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Report of the Board of Governors

For the Year Ended 31st July 2006

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

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

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

Agency, demonstrate an institution committed to teaching excellence.

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

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

Scope of the Financial Statements

For 2005-06 the period of account was 1 August 2005 to 31 July 2006. During this period the University maintained a 100% shareholding in Bolton Institute Enterprises Ltd, a company established for the purpose of commercial exploitation of intellectual property rights and know-how; it also retained its 24.9% holding in Auxetic Technologies Ltd. These financial statements comprise the whole of the activities of the group. Under the terms of the Financial Memorandum between institutions and HEFCE, financial statements are to be prepared in accordance with the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education Institutions.

Results for the Year

5 to 31 July 2006 is summarised as follows:

	2005-06	2004-05 Restated
	£000	£000
Income	37,892	35,540
Expenditure	<u>39,048</u>	<u>38,620</u>
Deficit on continuing operations	(1,156)	(3,080)
Revaluation of Land & Buildings		
Surplus after One-off Items	<u>(1,156)</u>	<u>(3,080)</u>
University's share of associated companies trading losses	(13)	(9)
Difference between historical costs depreciation charge and actual depreciation charge	886	1,036
Historical cost deficit carried to Income and Expenditure Reserve	<u>(283)</u>	<u>(2,053)</u>

The group has returned an operating deficit of £1,169k and a historical deficit of £283k. This is after a charge of n Scheme.

There has been an increase in teaching grants of £648k linked to improved recruitment and achievement of both base contract numbers and additional funded number targets and an increase in academic fees of £2M, mainly as a consequence of higher home student numbers together with higher overseas student numbers taught in Bolton and

in their home countries. Enterprise activity has remained largely static, with a small increase in Research activity offset by a decline in Other Operating Income.

Capital Projects

Following a detailed feasibility study report to the Board, the University plans consolidation onto a single academic

Mrs L Brannan
Chair of the Board

Audit Committee

It is a requirement of funding that the Board of Governors maintains an effective Audit Committee. The Committee meets at least three times a year and, among other things, advises the Board of Governors on the effectiveness of

**Members of the Board of Governors
1 August 2005 to 31 July 2006**

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Name	Category	Note
Mrs L Brannan	Independent	Chair of the Board
Dr B Tomkins	Independent	Deputy Chair of the Board
Mr E Henshaw	Independent	
Mr A Horne	Independent	
Mrs S Kay	Independent	
Prof I Memon	Independent	
Ms M Neville-Rolfe	Independent	
Mr D Page	Independent	Chair of Employment and Finance Committee
Mr M Sheen	Independent	Chair of Audit Committee
Mr N Myerson	Independent	From 24 May 2006
Mr R Ruia	Independent	To 21 April 2006
Mrs M Temple	Vice Chancellor	To 31 December 2005
Dr G Holmes	Vice Chancellor	From 1 January 2006
Ms Fran Hulbert	Statutory Co-opted	
Dr A Auchterlounie	Academic Co-opted	To 31 July 2006
Mrs S Ward	Support Staff Co-opted	From March 2005
Prof R Ca 398.28 85C		

Principal Advisers to the University

Corporate Governance Statement

1. The University is committed to exhibiting best practice in all aspects of corporate governance and that was fully achieved in 2005-06. This summary describes the manner in which we have applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the accounts understand how the principles have been applied.
2. The Board of Governors is responsible for the University system of internal control is based on an ongoing process designed to identify risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively and economically. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.
3. The Board of Governors is of the view that there is an ongoing process for identifying, evaluating and managing the University significant risks, that it has been in place for the year ended 31 July 2006 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Board of Governors.
4. The Board of Governors meets at least six times a year and has the following committees :
 - x Employment and Finance
 - x Nominations
 - x Remuneration, and
 - x Audit
5. All of these committees are formally constituted with terms of reference. They comprise mainly lay members of the Governing Body, one of whom is the Chair. The Remuneration Committee determines the remuneration of the most senior staff, including the Vice Chancellor, Pro Vice Chancellors and the University Secretary/Clerk to the Governors.
6. The following processes have been established :
 - 6.1. The Board of Governors met six times in the year. At their meetings the Board consider plans and the strategic direction of the University. The March agenda incorporates a half yearly review of the operation of the business which includes income and expenditure forecasts, projected student numbers, performance against corporate objectives and a review of the key risks.
 - 6.2.

