017	Year Ended 31 July 2016
Notes	£,000	£,000
<b>6 Donations and endowments</b>		
Unrestricted donations	<u>12</u>	<u>10</u>
	<u><b>12</b></u>	<u><b>10</b></u>

	Notes	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
<b>7 Staff costs</b>			
Staff Costs :			
Salaries		22,283	21,377
Social security costs		2,333	1,895
Movement on Pension provisions		510	359
Other pension costs		3,748	3,574
Total		<u>28,874</u>	<u>27,205</u>

	Notes	2016-17 £	2015-16 £
Emoluments of the Vice-Chancellor:			
Salary		252,000	222,200
Benefits (healthcare)		2,091	2,100
Allowance in lieu of pension contributions		36,124	0
		<u>290,215</u>	224,300
Pension contributions to Teachers' Pension Scheme		0	36,200
		<u>290,215</u>	<u>260,500</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.

Remuneration of other higher paid staff, excluding employer's pension contributions:

	2016-17 No.	2015-16 No.
£100,000 to £109,999	0	0
£110,000 to £119,999	2	4
£120,000 to £129,999	2	1
£130,000 to £139,999	0	0
£140,000 to £149,999	0	0
£150,000 to £159,999	1	0
	<u>5</u>	<u>5</u>

	2016-17 No.	2015-16 No.
Average staff numbers by major category :		
Academic	295	282
Support	268	273
Management and specialist	9	9
	<u>572</u>	<u>564</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Compensation consists of salary and benefits excluding any employer's pension contribution.

	2016-17 £'000	2015-16 £'000
<b>Key management personnel compensation</b>	<b>479</b>	<b>453</b>

## Members of the Board of Governors

The members of the University's Board of Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will 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, including those identified below, are conducted in accordance with the University's Financial Regulations and usual procurement procedures.

The President of the Students' Union is also a member of the Board of Governors. Payments to the Students' Union totalled £269,000 (grant) and £6,824 (other transactions) (2015-16, £280,700 and £1,349 respectively). There were no amounts due to the Students' Union at 31 July 2017 (2015-16, nil).

## Transactions with Related Parties

Organisation	Relationship	Detail	2016-17 £'000	2015-16 £'000	
			Income	274	365
	Prof GE Holmes				
	Dr Z Hanlot		Expenditure	45	88
Bolton UTC	Mr A Matthaiou	Provision of support / services by the University to the UTC			
	Mr C McClelland				
	Senior Employees of the University / Directors of UTC		No amounts were outstanding at 31 July 2017	Receivables Outstanding at 31 July 2016	55
			Income	8	6
			Expenditure	176	216
Bolton College	Prof GE Holmes	Provision of support / services between the University and the College.			
	Vice Chancellor of the University		No amounts were outstanding at 31 July 2017	No amounts were outstanding at 31 July 2016	

## Transactions with Related Parties (Continued)

Organisation	Relationship	Detail	2016-17 £'000	2015-16 £'000	
			Income	72	61
			Expenditure	51	6
Bolton Lads and Girls Club	Prof GE Holmes Vice Chancellor of the University	The University is a patron of the club; and provides an annual Summer School on its behalf	Amounts outstanding at 31 July 2017	No amounts were outstanding at 31 July 2016	
			Receivables	7	
			Payables	12	
			Income	278	193
Bury College	Prof GE Holmes Mr C Deane (Until 30 April 2017) Mr A Unsworth Senior Employees of the University	Provision of support / services between the University and the College	Expenditure	111	302
			No amounts were outstanding at 31 July 2017	Receivables 1	

No Board member has received any remuneration/waived payments from the University during the year (2016 - none)

The total expenses paid to or on behalf of 3 board members was £936 (2015-16 - £1,796 to 4 board members). This represents travel and subsistence expenses incurred in attending Board, Committee meetings and Charity events in their official capacity.

