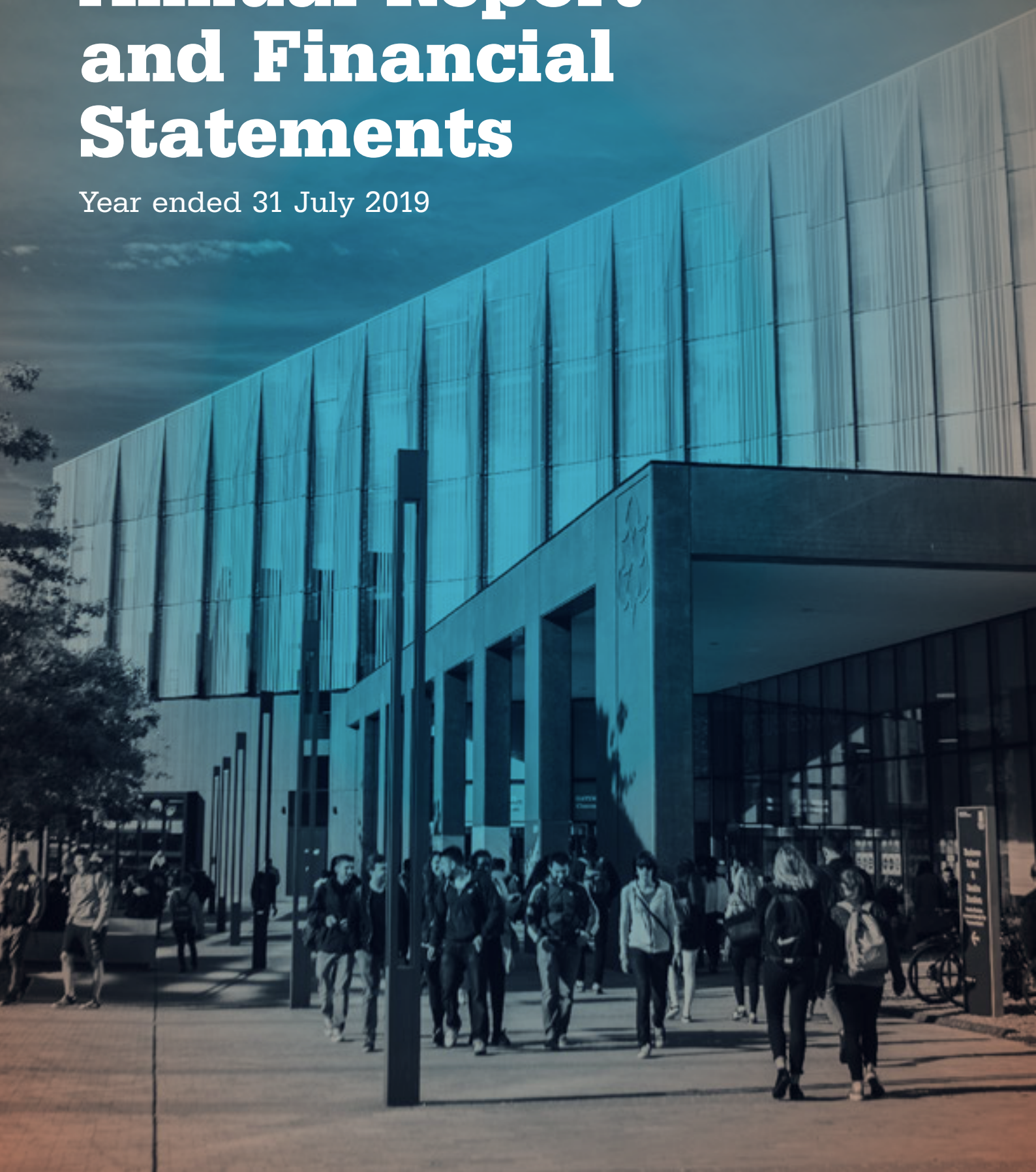


# Annual Report and Financial Statements

Year ended 31 July 2019



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The Board of Governors submits the University's annual report and audited consolidated financial statements for the year ended 31 July 2019.

The financial statements have been prepared to comply with the Statement of Recommended Practice for further and higher education institutions.

# At a glance

We continue to deliver real-world impact locally, nationally and internationally. Through education and research we enrich lives and benefit society. Our ambitions and desire to shape the world around us continue to grow.



**£451.2m**

Total reserves



**£26.3m**

Net cash **inflow** from operating activities



**£336.1m**

Total income

Ranked  
**56th**



Complete University Guide

Our **highest ever** ranking

**38,000**  
students



Over **3,000** **international** students from more than **120 countries**

We deliver



**1** in **10**

**UK's Degree Apprenticeships**

# Top 10

in UK

for volume of  
**Knowledge Transfer  
Partnerships**



**85%** of our  
research impact  
is rated **world-leading**  
and **internationally  
excellent**



REF 2014-21



One of the UK's  
**greenest  
university**

Ranked **2nd** in the  
**People and Planet  
University League 2019**



# 5,102

staff members



One of the UK's top

# 25 best employers

Stonewall Equality and  
Workplace Index 2019

Nearly 

# £400m

being invested on  
the campus

# Zero carbon



university by  
**2038**

# 300,000 alumni

from **144**  
countries



# 84.4%

students satisfied  
with university  
experience

# OVERVIEW OF PERFORMANCE



I am pleased that in this report we bring together information about our strategy, governance, performance and prospects in a way that reflects the educational, commercial, social and environmental context within which we operate.

At a time of continuing political and economic uncertainty in the UK, the University remains well placed to manage any unexpected events and to seize new opportunities.

We have strong leadership in our Vice-Chancellor, Professor Malcolm Press, and we are delivering positive outcomes through the strategies developed by our leadership team around education, internationalisation, research and knowledge exchange, and institutional sustainability.

Overall, our financial position remains strong.

At the end of the financial year we held cash and short-term investments of £164.3m, which, combined with very low borrowings, will allow us to continue investing across the University. In common with many other universities, we face increasing costs, particularly relating to the provision of pensions for our employees. But despite this, we are still able to report an underlying operating surplus of £5.7m together with cash generation of £26.3m for the year.

## “We are focussed on areas that are important elements in the national agenda, such as skills and industrial strategy.”

Our estates masterplan remains on track to provide the physical spaces to support our strategy. Meanwhile, our investment in information technology is transforming our virtual spaces. Highlights include enhancing our online learning environment for students, helping to make teaching more accessible.

We are also disinvesting where necessary to maintain focus on our strategy. In last year's report, I wrote about our plans to ensure a successful final year for our Cheshire campus. We delivered this, with high levels of student satisfaction, and have now withdrawn from the site.

Our strategy is clear. It aims to focus on the impact that we have on students' lives and the role that our research and knowledge exchange plays in driving innovation.

### Making an impact

Together, these have an impact on local communities, the regional economy, partners worldwide, and the environment. We are capable of creating great value, locally, nationally and globally.

We remain popular with students, attracting applications from across the country. Part of our appeal is the innovative approach we take to new ways to study – such as degree apprenticeships. Our first cohort of degree apprentices graduated this year and we are seeing increasing demand for these courses from employers who recognise the excellence of our provision.

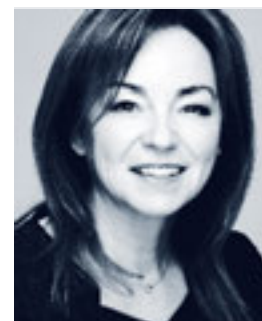
Another part of the attraction is our widening participation work and, in particular, our First Generation programme. This aims to support students who have no history of higher education in their family to attend university. The first cohort of students has now been joined at the University by the second cohort of 95 learners, each of whom has received a £1,000 bursary as a result of donations to the programme.

### A bright future

Our performance this year shows improvement in all areas of strategic focus. While there are still challenges to face, and ambitious targets to aim for, I am confident in our future. We continue to strengthen in key areas, with further professors appointed this year to enhance our research and teaching. We have also selected a new Provost and Deputy Vice-Chancellor, Professor Stephen Decent, who will add to the excellent leadership we enjoy.

In the wider context, it is clear that we are focussed on areas that are important elements in the national agenda, such as skills and industrial strategy. The government has signalled support for degree apprenticeships and the work that we do to promote access and social mobility. We also continue to be a valued partner regionally and our strong performance is underpinned by Manchester's growth and global reputation, to which we contribute significantly.

Our contributions and achievements are founded on the dedication and hard work of students and staff. I would like to thank all members of the University for their commitment to excellence. I would also like to thank my fellow Governors for their dedication to Manchester Metropolitan. The success of the past year, and that which we expect in the future, is a product of all our efforts.



**Vanda Murray OBE**

Pro-Chancellor and Chair of the Board of Governors

# VICE-CHANCELLOR'S FOREWORD



In what is my fourth introduction to our annual reports, I am delighted that we are seeing strong evidence that our core strategy is working as we continue to improve performance in key areas. We will continue to work for further advancements across the board, especially in areas that impact most directly on our students, our partners in business and the community, and our sustainability.

The improving metrics, which are highlighted in this Annual Report, are a result of hard work, combined with a clear focus and an unshakeable commitment to enhancing our performance.

Across education, research, internationalisation and institutional sustainability we are seeing our strategic work generating tangible results.

I am delighted to report that our Education strategy has helped us achieve our largest ever rise in the National Student Survey (NSS) rankings, up twenty-three places. This confirms that we are delivering education that our students value, and that our investment in improving student experience is making a difference. As the development of our student-centred curriculum continues, I am confident that we can do even better for all of our students, and that our NSS scores will reflect this.



“Across education, research, internationalisation and institutional sustainability we are seeing our strategic work generating tangible results.”

Our Good University Guide and Complete University Guide rankings also rose to their highest ever position. Improving league table positions enhance our ability to recruit high calibre staff and students. We continue to be a popular choice for many students, maintaining offer and acceptance rates even with a smaller pool of potential applicants, as the 18-year-old cohort has reduced in size.

### Sector leaders

We remain sector leaders with our highly rated degree apprenticeship programmes, which offer a different route, into and through university, for people who might not otherwise benefit from the opportunity. We admitted our 1000th degree apprentice this year. Our first cohort of graduates gained excellent results, delivering career advancement for many. The growing interest from employers demonstrates that they value our expertise in this area. The importance of this employer-led provision cannot be overstated and it must remain a strategic national priority.

We have also developed an innovative Third term programme, which gives students additional skills outside their core study, thus increasing their employability chances.

Through our Research and Knowledge Exchange strategy, we are securing more and bigger grants across all the faculties. This reflects our growing reputation for the quality and significance of our endeavours.