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

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

We have audited the financial statements 2006 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an au by law, we do not accept or assume responsibility to anyone other than the Board of Governors, for our audit work, for this report or for opinions we have formed.

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

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

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

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

We also report to you whether University has not kept proper accounting records, or if we have not received all the information we require for our audit.

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

Basis of our Opinion

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

We planned a

Statement of Principal Accounting Policies

a) Accounting Convention

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Statement of Principal Accounting Policies (Continued)

f) Taxation

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

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

g) Restructuring and Early Retirement Costs.

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

h) Stocks

The University does not hold any stocks.

i) Cash Flows and Liquid Resources

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

j) Leases

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

k) Foreign Currency

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

l) Pension Schemes

The pension schemes for the University, the Greater Manchester Pension Fund (GMPF). 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.

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is identifiable and hence FRS17 is fully applicable; accordingly its share in the scheme is fully incorporated in the accounts.

Contributions are paid by the University at the rate specified by the actuary. Pension costs are assessed on the latest actuarial valuation of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University remaining lifetime of members of the schemes after making allowances for future withdrawals.

m) Repairs and Maintenance.

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

n) Research and Development

Costs of Research and Development are charged to the Income and Expenditure account as incurred (Pn)

**Balance Sheets
As at 31 July 2006**

	Note	Consolidated 2005-06 £000	University 2005-06 £000	Consolidated 2004-05 Restated £000	University 2004-05 Restated £000
Fixed Assets					
Tangible Assets	13	53,381	53,381	52,705	52,705
Investments	14	12	0	16	0
		<u>53,393</u>	<u>53,381</u>	<u>52,721</u>	<u>52,705</u>
Endowment Asset Investments	15	105	105	103	103
Current Assets					
Debtors	16	2,598	2,599	2,478	2,479
Short Term Deposits	17	2,265	2,265	2,684	2,684
Cash at Bank and in Hand		419	419	328	328
		<u>5,282</u>	<u>5,283</u>	<u>5,490</u>	<u>5,491</u>
Creditors: Amounts Falling Due within one Year	18	6,512	6,512	5,744	5,744
Net Current (Liabilities)/Assets		<u>(1,230)</u>	<u>(1,229)</u>	<u>(254)</u>	<u>(253)</u>
Total Assets Less Current Liabilities		<u>52,268</u>	<u>52,257</u>	<u>52,570</u>	<u>52,555</u>
Creditors: Amounts Falling Due after more than one Year	19	7,762	7,762	8,009	8,009
Provisions for Liabilities and Charges	20	2,557	2,557	2,590	2,590
Net Assets excluding pension (liability)		<u>41,949</u>	<u>41,938</u>	<u>41,971</u>	<u>41,956</u>
Net Pension (Liability)	32d	(6,416)	(6,416)	(5,958)	(5,958)
Total Net Assets		<u>35,533</u>	<u>35,522</u>	<u>36,013</u>	<u>35,998</u>
Represented by:					
Deferred Capital Grants	21	11,005	11,005	10,180	10,180
Endowments					
Specific	22	105	105	103	103
Reserves					
Income and Expenditure Account	24	2,824	2,813	2,787	2,772
Pension Reserve	32d	(6,416)	(6,416)	(5,958)	(5,958)
Income and Expenditure Account		(3,592)	(3,603)	(3,171)	(3,186)
Revaluation Reserve	23	28,015	28,015	28,901	28,901
Total Reserves		<u>24,423</u>	<u>24,412</u>	<u>25,730</u>	<u>25,715</u>
Total Funds		<u>35,533</u>	<u>35,522</u>	<u>36,013</u>	<u>35,998</u>

The financial statements on pages 12 to 32 were approved by the Board of Governors on 13th December 2006, and signed on its behalf by :

Mrs L Brannan, Chair of the Board of Governors

Dr G Holmes, Vice Chancellor

**Consolidated Cash Flow Statement
For the Year to 31 July 2006**

	Note	2005-06 £000	2004-05 £000
Net Cash Inflow from Operating Activities	27	1,822	0
Returns on Investments and Servicing of Finance	28	(662)	(612)
Capital Expenditure and Financial Investment	29	(1,286)	(554)
Cash (Outflow) before use of Liquid Resources & Financing		(126)	