Notes	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
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## 8 Interest and other finance costs

Finance lease interest (including finance charge)	72	121
Net charge on pension scheme	25 560	693
	<b>632</b>	<b>814</b>

Notes	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
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## 9 Analysis of total expenditure by activity

Academic and related expenditure	34,900	32,832
Administration and central services	5,625	4,997
Premises	5,765	5,047
Residences, catering and conferences	2,694	2,220
Research grants and contracts	433	451
Other expenses	1,108	902
	<b>50,525</b>	<b>46,449</b>

Other operating expenses include:

External auditors remuneration in respect of audit services	31	31
External auditors remuneration in respect of non-audit services	5	5
Operating Lease rentals - Other	100	79
Fundamental restructuring costs	418	97

## 10 Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2016	48,502	32,289	15,636	3,421	99,848
Additions	0	0	438	6,029	6,467
Disposals	0	0	(48)	0	(48)
Transfers	0	0	433	(433)	0
Surplus on revaluation	0	0	0	0	0
<b>At 31 July 2017</b>	<b>48,502</b>	<b>32,289</b>	<b>16,459</b>	<b>9,017</b>	<b>106,267</b>
<b>Consisting of valuation as at:</b>					
31 July 2017	23,169	16,893	0	0	40,062
Cost	25,333	15,396	16,459	9,017	66,205
	<b>48,502</b>	<b>32,289</b>	<b>16,459</b>	<b>9,017</b>	<b>106,267</b>
<b>Depreciation</b>					
At 1 August 2016	3,522	1,106	14,850	0	19,478
Charge for the year	1,818	796	268	0	2,882
Written back on disposal	0	0	(13)	0	(13)
<b>At 31 July 2017</b>	<b>5,340</b>	<b>1,902</b>	<b>15,105</b>	<b>0</b>	<b>22,347</b>
<b>Net book value</b>					
<b>At 31 July 2017</b>	<b>43,162</b>	<b>30,387</b>	<b>1,354</b>	<b>9,017</b>	<b>83,920</b>
At 31 July 2016	44,980	31,183	786	3,421	80,370

Included within land and buildings is land valued at £11.8m (2016: £11.8m) freehold which is not depreciated.

	Freehold Land and Buildings	Leasehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Finance leased assets included above:</b>					
<b>Net Book Value:</b>					
At 31 July 2016	0	11,163	0	0	11,163
At 31 July 2017	0	10,757	0	0	10,757

A full valuation of the University's Farnworth campus, and the public realm area at Deane Road was carried out on 31st July 2016 by Eddisons Chartered Surveyors.

Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:

	<b>Year Ended 31 July 2017</b>	Year Ended 31 July 2016
	<b>£'000</b>	£'000
Cost	599	599
Accumulated depreciation	(599)	(599)
Charge for year	0	0
Net book value	<u>0</u>	<u>0</u>

## 11 Non-Current 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 and are dormant.

As the three companies were dormant and had not traded application was made to the Registrar of Companies on 27 July 2017 to strike the companies off the Register.

Bolton UTC is a company limited by guarantee. The liability is limited to £10 per member; one of the three Subscribers is the Vice Chancellor, Prof. G.E. Holmes.

Under the equity method of accounting for associates the University's interest in the UTC would amount to  $\frac{1}{3}$  of the 2016-17 operating deficit of £130k, namely £43k; (2015-16 £180k and £60k respectively) and of the Net Assets of £887k, namely £296k (2015-16 £641k and £214k respectively). The University does not consider these to be material so that the UTC has not been treated as an Associate in the Financial Statements.

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

With the exception of Bolton UTC, the non-current investments have been valued at cost because they are un-traded, dormant companies.

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

<b>Company</b>	<b>Principal Activity</b>	<b>Reporting Date</b>	<b>Status</b>	<b>Note</b>
The University of Bolton Enterprises Company Ltd	Dormant	31 July	100% owned	
Blu U Thefutureversity Ltd.	Dormant	31 July	100% owned	
Bolton Institute Enterprises Ltd	Dormant	31 July	100% owned	

## 12 Trade and other receivables

	<b>Year Ended 31 July 2017</b>	Year Ended 31 July 2016
	<b>£'000</b>	£'000
Amounts falling due within one year:		
Grants receivable	54	7
Other trade receivables	743	1,704
Other receivables	90	181
Prepayments	394	230
	<u>1,281</u>	<u>2,122</u>

### 13 Current Investments

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Short term deposits	<u>0</u>	<u>960</u>
	<u>0</u>	<u>960</u>

The loan to the Vice Chancellor, approved at a Special Meeting of the Board of Governors on 1 October 2014, was repaid in full, together with interest at 3.25%, on 31 October 2016.