For example, the University's Institute of Place Management won an £8.6 million contract from the government to lead its High Streets Task Force and deliver support to local authorities and communities who want to transform their high streets.

### Tackling real-world problems

This programme is just one example of our focus on knowledge exchange, translating research into solutions to real-world problems and creating opportunities for both individuals and organisations as a result.

Another example of our impact is around green energy and tackling the significant environmental issues the world faces. I am proud that we remain one of the greenest universities in the UK, and are also at the forefront of research around the use of clean energy through our Hydrogen Fuel Cell Innovation Centre, and around the impact of aviation on climate change.

### A new base in China

Through our Internationalisation strategy, we are attracting more students, but we know that we can and must do more. The opening of our China office in Wuhan this year is a fantastic step towards achieving that goal. It will build on existing strong relationships with Hubei University, Wuhan Institute of Technology and Wuhan Textile University. As the only UK university with a major presence in what is one of China's largest city regions there are significant opportunities for recruitment and for further partnership working. Our recently strengthened International office is laying plans to develop our recruitment efforts in other parts of the world.

We recognise the greatest progress is achieved when our people are of the highest calibre and are placed at the heart of our endeavours.

This is why we have strengthened our academic capabilities through the appointment of 19 new professors, who will bring additional insight, fresh thinking and robust leadership to both our research and teaching. Our ability to make high-quality appointments is an indicator that we have a compelling, attractive and ambitious vision for the future.


It is also a sign that we are becoming an employer of choice thanks to our policies and processes that have led to recognition by the Top Employers Institute and also Stonewall, in terms of our employment of LGBT staff.

These achievements are all supported by continuing investment in our buildings and facilities. The refurbished building at 6 Great Marlborough Street was opened as a new home to 900 Professional Services staff, while the new Arts and Humanities building, also housing the Manchester Poetry Library, is on schedule to welcome its first student intake in September 2020.

We have also started work on the School of Digital Arts, which will support the urgent and growing demand for skilled workers in the region's creative and digital industries, and we have begun construction of the second phase of the Birley residential development, a further 491 student rooms from 2021.

We have also developed our plans for the Institute of Sport, placing it at the heart of our campus. Co-location with the rest of our departments means that students and staff will be able to benefit from synergies with expertise in health, biomedical science, business, policy and the culture of sport.

I would like to take this opportunity to express my gratitude to all my colleagues, who are working together across the University to deliver all this success. My thanks also go to our students, present and past, and to our partners. I am confident that we can build on the achievements of the current year in the years ahead.



**Professor Malcolm Press**

Vice-Chancellor

# A year of achievement



Animation  
models by  
**Ray Harryhausen** and  
**Mackinnon & Saunders**  
saved for future  
generations

We have celebrated many accomplishments over the past year as the University has advanced its strategic agenda and enhanced its reputation.

We unveiled new centres of excellence that will work with industry partners to meet the skills challenges of tomorrow. There was renewed recognition for our diversity, links with industry and inspiring teaching. Student success continued to grow in the lecture theatre, in the laboratory, in the design studio and on the sports pitch. The University's impactful research and knowledge exchange continued to make a difference regionally, nationally and globally.

Here we look back at some of the highlights from the past year.

### Launching new centres

- The £6m Greater Manchester Cyber Foundry, a consortium of universities led by our academics, was launched to provide cutting-edge cyber security expertise and support to companies in the city-region.
- Our pioneering creative tech centre was unveiled as the School of Digital Arts (SODA). Supported by award-winning director Danny Boyle, SODA is a £35m investment to inspire and support the next generation of creative digital storytelling.
- The Manchester Fuel Cell Innovation Centre, a new University initiative that provides green expertise and support to help companies develop sustainable energy through hydrogen fuel cells, was officially opened by our Chancellor Lord Mandelson.

### Pioneering apprenticeships

- The University's pioneering degree apprenticeship programmes are now training more than 1,100 people from over 250 employers.
- The first cohort of apprentices – representing 14 employers from a range of business sectors, including Thales UK, Bentley Motors and Barclays – were awarded their degrees at The Bridgewater Hall in July.

### A business incubator

- The University's business incubator, Innospace, was recognised as a start-up hotspot in analysis from Deloitte. It was responsible for over half the jobs created by university-based incubators in Greater Manchester, Liverpool and Lancaster.

### National recognition

- The Universities Minister visited our campus – Chris Skidmore MP learned how we are adding value to business, the economy and society.
- We were again named as one of the UK's most inclusive employers for lesbian, gay, bi and trans staff. The University ranked 22nd in the Stonewall Top 100 Employers and for the first time we were awarded Top Trans Inclusive Employer status.
- An escape room-style challenge known as 'Oubliette' – designed by the Faculty of Education to teach maths to children in a fun and exciting way – won the Guardian University Award for Teaching Excellence.
- We were named as one of the UK's greenest universities, ranked second in the *People and Planet University League table 2019*.

### Research with purpose

- *The Clockwork Condition*, a long-lost sequel to *A Clockwork Orange*, was discovered in the Anthony Burgess archive by University Professor Andrew Biswell, making headlines around the world.
- It was announced that England's high streets will be revitalised with help from a new government Task Force, which awarded £8.6m to a consortium led by our Institute of Place Management to tackle high street decline.
- We worked with major animation companies on the Re-Animate Project in which rarely seen stop-motion animation models were 3D scanned and digitally brought back to life to preserve them for future generations. Characters such as the Kraken from the 1981 movie *Clash of the Titans* were 3D scanned to create exact digital copies. The first computer versions were unveiled at Comic-Con International in San Diego, USA.



Manchester Fuel Cell Innovation Centre

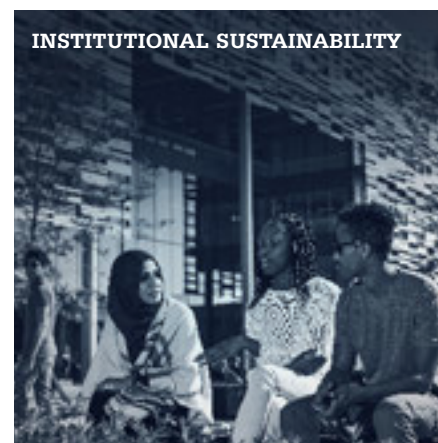
# Strategic impact

We are a great, modern university, in a great global city. We have a driving ambition to discover and disseminate knowledge, to make higher education accessible and beneficial to all those with the passion and ability to succeed.

Our mission is supported by five strategic pillars – place, ambition, partnership, community and sustainability – and a strategic framework which is focussed on ensuring we empower and enrich the world of knowledge and the lives of those we work with and teach. We will do all we can to help students and everyone at the University realise their personal and professional aspirations and ambitions.

### Our priorities are

- **Education** – Students are at the heart of our University. Every contact counts. We all make a difference. Through our Education Strategy we have a forward-looking, dynamic approach to teaching, learning and the holistic student experience (including facilities, course delivery, content, support and environment).
- **Research and Knowledge Exchange** – Our Research and Knowledge Exchange Strategy ensures that we have a drive for excellence and impact that underpins everything we do. Our focus on University Centres for Research and Knowledge Exchange is helping us to ensure that research is at the heart of the University's mission. We are attracting talented researchers and providing them with outstanding support and a stimulating research environment. Our discoveries and innovations are helping to shape the economy and society of the 21st century.
- **Internationalisation** – We have a global ambition, and focus on building purposeful collaborations that benefit our students, research and the city region. Staff and students from across the world find a warm welcome and a vibrant intellectual environment at our University. They enrich our community, widen our horizons, and give flight to our ambitions.
- **Institutional Sustainability** – We are resilient, with work ongoing to change the size and shape of the student body, support income diversification, capital investment, employee engagement, and environmental sustainability in order to ensure longer-term institutional sustainability.



# STRATEGIC PERFORMANCE FRAMEWORK

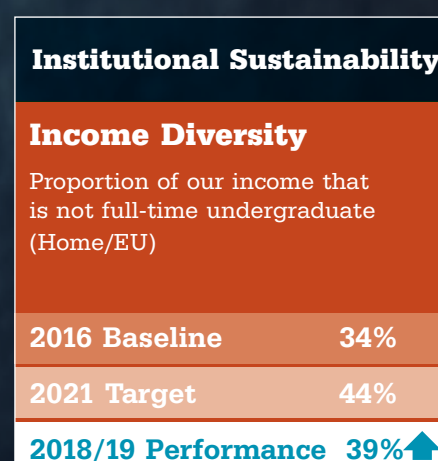
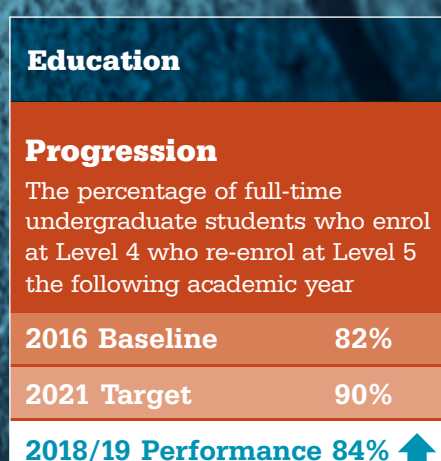
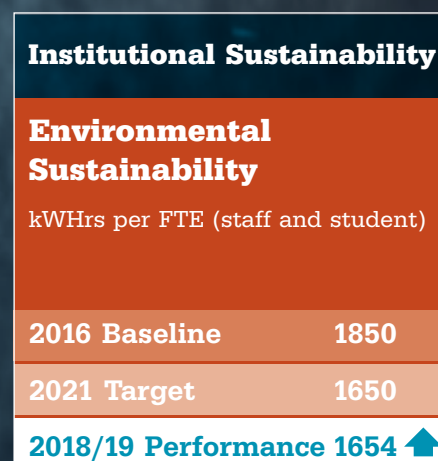
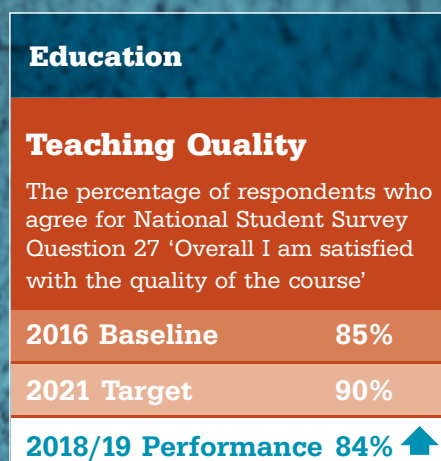
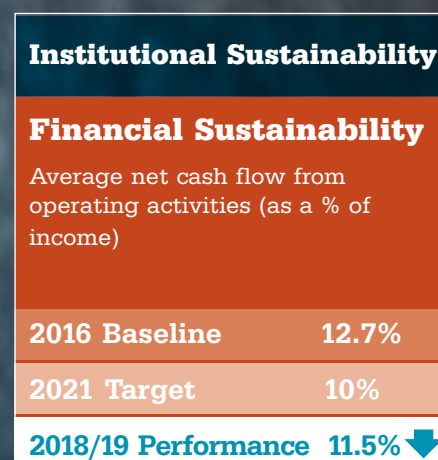
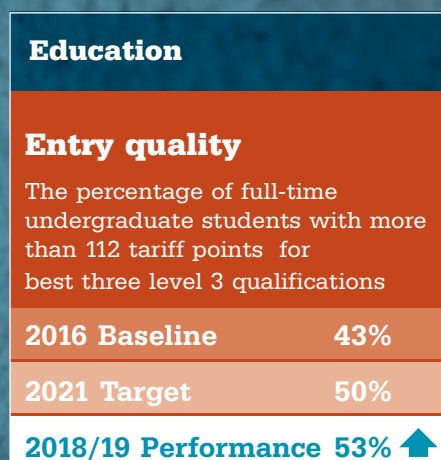
## KEY PERFORMANCE TARGETS

The Board of Governors agreed a set of institutional KPIs and targets to help monitor the University's performance against its strategic objectives. It set a five-year plan until 2021 and clear targets were agreed.