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2005-06 £000	2004-05 £000
Increase/(Decrease) in Cash in the Period		91	178
(Decrease)/Increase in Short Term Deposits	31	(419)	(1,501)
Repayment of Debt	30	202	157
Change in Net Debt		<u>(126)</u>	<u>(1,166)</u>
Net Debt at 1st August		(5,197)	(4,031)
Net Debt at 31st July	31	<u>(5,323)</u>	<u>(5,197)</u>

**Statement of Consolidated Total Recognised Gains and Losses
For the Year to 31 July 2006**

	Note	2005-06 £000	2004-05 Restated £000
(Deficit) after Depreciation of Assets at Valuation and Tax		(1,169)	(3,089)
Revaluation of Property	23	0	311
Endowment Income	22	2	2
Actuarial Loss in Respect of Pension Scheme	32a	(138)	(1,2853)

Notes to the Accounts

1. Funding Council Grants

	2005-06			Total £000	2004-05 Total £000
	HEFCE £000	LSC £000	TDA £000		
Recurrent Grant					
Teaching	16,419	261	0	16,680	16,777
Research	192	0	0	192	163
Widening Access	2,213	0	0	2,213	1,535
Other Recurrent Grants	1,147	0	0	1,147	880
Total Recurrent Grants	<u>19,971</u>	<u>261</u>	<u>0</u>	<u>20,232</u>	<u>19,355</u>
Specific Grants					
Poor Estates	0	0	0	0	44
Project Capital	231	0	0	231	506
Science Research Investment Fund	0	0	0	0	97
Other	0	0	183	183	0
Total Specific Grants	<u>231</u>	<u>0</u>	<u>183</u>	<u>414</u>	<u>647</u>
Releases of Deferred Capital Grants (Note 21)	800	0	0	800	796
	<u>21,002</u>	<u>261</u>	<u>183</u>	<u>21,446</u>	<u>20,798</u>

2. Academic Fees and Support Grants

	2005-06 £000	2004-05 £000
Fees paid by or on behalf of individual students		
UK Higher Education Students	4,200	3,270
European Union (excluding UK) Students	82	97
Non-EU Students	4,035	3,357
UK Further Education Students	141	153
Part-time Fees	1,958	1,841
Other Fees and Grants	85	69
Total fees paid by or on behalf of individual students	<u>10,501</u>	<u>8,787</u>
NHS Contracts	656	366
Total Fees	<u>11,157</u>	<u>9,153</u>

Notes to the Accounts

3. Research Grants and Contracts

	2005-06	2004-05
	£000	Restated £000
Research Councils	330	223
UK Based Charities	31	41

4. Other Operating Income

	2005-06	2004-05
	£000	Restated £000
Residences, Catering and Conferences	1,681	1,549
Other Income Generating Activities	861	1,497
Releases from Deferred Capital Grants (Note 21)	33	33
EU Government Bodies	311	407
Other Income	618	472
	<u>3,504</u>	<u>3,958</u>

5. Endowment Income and Interest Receivable

	2005-06	2004-05
	£000	Restated £000
Income from Short Term Investments	165	217
Pension Finance Income (Note 32c)	25	(19)
	<u>190</u>	<u>198</u>

Notes to the Accounts

8. Emoluments of the Vice Chancellor

	2005-06 £	2004-05 £
Dr G Holmes from 1 January 2006		
Salary	83,400	0
Benefits in Kind (Medical Insurance)	2,200	0
Employer's Pension Contribution to Teachers' Pension Scheme	11,300	0
Total Emoluments	<u>96,900</u>	<u>0</u>
Mrs M Temple to 31 December 2005		
Salary	94,000	133,000
Performance Bonus	0	10,000
Benefits in Kind (Medical Insurance)	200	800
Employer's Pension Contribution to Teachers' Pension Scheme	12,700	18,000
	<u>106,900</u>	<u>161,800</u>

The pension contributions in respect of the Vice Chancellor same rate as for other academic staff.