Financial instrument assets comprise: Grants receivable, other trade receivables, other receivables, and short term deposits: £887,000 (2015-16 - £1,892,000).

### 14 Creditors: amounts falling due within one year

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Unsecured loans	0	0
Obligations under finance leases	1,150	1,069
Trade payables	1,497	1,097
Social security and other taxation payable	645	656
Accruals and deferred income	<u>10,613</u>	<u>9,982</u>
	<u>13,905</u>	<u>12,804</u>

#### Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Research grants received on account	583	642
Grant income	0	22
Other income	<u>0</u>	<u>7</u>
	<u>583</u>	<u>671</u>

Financial instrument liabilities comprise: Obligations under finance leases, trade payables, accruals £6,601,000 (2015-16 - £8,258,000).

## 15 Creditors: amounts falling due after more than one year

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Deferred income	18,011	18,750
Obligations under finance lease	0	1,150
	<u>18,011</u>	<u>19,900</u>
Analysis of Deferred Capital Grants as s :		
<b>Due within one year (Note 14)</b>	<b>776</b>	<b>713</b>
Due between one and two years	776	713
Due between two and five years	3,034	2,852
Due in five years or more	14,201	15,185
<b>Due after more than one year</b>	<b>18,011</b>	<b>18,750</b>
<b>Total Deferred Capital Grants</b>	<b>18,787</b>	<b>19,463</b>
<b>Analysis of Obligations under Finance Leases :</b>		
<b>Due within one year or on demand (Note 16)</b>	<b>1,150</b>	<b>1,069</b>
Due between one and two years	0	1,150
Due between two and five years	0	0
Due in five years or more	0	0
<b>Due after more than one year</b>	<b>0</b>	<b>1,150</b>
<b>Total Finance Leases</b>	<b>1,150</b>	<b>2,219</b>

The value of the exchequer interest retained by HEFCE is £10,629,718 (2015-16 £11,304,750 ).

## 16 Provisions for liabilities

	Defined Benefit Obligations (Note 25)	Obligation to fund deficit on USS Pension	Pension enhancements on termination	Total Pensions Provisions	Other	Total
At 1 August 2016	22,881	242	2,472	25,595	41	25,636
Utilised in year	(7,985)	(17)	(181)	(8,183)	0	(8,183)
Additions in 2016/17	0	5	41	46	235	281
At 31 July 2017	<u>14,896</u>	<u>230</u>	<u>2,332</u>	<u>17,458</u>	<u>276</u>	<u>17,734</u>

## Defined Benefit Obligations

The obligation to fund the past deficit on the Greater Manchester Pension Fund (GMPPF) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the GMPPF scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

## USS deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

## Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

University  
Net Interest Rate 1.3%

## 17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Year Ended 31 July 2017			Year Ended
	Restricted permanent endowments £'000	Expendable endowments £'000	Total £'000	31 July 2016 Total £'000
<b>Balances at 1 August</b>				
Capital	67	45	112	112
Accumulated income	75	9	84	83
	<u>142</u>	<u>54</u>	<u>196</u>	<u>195</u>
New endowments	0	0	0	0
Investment income	1	0	1	1
<b>Total endowment comprehensive income for the year</b>	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>
<b>At 31 July</b>	<u>143</u>	<u>54</u>	<u>197</u>	<u>196</u>

Represented by:

	Year Ended 31 July 2017			Year Ended
	Restricted permanent endowments £'000	Expendable endowments £'000	Total £'000	31 July 2016 Total £'000
Capital	67	45	112	112
Accumulated income	76	9	85	84
	<u>143</u>	<u>54</u>	<u>197</u>	<u>196</u>

Analysis by type of purpose:

	Year Ended 31 July 2017			Year Ended
	Restricted permanent endowments	Expendable endowments	Total	31 July 2016
	£'000	£'000	£'000	£'000
Prize funds	91	0	91	90
General	52	54	106	106
	<b>143</b>	<b>54</b>	<b>197</b>	<b>196</b>

Analysis by asset

	Year Ended 31 July 2017	Year Ended 31 July 2016
Cash & cash equivalents	197	196

## 18 Restricted Reserves

Reserves with restrictions are as follows:

	Year Ended 31 July 2017		Year Ended
	Donations £'000	Total £'000	31 July 2016
<b>Balances at 1 August</b>	82	82	81
New donations	0	0	0
Investment income	1	1	1
<b>Total restricted comprehensive income for the year</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>At 31 July</b>	<b>83</b>	<b>83</b>	<b>82</b>

	Year Ended	Year Ended
	31 July 2017	31 July 2016
<b>Analysis of other restricted funds /donations by type of purpose:</b>	<b>Total</b>	<b>Total</b>
	£'000	£'000
Scholarships and bursaries	12	12
Research support	38	37
Prize funds	1	1
General	32	32
	<b>83</b>	<b>82</b>

## 19 Cash and cash equivalents

<b>Consolidated</b>	<b>At 1st August 2016 £'000</b>	<b>Cash Flows Flows £'000</b>	<b>At 31st July 2017 £'000</b>
Cash and cash equivalents	19,333	(2,301)	<b>17,032</b>

## 20. Analysis of Reserves

	<b>Year Ended 31 July 2017 £'000</b>	Year Ended 31 July 2016 £'000
Income and Expenditure Reserve	30,911	29,480
Pension Reserve Local Government Pension Scheme	(14,896)	(22,881)
USS Pension	(230)	(242)
	<u>15,785</u>	<u>6,357</u>
Restricted Reserves	280	278
	<u>16,065</u>	<u>6,635</u>
Revaluation Reserve	36,518	37,810
	<u><b>52,583</b></u>	<u><b>44,445</b></u>

## 21 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017:

	<b>Year Ended 31 July 2017 £'000</b>	Year Ended 31 July 2016 £'000
Commitments contracted for	<u><b>2,913</b></u>	<u>6,283</u>

## 22 Lease obligations

Total rentals payable under operating leases:

	<b>Year Ended 31 July 2017 Other leases £'000</b>	Year Ended 31 July 2016 Other Leases £'000
<b>Payable during the year</b>	<b>100</b>	79
<b>Future minimum lease payments due:</b>		
Not later than 1 year	20	34
Later than 1 year and not later than 5 years	0	20
Later than 5 years	0	0
<b>Total lease payments due</b>	<u><b>20</b></u>	<u>54</u>

## **23 Events after the reporting period**

Merger discussions have continued to take place with Bolton College. Following public consultation and due diligence the merger was agreed by the boards of both the College, and the University. Further commentary on the merger is given on page 16 of the Strategic Report.

The Net Liability value of Bolton College was, £9.4m as at 31 July 2016 (£.7M 31 July 2015).

On 6 October, the University sold part of its surplus land.

## 24. 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>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
TPS Contributions Paid	1,960	1,889
GMPF Charge to the Income and Expenditure Account	2,154	1,750
USS Contributions paid	103	111
Enhanced Pension Provision	<u>41</u>	<u>183</u>
Total Pension Cost (Note 7)	<u>4,258</u>	<u>3,933</u>
Outstanding Employer and Employees' Pension Contributions at 31 July, paid early August	455	455

## Teachers' Pension Scheme

### Introduction

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

### The Teachers' Pension Budgeting And Valuation Account

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

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

### Valuation Of The Teachers' Pension Scheme

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

- employer contribution rates were set at 16.4% of pensionable pay;

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

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

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

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

### **Scheme Changes**

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,960,000 (2015-16: £1,889,000).

### **Universities Superannuation Scheme**

The University participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the University recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the Statement of Comprehensive Income.

The total cost charged to the Statement of Comprehensive Income was £103,000 (2015-16 - £111,000).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the University cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions :

	2017	2016
Discount Rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension Increases (CPI)	2.41%	2.2%

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

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Females members mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are :

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8
Scheme Assets	£60.0bn	£49.89bn
Total Scheme Liabilities	£77.5bn	£58.3bn
FRS102 total scheme deficit	£17.5bn	£8.5bn
DRS102 total funding level	77%	85%

### 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 23.2% of pensionable salaries.

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 2017.