The University is making progress against its metrics and in some areas has already met several of its 2021 targets. Research performance is developing strongly and the University's education metrics are also moving in the right direction, although progress in this area is taking longer.

The University continues to grow its international student numbers and diversify its income streams.

The fundamentals of the University remain strong. The University is financially robust, it has a TEF Silver Award, is able to attract good quality students and staff in a competitive marketplace and has a strong regional reputation.



NOTE: There is also an additional Key Performance Target on Graduate Outcomes but there is no data to report for 2018/19. Our target for the percentage of graduates in professional jobs or further study was 80%, but this will need to be reviewed in the light of performance in the new Graduate Outcomes Survey, expected April 2020.

# A Student focus

84.4% 

of students said they were **satisfied** with their **overall experience** at Manchester Met



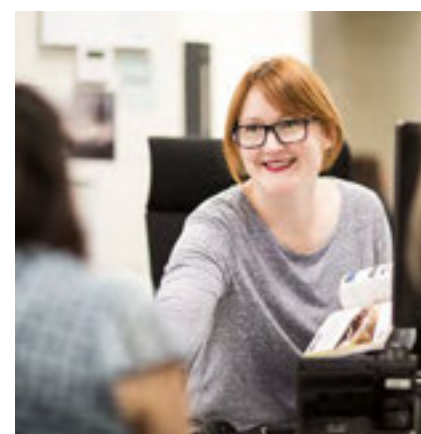
Our Education Strategy aims to deliver an outstanding education provision and a transformative student experience. The last year has seen proactive work begin to deliver real impact.

Performance against the key Education metrics has generally been positive during 2018/19. We continue to meet our entry quality target, have improved our progression rate again and have significantly improved our performance in the National Student Survey.

The biggest positive came through the National Student Survey (NSS) which saw the University's overall satisfaction score rise by almost 3% to 84.4% (from 81.5% in 2018). This also placed the University ahead of the sector average of 83.5% and moves us towards our overall target of 90%.

Student satisfaction increased in eight out of the nine question categories from the previous year, with the largest increase in score being Student Voice, which climbed by 6.6 percentage points to 76.7%.

Learning Resources was the only area to fall in satisfaction (by 0.5 percentage points to 86.8%) but still remains the strongest performing area for the University overall.





An escape room-style challenge to **help children** overcome a fear of maths won the **Guardian University Award for Teaching Excellence**



A pilot of the **Third-term programme** prompted **overwhelming interest** from the student population

### Flexible study

There was further success in the development of the Student Centred Curriculum (SCC).

The SCC includes an Enhanced Third-term Activity Programme, designed to support our students' success through a new framework of flexible and responsive study, enabling them to undertake extra units in the third term to gain additional credits towards their degree.

Activities include options for placements, overseas study, volunteering and a range of other skills and experiences, such as confidence-building. A particular emphasis is placed on activities that support development of some of the key ingredients to improve graduate employability.

A pilot of the Third-term programme ran in June 2019 targeting a small number of courses. It prompted overwhelming interest from the student population. An initial target of attracting 300 students was reached quickly, leading to the pilot being expanded to accommodate 577 students.

### Widening Participation

We were recognised as one of the leading universities for the inclusivity of disadvantaged students currently under-represented in higher education.

According to Higher Education Statistics Agency (HESA) data, in 2017/18, more than 1,000 full-time undergraduate students at the University (15.8%) came from the 20% lowest participation postcodes against a benchmark of 13.2%. The University has the second highest number of students from the lowest participation postcodes in the country.

HESA data also found that 6,000 home undergraduate students under 21 years old came from state schools (97.2%) in 2017/18 against a benchmark of 94.1%. This is also the second highest in the country and an increase from 96.9% in 2016/17. In addition, 16.3% of the University's UK-based mature full-time undergraduate entrants had no experience of higher education and came from low participation areas.

In addition, our First Generation programme has continued to expand the opportunities for university study to young people from Greater Manchester.

In September 2018, 61 students, each part of the first generation in their family to pursue a university degree, enrolled at the University. This unique programme, supporting young local talent to achieve their potential, is generously supported by our donors through the provision of transformational scholarships.

### Teaching innovation

There was award success, thanks to an innovative escape room-style challenge to help children overcome their fear of maths.

Oubliette, which saw teams work together to complete a series of brain-teasing tasks, won the prestigious Guardian University Award 2019 for Teaching Excellence.

Inspired by the TV series *Crystal Maze*, it was developed by students and led by Dr Mark Peace. Its external impact was impressive too: more than 1,500 young people from across the North West visited Oubliette – the French word for dungeon – during its six-week run in summer 2018.

The project picked up the award for helping the students, who came from a variety of subject areas in the University, to develop their confidence, work together and for their use of research to inspire them to develop the escape rooms.

### Degree apprenticeships

We celebrated two important degree apprenticeships milestones in welcoming our 1,000th degree apprentice and celebrating the graduation of our pioneering 2015 cohort.

We now have more than 1,100 apprentices in partnerships with over 250 employers.

Representing 14 employers from a range of business sectors – including Thales UK, Bentley Motors and Barclays – 48 graduates from Manchester Metropolitan were awarded their degrees at The Bridgewater Hall in July.

For employers, the degree apprenticeship programmes have driven the development of specialist workplace skills and behaviours demanded by the UK's business community.



We now have  
more than **1,100**  
**apprentices** with over  
**250 employers**



# Research with impact

**£8.6m** government contract awarded to lead the **High Streets Task Force**



# “The influence of our researchers on the wider academic landscape is growing”

Our University Centres for Research and Knowledge Exchange work in close partnership with businesses, communities and policy-makers to deliver a real impact on the world.

Our researchers' work is enriching and changing lives, shaping policy, protecting our environment and helping to build a fairer society and stronger economy.

Significant progress continues to be made in the implementation of the Research and Knowledge Exchange (RKE) Strategy. We are achieving impressive growth in the volume and quality of publications and have delivered a large increase in the value of external awards. Research Excellence Framework preparations are continuing at pace and we are well placed to deliver an improved performance in 2021.

It has been an outstanding year for new awards, with our researchers securing more than £23m from external funders. This is an 85% increase on what was achieved in the previous year and presents clear evidence that the RKE Strategy is delivering strong results.

Recent examples include:

- The Institute of Place Management led by Professor Cathy Parker (Business and Law) has been awarded an £8.6m contract by the government to lead its High Streets Task Force and deliver support to local authorities and communities who want to transform their high streets.

- The Medical Research Council has awarded £676,773 to researchers Professor Ian Loram and Professor Paul Holmes (Musculoskeletal Science and Sports Medicine) to carry out research that will help thousands of children worldwide, suffering from neuromotor disabilities such as cerebral palsy or spinal muscular atrophy.
- Dr Rob Drummond and Dr Erin Carrie's Manchester Voices Project is an outstanding example of public engagement with research. Alongside colleagues from the Creative Writing, English Language and Linguistics Research Centre they recently landed a £551,536 grant from the Arts and Humanities Research Council that will ultimately lead to a permanent digital archive of Greater Manchester Voices, located in our new Poetry Library, and accessible to everyone.

It's not just the funding for research that has increased; the influence of our researchers on the wider academic landscape is growing and we now publish larger volumes of higher quality research.

Last year we published over 1100 research outputs; this is a 43% increase on what we were producing three years ago. 40% of our outputs are with international partners and 25% of last year's outputs are in the top journals for their field.


Our research output is characterised by its richness and diversity. For example, researchers continue to produce an increased volume of high-quality books and monographs in areas such as history, poetry and creative writing and our artists produce award-winning exhibitions, performances and films.

We continue to play a major role in helping businesses to harness new opportunities aligned to the priorities of the Industrial Strategy. Initiatives such as the Cyber Foundry, PrintCity and the Hydrogen Fuel Cell Innovation Centre are all helping to shape the future research and skills agendas.

Our Knowledge Transfer Partnership (KTP) portfolio helps us to make a significant impact on the local economy. KTPs are considered to be the “gold standard” for knowledge exchange activities because they bring researchers, graduates and businesses together to work on innovation challenges that very often have a major impact on the business partner. We are amongst the top 10 universities in the UK for KTPs and have 30 live projects which are delivering significant impacts for the regional economy.

Recent success includes:

- A KTP in youth justice led by Professor Hannah Smithson was shortlisted for Knowledge Exchange Initiative of the Year in the *Times Higher Education Awards*. The Greater Manchester Youth Justice University Partnership has led to a completely new model of youth justice provision that has been co-created with young people.
- A KTP led by Professor James Selfe with the manufacturers of Swellaway – a device that can cool, heat and compress muscles to treat common sports injuries. The innovative piece of kit allows healthcare professionals to treat injuries through controlled compression, combined with cooling and heating in a fully portable device.

**£23m**   
from external funders  
**85% increase**

# A global community



Established an office in  
**China** and an Alumni  
Chapter in **Hong Kong**

## In the 2018/19 academic year we have made progress towards a number of our international ambitions.

The Internationalisation Strategy identified four strands of activity and includes a range of metrics for monitoring progress. Recruitment of full-time international students taught on campus is, however, the key deliverable, as reflected in the institutional Key Performance Target. As well as helping to develop the international dimension of the University's activities, it is an important element of our strategy to change the size and shape of its student profile and diversify income streams.