9. Other Operating Expenses

	2005-06 £000	2004-05 Restated £000
Residences, Catering and Conference Operating Expenses	853	845
Consumables and Laboratory Expenditure	470	467
Books and Periodicals	548	542
Equipment	557	537
Travel and Conference Expenses	631	548
Advertising	734	896
Studentships	814	605
Heat, Light, Water and Power	641	448
Repairs and General Maintenance	368	459
Refurbishment	1,232	784
Revaluation of Design Centre (Notes 13 and 23)	0	347
Non-contracted Staff	636	404
Grants to Bolton University Students Union	309	305
Franchising	1,256	1,066
Payments to Partners	209	549
Rents	8	9
External Auditor's Remuneration	32	34
External Auditor's Remuneration for Non-audit work	77	

The 31 July 2004 valuation of the land and buildings comprising the Design Centre was less than the cost of works, the shortfall amounting to £347,000 not covered by the Revaluation Reserve was written off to the Income and Expenditure Account in 2004-05.

10. Interest Payable

	2005-06 £000	2004-05 £000
Loans not wholly repayable within five years	58	36
Finance Leases	771	795
	<u>829</u>	<u>831</u>

Notes to the Accounts

11. Analysis of 2005/06 Expenditure by Activity

	Staff Costs	Operating Expenses	2005-06 Dep'n	Interest Payable	Total	2004-05 Total Restated
	£000	£000	£000	£000	£000	£000
Academic Departments	13,563	3,342	49	0	16,954	16,434
Academic Services	1,084	684	278	0	2,046	1,980
Administration and Central Services	4,332	4,261	7	0	8,600	7,795
Premises	1,174	3,158	1,601	58	5,991	5,819
Residences and Catering	212	853	338	771	2,174	1,852
Research Grants and Contracts	748	596	26	0	1,370	1,547
Other Expenditure	1,257	656	0	0	1,913	3,193
Total per Income and Expenditure Account	<u>22,370</u>	<u>13,550</u>	<u>2,299</u>	<u>829</u>	<u>39,048</u>	<u>38,620</u>

The depreciation charge has been funded by:

Deferred Capital Grants Released (Note 21)	862	829
Revaluation Reserve Released (Note 23)	886	1,036
General Income	551	612
	<u>2,299</u>	<u>2,477</u>

12. (Deficit) on Continuing Operations for the Year

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

	2005-06 £000	2004-05 Restated £000
Group's (deficit) for the year	(1,169)	(3,089)
Surplus generated by subsidiary undertakings and transferred to the University under Gift Aid	0	0
Total	<u>(1,169)</u>	<u>(3,089)</u>

Notes to the Accounts

Land and Buildings with a net book value of £26,887,000 and cost of £18,064,000 have been funded from Treasury sources: should these particular buildings be sold, the University would have to surrender the proceeds to the Treasury

Notes to the Accounts

The University owns 100 £1 Ordinary Shares in Bolton Institute Enterprises Ltd, a wholly owned subsidiary of the University; and 25% of Auxetic Technologies Ltd.

Bolton Institute Enterprises Ltd holds 30,000 £1 Ordinary shares, valued at £1,456, in c-Lect medical Ltd. Auxetic Technologies Ltd was set up in October 2004 to develop some of the University's research, the investment being 25% of its issued capital (with the remainder being held by Rising Stars Growth Fund 45%; the founders 25%, and others 5%). Since the University does not have control of Auxetic Technologies Ltd, it has been treated as an associate, and its results to 31st July 2006 are included in the University's consolidated financial statements on a proportionate share of its equity.

The University's share of its filed accounts and its management accounts for the period 1 April to 31 July respectively. See Statement of Accounting Policies, Scope of the Accounts, page 11)

In accordance with the policy of the Board all surplus cash is invested on the sterling money market via the University's investments are permitted.

Notes to the Accounts

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

The leases are repayable by rentals (covering principal and interest), and both expire in June 2018.

The rentals on the Hollins residence escalate at 3% pa; the effective annual interest rate is 11¼%.

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

20. Provision for Liabilities and Charges

	Consolidated 2005-06 £000	University 2005-06 £000	Consolidated 2004-05 £000	University 2004-05 £000
Pension Enhancement:				
Balance at 1st August	2,590	2,590	2,242	2,242
Utilised in Year	(158)	(158)	(142)	(142)
Transfer from Income and Expenditure Account	125	125	490	490
Balance at 31st July	<u>2,557</u>	<u>2,557</u>	<u>2,590</u>	<u>2,590</u>