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 2017 were:

	<b>2016-17</b>	<b>2015-16</b>
Rate of Increase in Pension	2.5%	1.9%
Rate of Increase in Salaries	3.3%	3.2%
Discount Rate	2.7%	2.4%
Inflation Assumption	2.5%	1.9%

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

	<b>Males</b>	<b>Females</b>
	<b>Years</b>	<b>Years</b>
Mortality Assumptions		
Current Pensioners	21.5	24.1
Future Pensioners	23.7	26.2

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

**Scheme Assets**

	<b>Value at 2016-17</b>	<b>Value at 2015-16</b>
	<b>£000</b>	<b>£000</b>
Equities	44,826	39,035
Bonds	9,962	9,090
Property	3,736	2,673
Cash	<u>3,736</u>	<u>2,673</u>
	<u>62,260</u>	<u>53,471</u>

## Changes in the Fair Value of Plan Assets Defined Benefit Obligation and Net Liability for Year end 31 July 2017

Period Ended 31 July 2017	Assets £'000	Obligations £'000	Net (liability) / asset £'000
Fair Value of Plan Assets	53,471	0	53,471
Present Value of Funded Liabilities	0	76,210	(76,210)
Present Value of Unfunded Liabilities	0	142	(142)
<b>Opening Position as at 31 July 2016</b>	<b>53,471</b>	<b>76,352</b>	<b>(22,881)</b>
Service Cost			
Current Service Cost*	0	2,163	(2,163)
Past Service Costs (including curtailments)	0	9	(9)
<b>Total Service Cost</b>	<b>0</b>	<b>2,172</b>	<b>(2,172)</b>
Net Interest			
Interest income on plan assets	1,286	0	1,286
Interest cost on defined benefit obligation	0	1,841	(1,841)
<b>Total Net Interest</b>	<b>1,286</b>	<b>1,841</b>	<b>(555)</b>
<b>Total defined benefit cost recognised in Surplus or (Deficit)</b>	<b>1,286</b>	<b>4,013</b>	<b>(2,727)</b>
Cashflows			
Plan participants' contributions	484	484	0
Employer contributions	1,675	0	1,675
Contributions in respect of defined benefits	11	0	11
Benefits paid	(1,848)	(1,848)	0
Unfunded benefits paid	(11)	(11)	0
<b>Expected Closing Position</b>	<b>55,068</b>	<b>78,990</b>	<b>(23,922)</b>
Remeasurements			
Changes in demographic assumptions		118	(118)
Changes in financial assumptions	0	3,373	(3,373)
Other Experience	0	(5,325)	5,325
Return on assets excluding amounts included in net interest	7,192	0	7,192
<b>Total Remeasurements recognised in Other Comprehensive Income</b>	<b>7,192</b>	<b>(1,834)</b>	<b>9,026</b>
Fair Value of Plan Assets	62,260		62,260
Present Value of Funded liabilities	0	77,008	(77,008)
Present Value of Unfunded liabilities	0	148	(148)
<b>Closing Position as at 31 July 2017</b>	<b>62,260</b>	<b>77,156</b>	<b>(14,896)</b>

The estimated value of employer contributions for the year ended 31 July 2018 is £1,645,000.

## 25. Accounting estimates and judgements

### Tangible Assets (Note 10)

Land and Buildings both the value and the expected useful life are estimated by a professional valuer as part of the valuation process. Equipment is capitalised at cost, and estimated to have an expected useful life as follows: -

IT and Telecoms Equipment	10 Years
Halls of Residence Furniture	10 Years
Other Equipment	5 Years
Motor Vehicles	4 Years

### Pension Provisions (Notes 16 and 25)

#### Greater Manchester Pension Fund (Defined Benefit Scheme).

The material assumptions used by the scheme's actuary at 31 July 2017 in order to assess the value of the University's obligations under the Greater Manchester Pension Fund were as follows: - :

	2016-17	2015-16
Rate of Increase in Pension	2.5%	1.9%
Rate of Increase in Salaries	3.3%	3.2%
Discount Rate	2.7%	2.4%
Inflation Assumption	2.5%	1.9%

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

	Males	Females
	Years	Years
Mortality Assumptions		
Current Pensioners	21.5	24.1
Future Pensioners	23.7	26.2

#### Universities Superannuation Scheme.

The scheme's actuary calculated the technical provisions, on assumption that the valuation rate of interest would be 6.1% per annum (which includes an additional assumed investment return over gilts), salary increases would be 3.6% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 2.6% per annum thereafter.

#### Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, were as follows:

Net Interest Rate 1.30

Beyond this, the University does not hold any complex or derivatives financial instruments that would require the use of sophisticated models to provide an estimated valuation