A strategic project called Global 2020 was focussed on addressing the barriers to growth in international student recruitment. It addressed two key issues; our global profile and the alignment of programmes with market demand from international students.

Progress was made with the establishment of a new office in Wuhan, China. This initiative is part of a long-term plan to build the University's reputation and profile in the country and promote study opportunities in Manchester. Colleagues in China will support the improvement of partnerships with pathway providers and strengthen relationships with agents. The office will also deliver customisation of marketing and brand profile, including better social media presence.

We continue to enhance our students' experience by increasing the number of opportunities offered to them for an international experience. In 2018/19, more than 1,400 students were given opportunities to study, work and volunteer in another country.

Academic partnerships create possibilities for staff and student exchange and for research collaboration. They also provide opportunities for diversifying income by allowing the University to source on and off-campus international students.

In 2018/19 we progressed two, high-quality partnerships with La Trobe University in Melbourne, Australia and Hubei University in Wuhan, China.

The La Trobe partnership was developed through our association with City Football Group and involves opportunities for joint research projects and student and staff exchange.

The partnership with Hubei University was developed alongside Manchester's sister city relationship with Wuhan. We have a long-standing research collaboration between our Advanced Materials Research Centre and Hubei's Engineering department.

Growing our numbers of international students further remains a strategic priority. There is still some way to go to reach the ambitious targets we have set ourselves, but we are confident we have the strategy and energy to deliver.



## In the 2018/19 academic year we have made progress towards a number of our ambitions



Rise in income from on-campus recruitment by over

**£3m**

Increase in students enrolled on programmes delivered overseas by

**25%**



Progressed two multi-faceted **strategic international partnerships**



Increase in **international students** receiving a **good** honours degree



**More than 1,400 students** given international study, work and volunteering opportunities

# Institutional sustainability

The external financial environment for higher education remains challenging. Therefore, it has never been as important to ensure we have the right strategy to diversify income and ensure institutional sustainability.

Work is ongoing in a number of specific strategic areas – employee engagement, capital investment on estates and technology, environmental sustainability – that are helping to change the size and shape of the student body and support income diversification.

You can find out more about this work in the following sections.



## Putting people first

Delivery of the University's strategy depends on great people doing great things. As a result, we have continued to put our people, and their development and engagement, at the heart of what we do.

We have been working strategically in a number of areas to enable our people to work collectively on the challenges that our sector is facing and make sure that through engaged, supported and valued people we can deliver our ambitions for improved student experience and impactful research.

### Engagement

We are renewing the way that we engage with colleagues, providing opportunities for our people to co-create policies, practices and services. These include the Big HR conversations, the Professional Services Conference, and our policy stakeholder group. In addition, we are rolling out new service platforms in more areas. All these initiatives aim to make our staff's connection with the University easier. We became the first HR and Organisational Development department in the sector to deploy robotics to support faster service delivery and free up time to offer a human service.



### Performance

We are working to support people to know how they can individually and collectively help the University in meeting its ambitions, and how that contribution might be recognised and rewarded. This year we have established academic career pathways that make transparent how our people contribute to the academic mission for mutual advantage.

We support academic colleagues on their career journeys through the University Teaching Academy (UTA). At the heart of the UTA mission is a belief that engaging teaching and learning will have a positive influence on student engagement, retention, progression, success and employability.

Our Professional Services are collectively responsible for the smooth-running of the University, ensuring that our teaching and research endeavours are supported. Professional Services have established values and behaviours that describe what is important to such a diverse group and how they contribute to the greater good of the University.

### Reward

Our focus has been on making more visible to colleagues the range of reward mechanisms and benefits already in place, in addition to extending the ability to reward performance to more people. We have talked with colleagues about the benefits that they value, and what they look for in a compelling reward offer that will attract and retain the best talent to sustain the University and deliver its ambitions.



### Wellbeing

We provide an environment that helps people to thrive and look after their health. We are always looking for ways in which we might develop this offer to be more relevant for colleagues and support organisational performance. This year we have focussed on mental health and wellbeing with the introduction of Lifeworks, the wellbeing community and active listener network.

### Recognition

We are proud of the reputation we have established as an inclusive, employer of choice.

We have again been named a Top Employer, recognising excellence in the conditions that employers create for their people. The award is from The Top Employers Institute, and is the result of an assessment of topics such as talent strategy, learning and development, and career and succession management. We have also once again been named as one of the UK's most inclusive employers for lesbian, gay, bi and trans staff. The University is ranked 22nd in the Stonewall Top 100 Employers list and for the first time we have been awarded Top Trans Inclusive Employer status. It is the third consecutive year that the University has featured in the Top 100 and is third among universities.

We are also one of only four higher education institutions to have achieved Level 3 Disability Confident Leader status. Disability Confident is a scheme that is designed to help organisations recruit and retain disabled people and people with long-term health conditions, for their skills and talent.



# Building for the future

We have a bold vision to continue the transformation of our world-class campus in the heart of the city. The Estate Masterplan Investment Programme sets out a framework through which new buildings will be developed, existing facilities refurbished and the new pedestrian-friendly public realm created.

The Estate Strategy 2017-27 aligns a range of themes and principles including quality, effectiveness and efficiency, with our University and academic strategies, particularly aligning with the core thematic areas of education, research and internationalisation. Some of the key developments have already been delivered while others are currently progressing:

## 6 Great Marlborough Street

Opened in October 2018, the extensive refurbishment of the heritage Victorian mill is now home to Professional Service teams from across the University providing a cutting-edge space to work and interact.

## Ormond building

The refurbishment of the Grade II-listed building, sitting at the heart of the All Saints site, will be completed in summer 2020.

## Arts and Humanities building

Construction of the new Arts and Humanities building is underway, ready to be opened in September 2020. The new building will provide a new home for inspirational teaching and research, sitting in a prominent position on Oxford Road. It includes the Manchester Poetry Library, only the fourth public poetry library in the UK and the first in the north west of England.

## School of Digital Arts (SODA)

Another new building will provide a technology-rich hub on the All Saints site at the heart of the University's cultural quarter. SODA, which is part-funded by Greater Manchester Combined Authority, is designed to help the next generation of students who will help drive the digital and cultural sectors. Construction work will begin in autumn 2019 with the building due to open in September 2021.

## Manchester Metropolitan Institute of Sport

A new centre of excellence planned to open in 2021, the Institute will build on the city's reputation as a world-leader in sport, combining the University's research and teaching quality in sport and exercise. Our existing building at 99 Oxford Road will be fully refurbished to become an integral part of the Institute and the new home to the Department of Sport and Exercise Science.

## Birley Residences Phase 2

Opening in September 2021, the new halls of residences will provide high-quality student accommodation a short walk from the campus.

## Science and Engineering

Development of the Science and Engineering facilities will include the construction of a new building, the refurbishment of the existing buildings and demolition of John Dalton East.

## Public Realm

A phased development from 2020 to 2024, the new public realm will create a pedestrian-friendly campus and improve building connectivity with the city and increase the University's visibility on the Oxford Road Corridor.



## A digital vision

In an increasingly digital world, with new technologies emerging constantly, we need to ensure that our digital infrastructure is at the top of its game.

To modernise our digital infrastructure, we are investing in our Information Systems capabilities. Aligning with our overarching strategy, this programme of work focuses on usability, mobility and integration.

We are transforming our capabilities to allow the University to engage with staff and students in ways that are efficient, reliable and engaging, aiming to provide a seamless experience regardless of device or physical location.

### Student Journey Transformation Programme (SJTP)

One of the core elements of the investment roadmap is the Student Journey Transformation Programme (SJTP). SJTP is a large-scale strategic project in its own right, with a core digital transformation element on which Information Systems and Digital Services are working closely with the programme team.

Work has continued to implement changes through SJTP, including new systems for confirmation and clearing.

Another key development is the refurbishment of our Student Hubs, which now have self-service technology – making it even easier for our students to access our services and information in a couple of clicks.

### Web Presence Project

The Web Presence project will deliver a new enhanced website and Content Management System. Our website is fundamental to our success. It is often the first opportunity to showcase our strengths to future students, industry partners and key stakeholders.

Delivering a future-proof and best-in-class website will enable us to make the



best impression from the outset. The benefits of the project include significant improvements to student recruitment and research promotion.

### Smart Campus

The Smart Campus project embraces innovative technology to create an enriching and rewarding experience for staff and students as they navigate the physical and virtual campus.

This experience will differentiate us from other universities as we seek to attract the best and brightest students and staff from around the world.

One of our key Smart Campus activities is Lecture Capture, which records lecture content including audio and projector output. It is simple for staff and students to use and accessed via Moodle, our virtual learning environment.

Another key activity is the Windows 10 upgrade, which is ensuring that staff and students have access to the latest operating system; and the SharePoint migration project which will deliver a modern, user-friendly, cloud-based SharePoint environment with an improved user experience to support effective team working and collaboration at the University.

### Information Security

Our Information Governance team ran a 'Protect our Information' campaign to raise awareness of how staff can protect and manage our valuable and sensitive information.

### Electronic Management of Assessment (EMA)

The EMA project will streamline and enrich the delivery of assessments by enhancing Moodle. It has already delivered improvements which have reduced the administrative burden on academic staff and added new features into Moodle. These include the Coursework tool and My Assessments overview as well as messaging and notifications features which are a direct response to student feedback.

**Self-service technology** introduced in our **refurbished Student Hubs**



# Protecting the future

We are proud to be one of the greenest universities in the UK – with a strategy that reflects our reputation as a leading, award-winning university for sustainability. Ranked in second place in the *People and Planet University League 2019*, which assesses UK universities for their environmental and ethical performance, we are the only university to have been ranked in a top three position over the last seven consecutive years.

## Carbon Reduction

We recognise the important role we have to play in limiting the impacts of climate change. In 2018 we made a public commitment to be a Zero Carbon University by 2038. This helps support the City of Manchester's ambitious 20-year target to be a Zero Carbon City.

We are well on track to achieve our 2020-21 carbon reduction target of -50%; and have reduced carbon emissions by 48.2% to date (2018-19). In order to realise Zero Carbon by 2038, we will develop and implement a zero carbon plan to take us there.

**60%**  
of our **vehicle fleet**  
is now **low emission or electric**

## Carbon Literacy

Carbon Literacy is about the acquisition of the knowledge and capacity required to create a positive shift in how people live, work and behave in response to climate change.

We were the first university in the world to deliver Carbon Literacy to our students, and have developed an innovative and unique peer-to-peer training model, while also supporting other universities to embed and deliver Carbon Literacy to their students.