21. Deferred Capital Grants

	Group and University		
	HEFCE £000	Other £000	Total £000
Balance at 1st August			
Buildings	6,902	2,634	9,536
Equipment	614	30	644
	<u>7,516</u>	<u>2,664</u>	<u>10,180</u>
Cash Received and Receivable			
Buildings	1,245	0	1,245
Equipment	355	87	442
	<u>1,600</u>	<u>87</u>	<u>1,687</u>
Released to Income and Expenditure - Depreciation			
Buildings (Notes 1 & 4)	257	33	290
Equipment (Notes 1 & 3)	543	29	572
Total (Note11)	<u>800</u>	<u>62</u>	<u>862</u>
Balance at 31st July			
Buildings	7,890	2,601	10,491
Equipment	426	88	514
Total	<u>8,316</u>	<u>2,689</u>	<u>11,005</u>

Notes to the Accounts

22. Specific Endowments

23. Revaluation Reserve

Group and University

2005-06
£000

2004-05
£000

24. Income and Expenditure Account

Consolidated
2005-06

University
2005-06

Consolidated
2004-05
Restated
£000

University
2004-05
Restated
£000

£000

£000

Balance at 1st August	(3,171)	(3,186)	4,709	4,732
(Deficit) after Depreciation of Assets at Valuation	(1,169)	(1,165)	(3,089)	(3,127)
Release from Revaluation Reserve (Note 23)	886	886	1,036	1,036
Historical Cost Surplus/(Deficit) after Tax.	<u>(283)</u>	<u>(279)</u>	<u>(2,053)</u>	<u>(2,091)</u>
Prior Year Adjustment FRS17 (Note 32e)	0	0	(4,542)	(4,542)
Actuarial (Loss) in respect of Pension Scheme (Note 32a)	<u>(138)</u>	<u>(138)</u>	<u>(1,285)</u>	<u>(1,285)</u>
	(138)	(138)	(5,827)	(5,827)
Balance at 31st July	<u><u>(3,592)</u></u>	<u><u>(3,603)</u></u>	<u><u>(3,171)</u></u>	<u><u>(3,186)</u></u>
Balance Represented by :				
Income and Expenditure Reserve	2,824	2,813	2,787	2,772
Pension Reserve	<u>(6,416)</u>	<u>(6,416)</u>	<u>(5,958)</u>	<u>(5,958)</u>
Balance at 31st July	<u><u>(3,592)</u></u>	<u><u>(3,603)</u></u>	<u><u>(3,171)</u></u>	<u><u>(3,186)</u></u>

Notes to the Accounts

25. Financing Obligations

	Group and University			
	Loan	Lease	Total	Total
	2005-06	2005-06	2005-06	2004-05
	£000	£000	£000	£000
Financing Obligations fall due as follows:				
Between two and five years	200	1,365	1,565	1,319
Over five years	125	6,072	6,197	6,690
Total over one year (Note 19)	<u>325</u>	<u>7,437</u>	<u>7,762</u>	<u>8,009</u>
Within one year (Note 18)	50	195	245	200
	<u>375</u>	<u>7,632</u>	<u>8,007</u>	<u>8,209</u>
Payments for capital and interest due within one year*	78	932	1,010	1,013

*Rentals due on the Orlando Residences Lease are geared to 3 month LIBOR, the amount included here is based upon the assumption that this rate remains at that prevailing as at 31st July 2006.

26. Capital Commitments

	Group and University	
	2005-06	2004-05
	£000	£000
Committed contracts at 31st July	651	3,323
Authorised but not contracted at 31st July	<u>0</u>	<u>1,730</u>
	<u>651</u>	<u>5,053</u>

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

	2005-06	2004-05
	£000	Restated £000
Surplus/(Deficit) before tax	(1,169)	(3,089)
Depreciation (Note 13)	2,299	2,477
Deferred capital Grants Released to Income (Note 21)	(862)	(829)
Investment income (Note 5)	(190)	(198)
Interest Payable (Note 10)	829	831

28. Returns on Investments and Servicing of Finance

	2005-06	2004-05
	£000	£000
Income from Endowments (Note 22)	2	2
Income from Short Term Investments (Note 5)	165	217
Interest Paid (Note 10)	(58)	(36)
Leasing Finance Charge (Note 31)	<u>(771)</u>	<u>(795)</u>
	<u>(662)</u>	<u>(612)</u>