We continue to demonstrate leadership, expertise and advocacy in Carbon Literacy education – we became a Carbon Literate Organisation (bronze award) in 2019, more of our students are Carbon Literate, and we have delivered Carbon Literacy to a range of external agencies and communities through our dedicated Carbon Literacy team. To date nearly 1,000 of our students are certified as Carbon Literate, and 32 students are certified to train Carbon Literacy across the University, and externally to communities and business. We have been recognised for our Carbon Literacy for Students (CLAS) training model and are shortlisted as a national EAUC Green Gown Awards 2019 finalist.

We have continued to embed a range of sustainable development related learning opportunities, with 74.5% of returning students telling us that they are gaining skills and knowledge to help them understand key global sustainability issues.

## Reuse, recycling and going plastic free

We have continued to improve our reuse and recycling right across the University. 54.9% (2018-19) of the waste we produce is either reused or recycled against a target of 60% by 2020-21.

At present all of our plastic bottle waste is recycled into products such as shampoo bottles, traffic cones and outdoor furniture.

In 2018, the University, along with other Greater Manchester higher and further education providers and the Manchester University NHS Foundation trust, pledged to work together towards a shared vision of eradicating avoidable single-use plastics from catering, labs and stationery. We are working collaboratively and implementing a number of actions to reduce and eradicate avoidable single-use plastics by 2022.

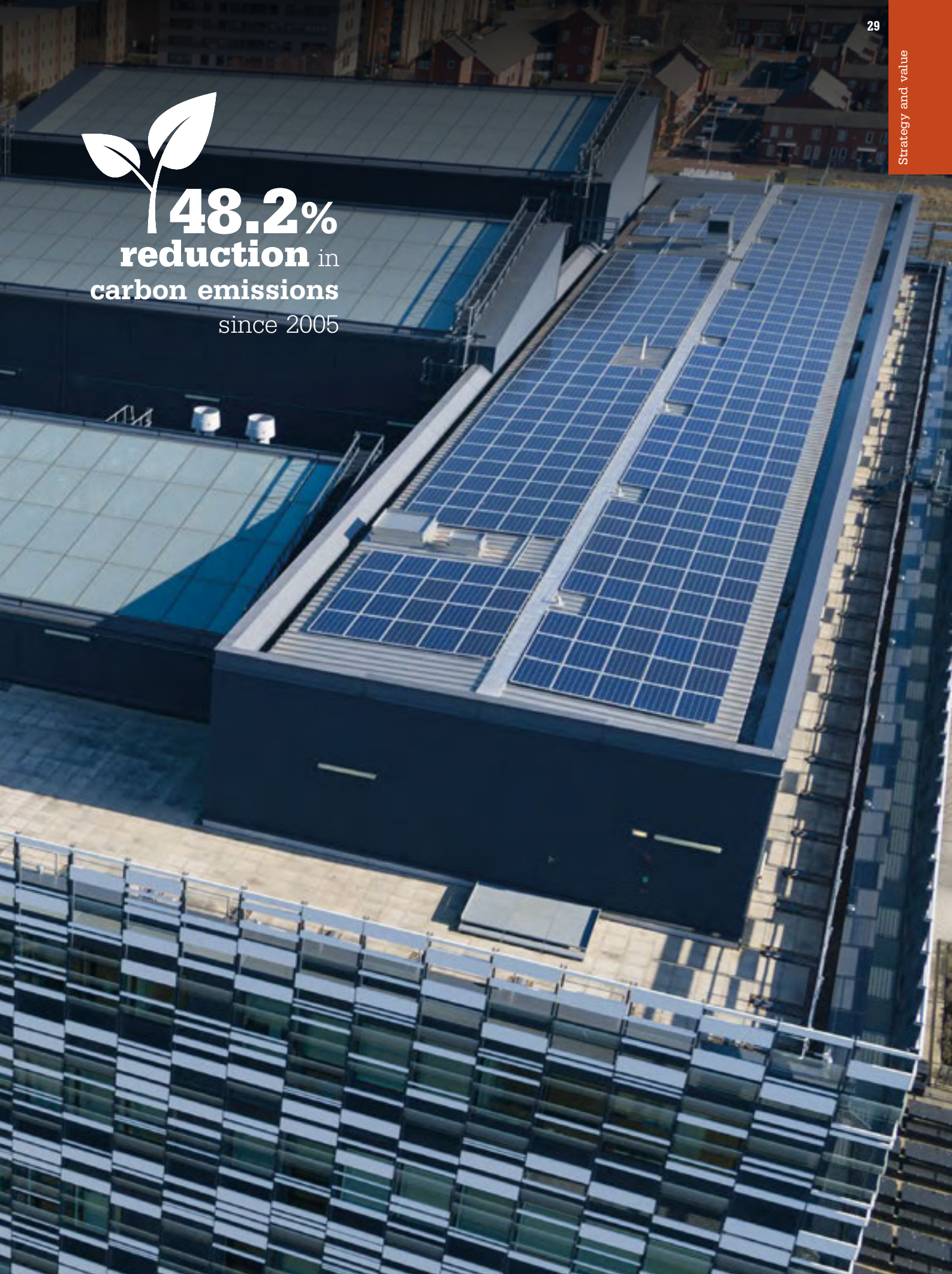
## Sustainable and Active Travel

We continued to invest in facilities and initiatives to support active and sustainable modes of travel, and travelling by public transport. We have increased the proportion of Low Emissions Vehicles (LEVs) in the University vehicle fleet – 60% of the vehicle fleet is now low emission or electric. We have also exceeded our target of less than 20% by 2020-21 of Manchester-based Single Occupancy Vehicle journeys direct to campus – 19.4% of staff travel in this way.





**48.2%**  
**reduction** in  
**carbon emissions**  
since 2005



# FINANCIAL STATEMENTS

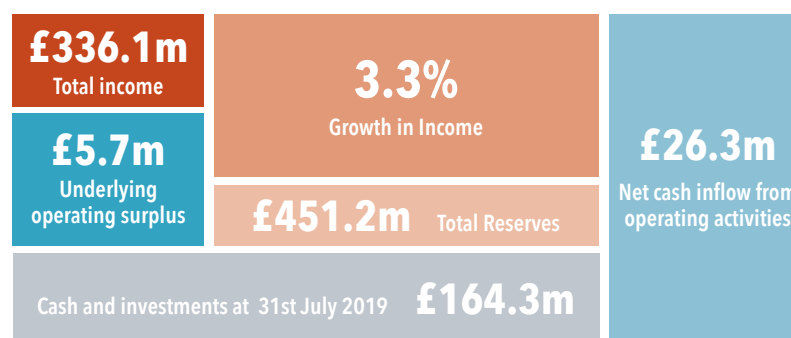
## 2018-19

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The University continues to deliver strong financial performance with an underlying operating surplus of £5.7m.

Cash balances have decreased by £22.2m over the year (to stand at £164.3m), with the strategic investments in the Estate, IT infrastructure and other facilities funded through internally generated cash reserves.

With total net assets of £451.2m and borrowings of £27.8m, the financial position of the University remains robust.



## FINANCIAL PERFORMANCE AND SUSTAINABILITY

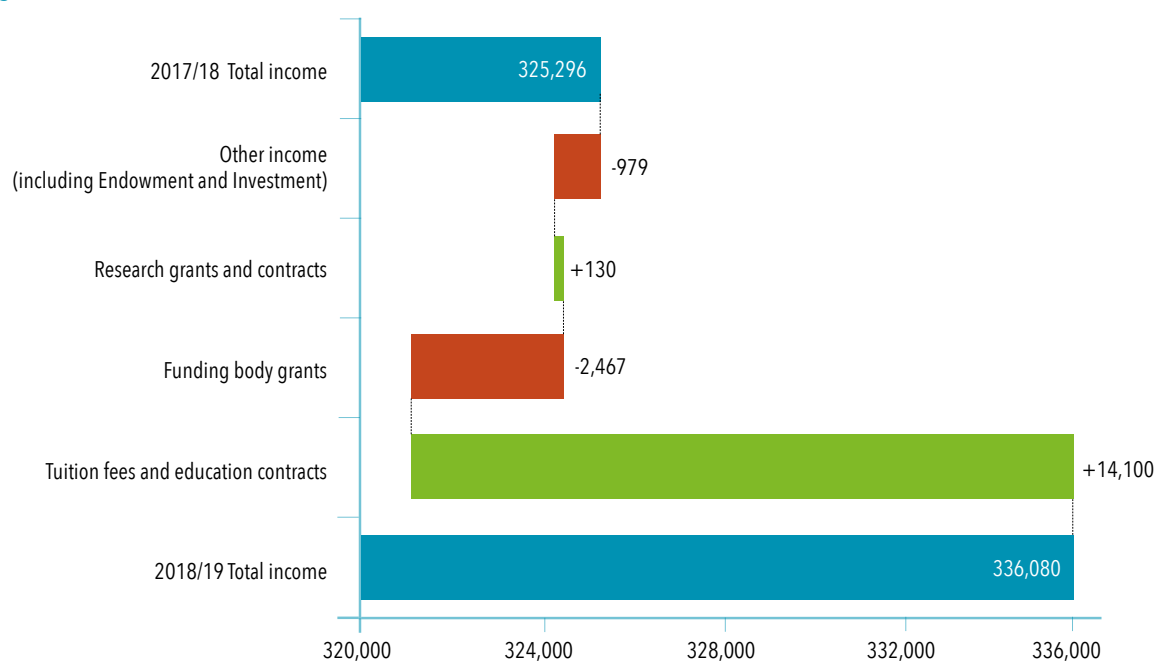
<b>Income and Expenditure</b>	2018/19 £'000	2017/18 £'000	Movement £'000
Income	336,080	325,296	10,784
Expenditure	(330,396)	(304,147)	(26,249)
<b>Underlying operating surplus</b>	<b>5,684</b>	<b>21,149</b>	<b>(15,465)</b>
Fundamental restructuring	(7,870)	(17,207)	9,337
Gain on disposal of fixed assets	292	2,125	(1,833)
Share of operating (deficit) / surplus in joint venture and associate	(22)	42	(64)
<b>Surplus before tax</b>	<b>(1,916)</b>	<b>6,109</b>	<b>(8,025)</b>
Taxation	-	(85)	85
Actuarial (loss) / gain in respect of pension schemes	(38,728)	39,766	(78,494)
<b>Total comprehensive income for the year</b>	<b>(40,644)</b>	<b>45,790</b>	<b>(86,434)</b>

<b>Balance Sheet</b>	2018/19 £'000	2017/18 £'000	Movement £'000
Fixed assets	468,744	447,359	21,385
Trade and other receivables	24,078	25,496	(1,418)
Cash and short term investments	164,278	186,510	(22,232)
Creditors less than one year	(53,241)	(55,857)	2,616
Net current assets	135,232	156,335	(21,103)
Borrowings	(27,809)	(30,632)	2,823
Pension provisions	(139,243)	(82,467)	(56,776)
Total reserves	451,183	491,827	(40,644)

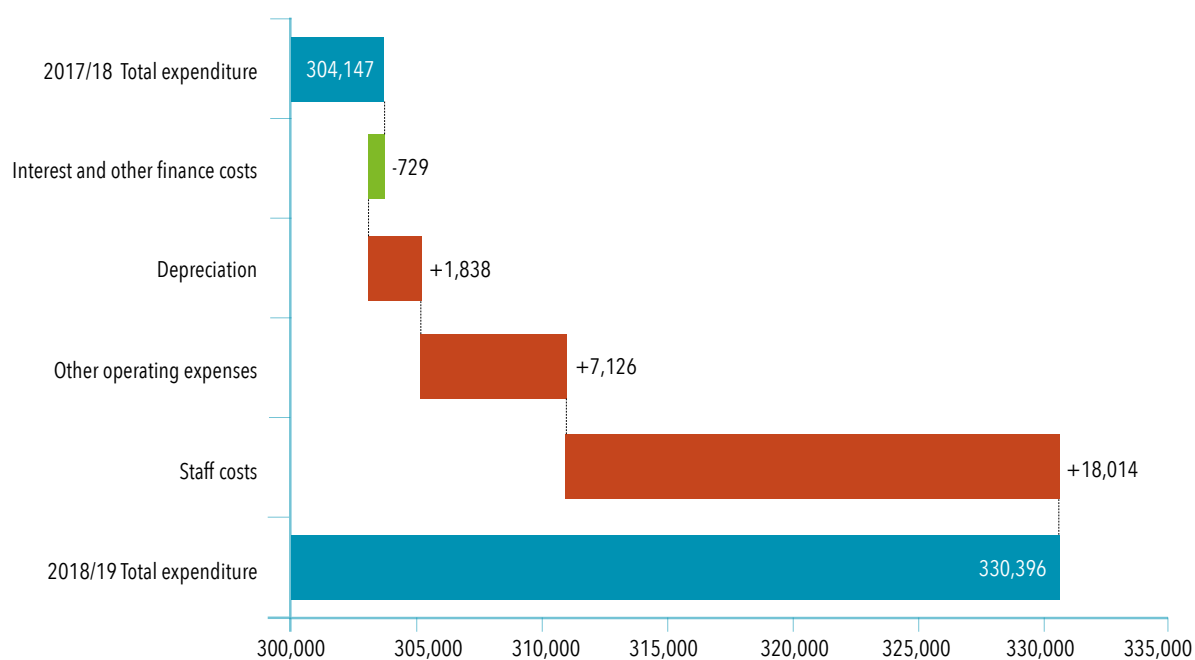


The key movements in income and expenditure are as follows:

#### Changes in income (£'000)



#### Changes in expenditure (£'000)



## FINANCIAL PERFORMANCE AND SUSTAINABILITY

### Income

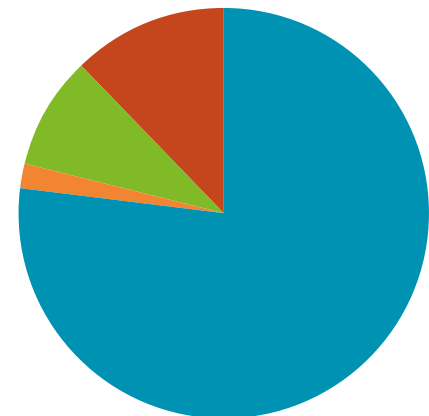
#### Year-on-year growth £10.8m (3.3%)

Growth in tuition fee income of £14.1m (5.7%) in the year to £263.3m recognises the popularity of the University in the student recruitment market.

The increase in income year-on-year particularly reflects strong demand and growth in International students and Apprenticeship courses.

The decrease in funding body grants by £2.5m (7.8%) to £29.1m, is as a result of a decrease in capital funding from the Office for Students (OfS).

The decrease in other income (£1.0m) is primarily a result of decreased residences and catering income, due to the withdrawal from the Cheshire campus.



- 9% Funding body grants
- 10% Other income (including Endowment and Investment income)
- 3% Research grants and contracts
- 78% Tuition fees and education contracts

### Expenditure

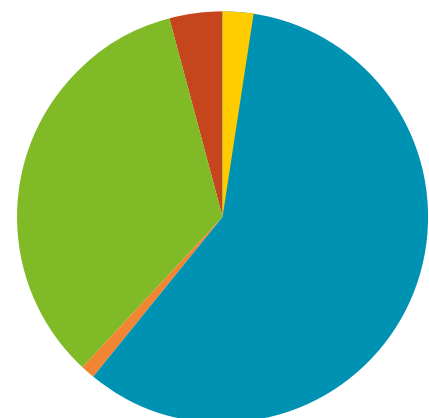
(excluding fundamental restructuring)

#### Year-on-year growth £26.2m (8.6%)

Staff costs of £205.1m in the year (an increase of £18.0m) equates to 61.0% of income, compared with 57.5% in the prior year. Much of this increase is a result of pension provision movements of £6.1m, along with annual pay inflation, increased pension contributions and the University's continued investment in high-profile research staff.

Movement in pension provisions of £15.5m has been recognised within staff costs during the year. The Local Government Pension Scheme (LGPS) adjustment of £13.1m includes an allowance for the 'McCloud' judgement of £3.4m and £0.8m as an impact of GMP equalisation changes. The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) has increased this provision by £3.5m in 2018/19. Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This would have resulted in a decrease of £2.3m from the current year end provision. A reduction of £1.0m relating to the Enhanced Pension provision has also been reported within staff cost.

A £7.1m increase in other operating expenses during the year reflects the University's continued investment in the IT equipment and facilities to support enhanced academic delivery.



- 4% Depreciation
- 32% Other operating expenses
- 1% Interest and other finance costs
- 61% Staff costs
- 2% Fundamental restructuring

## Fundamental restructuring costs

### Year-on-year reduction £9.3m (54.3%)

Fundamental restructuring costs of £7.9m were recognised in the year, following the decision by the University in November 2016 to exit the Cheshire Campus in August 2019. The fundamental restructuring costs reflect the accelerated depreciation of the campus buildings and project-related costs.

## Fixed assets

### Year-on-year growth £21.4m (4.8%)

During the year the University depreciated the Cheshire buildings by £7.5m to reflect the withdrawal from the Cheshire campus in 2019.

The Estate Strategy 2017-2027, is a framework document that outlines a number of high-level strategic estates-related investments that are required over the ten-year period to support the University in attaining its strategic objectives associated with education, research and knowledge exchange and sustainability. Capital expenditure of some £44.0m was incurred during 2018/19, primarily related to the investments in a new Arts and Humanities building (£31.7m).

## Trade and other receivables

### Year-on-year reduction of £1.4m (5.6%)

Payment for the sale of the Alsager site in June 2017 is received in instalments, with a £4.1m payment received during the year and an additional £4.1m due in 2020. This decrease has been offset by an increase of £1.6m in trade receivables.

## Total reserves

### Year-on-year reduction of £40.6m (8.3%)

Total reserves has fluctuated in recent years, due to large actuarial gains/(losses) in the local government pension scheme. In the prior year the University recognised an actuarial gain of £39.8m, with a current year loss of £38.7m. In addition to this a £2.2m operating deficit was recognised during the year, largely due to irregular costs such as fundamental restructuring and a £3.5m increase to the USS pension scheme provision.

Despite recognising an operating deficit the University maintains a strong reserve position with positive cash generation which demonstrates the financially sustainable way in which the University is managed. This will allow continued investment in students, staff and facilities in support of its strategic priorities and goals and its continued development.



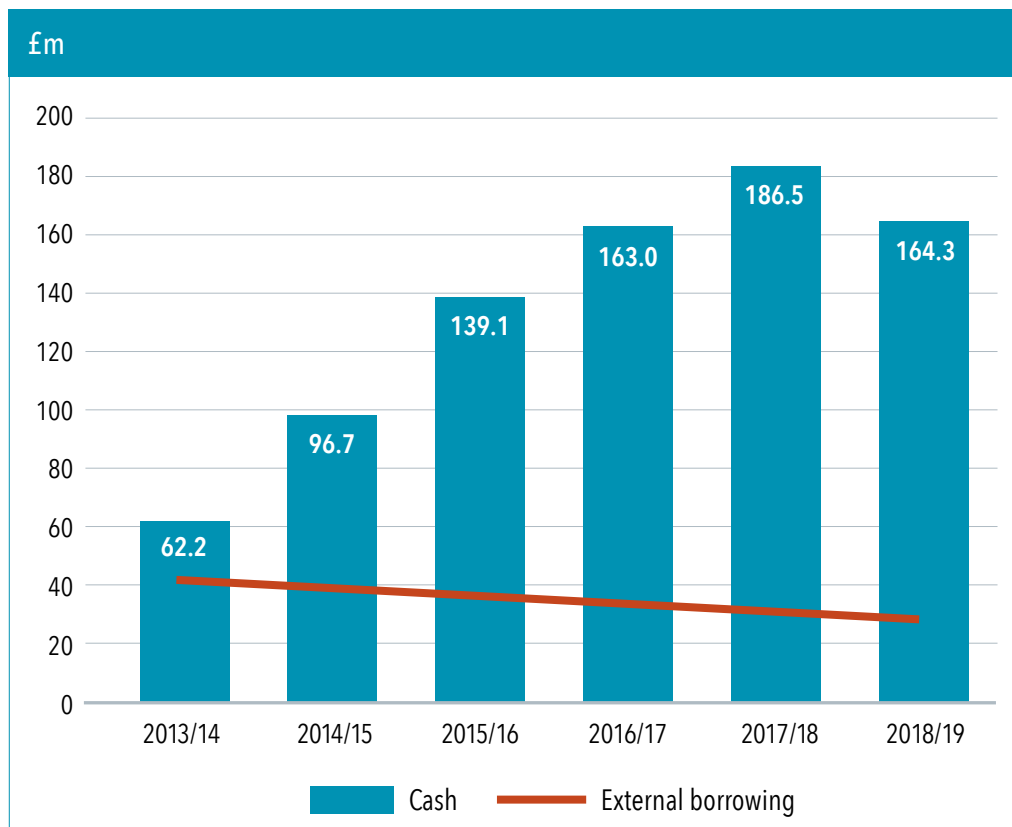
## FINANCIAL PERFORMANCE AND SUSTAINABILITY

### Treasury and investments

Cash resources (investments and cash and cash equivalents) stand at £164.3m at 31 July 2019, with year-on-year reduction driven by the planned investment in the University's estate.