Notes to the Accounts

29. Capital Expenditure and Financial Investment

	2005-06 £000	2004-05 £000
Investments in Associated Company	4	(15)
Tangible Assets Acquired (other than leased equipment) (Note 13)	(2,975)	(2,509)
Endowment Asset Investments Acquired (Note 15)	(2)	(2)
Total Fixed and Endowment Asset Investments Acquired	<u>(2,973)</u>	<u>(2,526)</u>
Receipts from the sale of assets	0	1
Deferred Capital Grants Received (Note 21)	<u>1,687</u>	<u>1,971</u>
	<u>(1,286)</u>	<u>(554)</u>

30. Analysis of Changes in Consolidated Financing During the Year

**Mortgages
& Loans** **Finance
Leases**

31. Analysis of Changes in Net Debt

	At 1 August 2005 £000	Cash Flows £000	Other Changes £000	At 31 July 2006 £000
Cash at Bank and in hand	328	91	0	419
Short Term deposits	2,684	(419)	0	2,265
Debt due within one year	(200)	202	(247)	(245)
Debt due after one year	<u>(8,009)</u>	<u>771</u>	<u>(524)</u>	<u>(7,762)</u>
	<u>(5,197)</u>	<u>645</u>	<u>(771)</u>	<u>(5,323)</u>

32. Pension Schemes

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

Teachers' Pension Scheme (TPS)

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

The contributions payable by the University during the accounting period were equal to 9.1% of total pensionable salaries, amounting to £1,291,000 (£1,314,000 2004-05). This contribution rate has remained at 13.5% for the year of account. The pensions charge recorded by the University during the accounting period was equal to the contributions payable.

Notes to the Accounts

32. Pension Schemes (continued)

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

Analysis of Amounts Charged to Income and Expenditure Account

	2005-06	2004-05
	£000	£000
Current Service Cost net of Employees' Contributions	1,222	958
Past Service Cost	54	68
	<u>1,276</u>	<u>1,026</u>
Financing - Expected return on Scheme Assets	(1,443)	(1,298)
- Interest on Expected return on Scheme Liabilities	1,418	1,317
- Net Return	(25)	19
	<u>1,251</u>	<u>1,045</u>
Total Amounts Charged to Income and Expenditure Account	1,251	1,045

Notes to the Accounts

32. Pension Schemes (continued)

The total, the movement in the University

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

£000 £000 £000 £000

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

History of Experience Gains and Losses

	2005-06	2004-05	2003-04	2002-03	2001-02
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	1,130	2,520	579	18	(2,463)
Value of Assets	25,225	21,808	17,690	15,148	13,350
Percentage of Assets	4.5%	11.6%	3.3%	0.1%	(18.4%)
Experience Gains/(Losses) on Liabilities	(7)	(245)	2	(153)	894
Total Present Value of Liabilities	31,641	27,766	27,766	20,036	15,306
Percentage of the Total Present Value of Liabilities	(0.0%)	(0.9%)	0.0%	(0.8%)	5.8%
Actuarial Gains/Losses Recognised in STRGL	(138)	(1,285)	551	(2,864)	(145)
Total Present Value of Liabilities	31,641	27,766	27,766	20,036	15,306
Percentage of the Total Present Value of Liabilities	(0.4%)	(4.6%)	2.0%	(14.3%)	(0.9%)

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each

Notes to the Accounts

35. Payments relating to Academic Partnerships

	2005-06 £000	2004-05 £000
Receipts in respect of University Academic Partners	516	336
Disbursements made to University Academic Partners	<u>(516)</u>	<u>(336)</u>
	<u>0</u>	<u>0</u>

Where the University acts as paying agent in respect of contracts with other Higher Education Institutions transactions are to be excluded from the Income and Expenditure Account. The Income and Expenditure Account for 2004-05 has accordingly been restated : Research Grants and Contracts (Note 3) £301,000; Other Operating Income (Note 4) £35,000; and Other Operating Expenses (Note 9) £336,000.

36. Related Party Transactions

Due to the nature of the University is inevitable that transactions take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in accordance with the University financial regulations and normal procurement procedures.

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

The University companies which are eliminated on consolidation.

37. Board of Governors' Expenses

No member of the Board of Governors received any remuneration in their capacity as a member. However, sundry expenses incurred are reimbursed, these totalled £1,668 during 2005-06 (£2,389 in 2004-05).

38. Contingent Liability

There are no contingent liabilities.