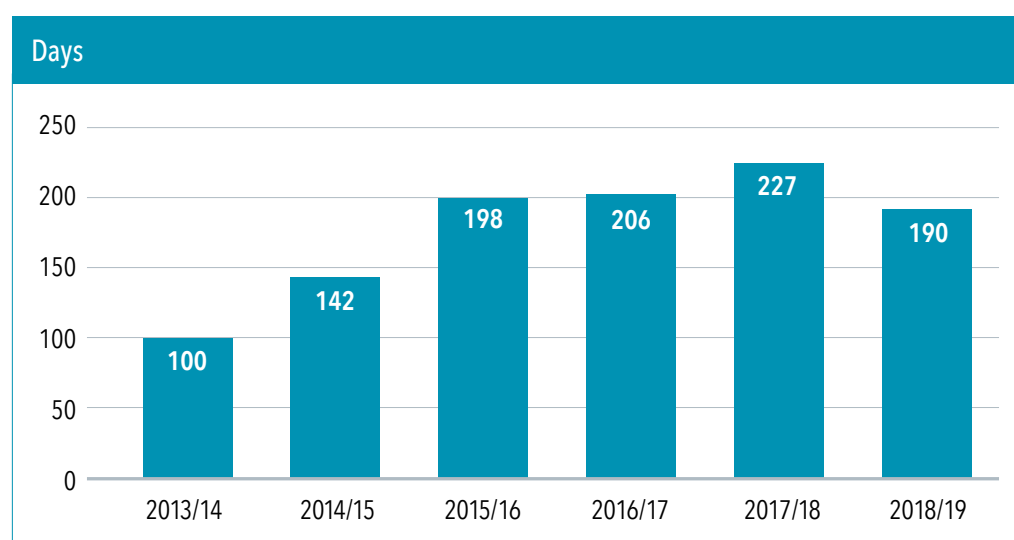
External borrowing has reduced by £2.8m year-on-year as a result of scheduled capital repayments.

The graph below charts debt levels relative to cash over the past 6 years and demonstrates that the University is in positive net funds throughout the period.



The University aims to generate strong operating cash flows (2018/19: £26.3m) to fund the future long term investments, whilst still maintaining financial KPIs.

The graph below charts net liquidity days over the past 6 years. Net liquidity days has decreased from 227 days in 2017/18 to 190 days in 2018/19 as the University's Estate strategy progresses. This will provide funding headroom to support planned strategic investment in the estate, IT infrastructure and other facilities in the near term.



### Pension costs

The University is an employer in three large pension schemes which cover the majority of its employees. These are the Teachers' Pension Scheme, The Greater Manchester Pension Fund and the Universities Superannuation Scheme. Each of these schemes is structured differently and therefore requires different accounting treatment to meet the requirements of Financial Reporting Standard 102 (FRS102).

#### The pension costs (charged) in the accounts relating to these schemes is:

	2018/19 £'000	2017/18 £'000
Teachers' Pension Scheme	(11,680)	(10,680)
Greater Manchester Pension Fund	(25,113)	(22,217)
Universities Superannuation Scheme	(1,246)	(1,597)
Other pension commitments	(166)	(57)
<b>Total</b>	<b>(38,205)</b>	<b>(34,551)</b>

## Pension costs continued

### The share of the actuarial gain or (loss) of these schemes reflected in the University's accounts is:

	2018/19 £'000	2017/18 £'000
Teachers' Pension Scheme	-	-
Greater Manchester Pension Fund	(37,881)	39,995
Universities Superannuation Scheme	-	-
Other pension commitments	(847)	(229)
<b>Total</b>	<b>(38,728)</b>	<b>39,766</b>

The Teachers' Pension Scheme is an unfunded defined benefit scheme, with the benefits guaranteed by the UK Government. The University pays employers' contributions into this scheme but has no further exposure to any actuarial gain or loss in the scheme.

The Greater Manchester Pension Fund is a multi-employer, funded defined benefit scheme. The University pays employers contributions into the scheme. It also carries the risks for its share of any actuarial gain or loss of the scheme. The liabilities of this scheme are sensitive to various assumptions as set out in the following table:

Change in assumptions at 31 July 2019	Approximate % increase in liabilities	Approximate monetary value £'k
0.5% decrease in the real discount rate	11%	60,466
0.5% increase in the salary increase rate	2%	8,076
0.5% increase in the pension increase rate	10%	51,270

The Universities Superannuation Scheme is a multi-employer, funded defined benefit scheme. However, as it is not possible to separately identify the University's share of assets and liabilities within the scheme it is accounted for as a defined contribution scheme. In addition the University recognises the present value of its obligation to make future payments under the scheme's deficit recovery plan. The cost of this (charged)/credited within staff costs is:

	2018/19 £'000	2017/18 £'000
Universities Superannuation Scheme	(3,479)	439

Changes to the deficit recovery plan after the year end will result in a credit within staff costs in 2019/20 of £2.3m.

## FINANCIAL KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) have been developed to allow the University to monitor its progress towards achieving its strategic objectives. The financial KPIs cover key measures that ensure the University remains financially sustainable, while also allowing significant investment to take place to support the delivery of our mission in the areas of teaching, research and knowledge exchange.

The following tables show our Financial KPIs.

The Financial KPI table shows the financial strength of the University with the majority of measures significantly ahead of the targets that have been set. This strength will allow the University to continue investing across all areas of activity, while also providing resilience to manage any external risks that may arise.

	Target	2018/19	2017/18
Net liquidity (days)	> 60 days	190 days	226 days
External borrowing as % of total income	< 40.0%	8.3%	9.4%
Net cash inflow from operating activities as a % of total income	(i) Annual basis (> 5.0%)	7.8%	13.5%
	(ii) 6-year average* basis (> 10.0%)	11.5%	12.3%

\* The 6-year average for the year 2013/14 is reported under UKGAAP, and 2014/15 to 2018/19 under FRS102.

## RISK SUMMARY

The University operates within a clear, consistent and dynamic risk management framework, which identifies, evaluates and manages risk systematically across the organisation.

The Corporate Risk Register is the focus for the documentation and assessment of key strategic risks. The Register identifies and defines individual risks, assesses their likelihood and impact and outlines the mitigating actions in place or underway to reduce the impact of the risk. These risks are reviewed regularly in the light of internal and external developments and are also informed by similar Risk Registers developed by individual Faculties and Professional Services.

During 2018/19, the University has further developed its risk management processes by assessing, in conjunction with the Board of Governors, its risk appetite for tolerating the individual risks identified.

The table below summarises the key strategic risks that could impact on the University's ability to deliver our strategic objectives and the mitigating actions and controls in place to manage them effectively.

Risk area	Risk description	Risk Management
<b>People</b>		
Supporting our people	Loss of quality staff, and failure to develop existing staff to contribute effectively to the University's Strategy.	<ul style="list-style-type: none"> <li>• Staff engagement strategy</li> <li>• Workforce planning being embedded in Faculties and Professional Services</li> <li>• Clear development pathways for staff development and progression</li> <li>• Research focussed on areas of quality through UCRKEs to support recruitment and retention of research-active staff</li> </ul>
<b>Resources and sustainability</b>		
Supporting our students	Our efforts to improve the student experience and key metrics on student outcomes do not deliver a return quickly enough to improve performance, impacting on our ability to recruit quality students.	<ul style="list-style-type: none"> <li>• Implementation of Education Strategy</li> <li>• Continued investment in student success</li> <li>• Education Annual Review process to support focus on quality</li> </ul>
Brand and reputation	Incident occurs which leads to loss of trust in quality or values of the institution; damage to reputation through poor league table performance, REF outcome, loss of accreditation, loss of confidence in academic quality or effectiveness of management and governance processes.	<ul style="list-style-type: none"> <li>• Academic quality processes</li> <li>• Effective governance and management</li> </ul>
Impact of Brexit	'No-deal' Brexit impacts on the ability of the University to undertake a range of actions, including recruitment of EU students, EU staff, access to Erasmus and Horizon 2020 funding, as well as dealing with higher supply costs and supply chain issues especially in capital programme.	<ul style="list-style-type: none"> <li>• Support and guidance for EU staff</li> <li>• Active management of capital projects</li> <li>• EU student recruitment strategy</li> <li>• Brexit Impact Assessment</li> </ul>



Risk area	Risk description	Risk Management
<b>Timing and pace</b>		
Investing in change programmes	Poor implementation and/or communication around change programmes, leading to significant disruption, senior management overstretch, lack of focus on key issues and staff morale issues.	<ul style="list-style-type: none"> <li>• Portfolio approach to strategic project management</li> <li>• Effective planning processes to help provide focus</li> <li>• Staff engagement strategy</li> </ul>
Investing in the city and our physical presence	Delays to major estates projects or a building unexpectedly out of commission leading to significant disruption, negative impact on the student experience and financial loss.	<ul style="list-style-type: none"> <li>• Estates Project management structure</li> <li>• Established business continuity plans</li> </ul>
<b>Compliance</b>		
Regulatory Framework	Changes to the external regulatory framework with the establishment of the Office for Students, introducing new processes and registration conditions, particularly around Access and Participation, thus increasing the risk of fines, clauses being added to the conditions of registration and ultimately loss of university status.	<ul style="list-style-type: none"> <li>• Effective governance and management</li> <li>• Access and Participation Plan outcomes embedded in Education Strategy</li> </ul>
Information security breach	An information security or data protection incident impacting on reputation and incurring fines.	<ul style="list-style-type: none"> <li>• Information Security Board and investment in IT</li> </ul>

# CORPORATE GOVERNANCE

## Constitution and Charitable Status

The Manchester Metropolitan University is a Higher Education Corporation (HEC) established under the provisions of the Education Reform Act 1988. The powers of the HEC are defined in section 124 of the 1988 Act as amended by the Further and Higher Education Act 1992. These powers include the power to provide higher education and to carry out research and to publish the results of such research.

The University is also an exempt charity as defined in the Charities Act 2011, with the Office for Students (OfS) acting as its principal regulator.

The charitable purpose of the University, as defined in the Charities Act 2011, is the advancement of education for the public benefit. Members of the University's Board of Governors are the Charity Trustees and are responsible for ensuring compliance with charity legislation. The University's Trustees/Governors have regard to and comply with the Charity Commission's general and supplementary guidance on the public benefit in exercising their powers and duties.

## Our Approach to Corporate Governance

The University's framework of governance is established in the Instrument and Articles of Government. The University is committed to exhibiting best practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), with the Committee of University Chairs (CUC) Higher Education Code of Governance, and with the requirements of the HE regulator, the OfS.

In adopting the HE Code of Governance, the University has reviewed its governance practices and is satisfied that it fully complies with the seven primary elements contained in the Code. An external Board Effectiveness Review in 2017 also confirmed that the University met the requirements of the HE Code of Governance.



**In meeting the OfS requirements, the University has demonstrated that it meets the following public interest governance principles:**

Public Interest Governance Principle	Further Information
Academic Freedom	Academic staff have freedom with the law: (a) to question and test received wisdom; and (b) to put forward new ideas and controversial or unpopular opinions; without placing themselves in jeopardy of losing their jobs or privileges they may have at the University.
Accountability	The University operates openly, honestly, accountably and with integrity and demonstrates the values appropriate to be recognised as an English HE provider.
Student Engagement	The governing body ensures that students have opportunities to engage with the governance of the University, and that this allows for a range of perspectives to have influence.
Academic Governance	The governing body receives and tests assurance that academic governance is adequate and effective through explicit protocols with the Academic Board.
Risk Management	The University operates comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of its operations, and its ability to continue to comply with all of its conditions of registration.
Value for Money	The governing body ensures that there are adequate and effective arrangements in place to provide transparency about value for money for students and for taxpayers.
Freedom of Speech	The governing body takes such steps as are reasonably practicable to ensure that freedom of speech within the law is secured within the University.
Governing Body	The size, composition, diversity, skills mix, and terms of office of the governing body is appropriate for the nature, scale and complexity of the provider.
Fit and Proper	Members of the Governing Body, those with senior management responsibilities, and individuals exercising control or significant influence over the University, are fit and proper persons.

## Register of Interest

As part of its commitment to good governance and transparency, the University maintains a Register of Interests of Governors and senior managers, which is available for inspection on request to the Clerk to the Board of Governors. A list of Governors and senior managers who served during the financial year, and until the date the financial statements were formally approved, can be found on pages 102 to 103.

## Summary of the University's Structure of Corporate Governance

The Board of Governors is the governing body of the University. The Board's responsibilities are set out in the University's Articles of Government, the Scheme of Delegation and in guidance from the Office for Students. The Board's responsibilities include determining the educational character and mission of the University, approving annual estimates of income and expenditure, ensuring the solvency of the University, safeguarding the University's assets, appointing the Vice-Chancellor, Clerk and external auditors and for putting in place effective systems of control and accountability.

In accordance with the University's Instrument of Government, the Board of Governors comprises predominantly independent members, together with the Vice-Chancellor and members of the staff and student bodies. The roles of Chair and Deputy Chair are separated from the role of the University's Chief Executive, the Vice-Chancellor.

The Vice-Chancellor has responsibility to the Board of Governors for the organisation, direction and management of the University. He is also the designated Accountable Officer for

the purposes of the OfS terms and conditions of funding. The Vice-Chancellor is supported by a University Executive Group comprising the Chief Operating Officer, Pro-Vice-Chancellors, and the Directors of Finance and Human Resources and Organisational Development.

## Conduct of Business

The Board of Governors has four Board meetings per year and a Strategy Day to consider long-term planning. The formal meetings of the Board are supplemented by informal briefing sessions on relevant issues, and attendance at key University events. This helps to ensure that Governors are part of the wider community of the University and that they are fully briefed on the activities of and challenges and opportunities facing the University.

The Board has a number of Committees to help it to discharge its business effectively. These are currently as follows:

- Audit Committee
- Finance and Resources Committee
- Nominations and Governance Committee
- Remuneration Committee

These Committees meet regularly and have clearly defined, delegated responsibilities. All of the Board's Committees regularly report to the Board, making recommendations as appropriate. In addition, the Audit Committee produces an annual report, which is also sent to the Office for Students. The Vice-Chancellor provides an update on University business and sector issues at each Board meeting and members of the University Executive Group also attend Board meetings as required to provide updates and to answer any questions that may arise.

## Audit Committee

The Audit Committee is responsible for:

- reviewing the audit issues relating to the draft annual financial statements prior to submission to the Board of Governors, monitoring compliance with statutory requirements, accounting standards and best practices for financial reporting;
- agreeing with the internal and external auditors the range of the respective audits and reviews and discussing with the auditors and with management any matters arising from the audits and agreeing appropriate action;
- monitoring the adequacy and effectiveness of the accounting, internal control, governance and risk management systems;
- advising the Board of Governors about the adequacy and effectiveness of the University's arrangements for:
  - risk management, control and governance;
  - value for money;
  - the management and quality assurance of data.

The Audit Committee operates in accordance with OfS requirements and with best governance practice such as the detailed Audit Committee guidance produced by the Committee of University Chairs. Members of the Audit Committee do not have executive authority and are not also members of the Finance and Resources Committee to help to ensure that any potential conflicts of interest are avoided.

The Vice-Chancellor and the Director of Finance attend all Audit Committee meetings although they are not members of the Committee. The internal and external auditors also meet with the Audit Committee for independent discussions without any of the University's management being present.

The Audit Committee met three times during 2018/19 and members of the Committee were as follows:

- Mark St John Qualter (Chair)
- Carlo Frondaroli (from 11 February 2019)
- Stephen Hawker (co-opted member from 6 March 2019)
- Calum Mercer (until 31 July 2019)
- Richard Paver (Co-opted member)
- John Varney (until 28 June 2019)

## Finance and Resources Committee

The Finance and Resources Committee is responsible for:

- considering, advising or determining, as appropriate, the strategies and policies for the effective and efficient use of the University's financial, physical and human resources;
- keeping the University's financial position under review, making recommendations to the Board concerning the University's annual budget and financial forecasts, ensuring the solvency of the University and the safeguarding of its assets;
- reviewing policies and practices concerned with staffing issues such as annual pay awards; staff appraisal; staff development; discipline and grievance; health and safety and equality and diversity.

The Finance and Resources Committee met four times during 2018/19 and members of the Committee were as follows:

- Norman Harrison (Chair)
- Russell Andrews (until 31 July 2019)
- Simon Duffy (from 11 February 2019)
- Malcolm Press
- Miles Rothbury
- Neil Thompson

## Nominations and Governance Committee

The Nominations and Governance Committee is responsible for:

- overseeing corporate governance arrangements to ensure that the University is following best practice and adhering to regulatory requirements;
- advising the Board on the appointment and reappointment of Governors, ensuring compliance with the OfS 'fit and proper' public interest principle;
- ensuring arrangements are in place for the induction and ongoing development of Governors; and for monitoring the effectiveness of the Board.

The Nominations and Governance Committee met three times during 2018/19 and membership of the Committee was as follows:

- Vanda Murray (Chair)
- Evelyn Asante-Mensah
- Norman Harrison
- Malcolm Press
- Mark St John Qualter

## Remuneration Committee

The Remuneration Committee is responsible for:

- making decisions on behalf of the Board on the remuneration for the Vice-Chancellor, the Clerk to the Board of Governors, and other members of the University Executive Group;
- approving performance related pay schemes for members of the University Executive Group and any payments made under such schemes;

- Ensuring that severance terms on exit, for any member of staff earning more than £100k, comply with best practice, are fair to the individual, fair to the University, do not reward failure and recognise the duty to mitigate loss.

Further information about the Remuneration Committee is shown in the Remuneration Report on page 49.

## Board Effectiveness Reviews

In accordance with good practice/CUC guidance, the Board of Governors periodically reviews its own effectiveness. The last review, which was undertaken in 2017 by an external assessor, concluded that the University's standard of governance was good and that the University had in place a comprehensive framework and structure of governance that conformed to sector best practice.

## Governor Training and Development

Newly appointed Governors participate in an individual induction programme, tailored to their specific needs and experience. In addition, all Governors are invited to attend seminars and conferences for Governors offered by organisations such as AdvanceHE.

## Academic Governance

In accordance with the University's Articles of Government, the University has an Academic Board that advises the Vice-Chancellor on the University's academic and related activities. In particular, it considers and advises on matters relating to awarding taught and research degrees. Academic Board is chaired by the Vice-Chancellor and its membership includes the Chief Operating Officer, the Pro-Vice-Chancellors, members of the Professoriate and representatives from each Faculty, as well as the Students' Union President and the Students' Union Education Officer. A member of the Board of Governors also attends Academic Board meetings as an observer. The Academic Board assists the Board of Governors in discharging its responsibility for ensuring that the University's academic governance arrangements are effective.

## Internal Control

The University's Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of strategic 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 Instrument and Articles and the regulatory requirements of the OfS.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place during the year ended 31 July 2019 and up to the date of approval of the financial statements, and accords with OfS guidance.

The University's internal control system is supported by a number of policies, regulations and schemes that have been approved by the Governing Body to help to prevent and detect corruption, fraud, bribery and other irregularities.

These include:

- Financial Regulations
- Scheme of Delegation
- Risk Management Policy
- Anti-Fraud and Corruption Response Plan
- Anti-Money Laundering Policy
- Bribery Act Compliance Statement
- Criminal Finances Act Statement
- Theft, Fraud and Corruption Policy Statement

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

- The Board meets formally five times during the year to consider the plans, strategic direction and performance of the University as well as the risks facing the University and the mitigating actions that are put in place.
- A member of the Executive has responsibility for the promotion and co-ordination of risk management processes and reporting, ensuring it is embedded in on-going operations.

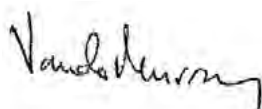
- A university-wide Risk Register is maintained and reviewed regularly by the University Executive Group, Audit Committee and Board of Governors.
- The University's risk management process ensures that the University's Risk Register is fully aligned to the strategic goals set out in the University's Strategic Framework.
- A robust risk prioritisation methodology has been established which ensures that all risks are identified with focus on the most important risks facing the University.
- All risks, including academic, business, operational, compliance and financial, are evaluated to consider their likelihood and impact and to ensure that appropriate mitigating actions are put into place on an on-going basis.
- The Board receives regular reports from the Chair of the Audit Committee concerning internal control, and from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key strategies and projects.
- The Audit Committee receives regular reports from Internal Audit, which includes Internal Audit's independent opinion on the adequacy and effectiveness of the Institution's system of internal control, together with recommendations for improvement.

The Governing Body's review of the effectiveness of the system of internal control is informed by Internal Audit, which operates to standards defined in the OfS Audit Code of Practice. The services provided by the internal audit consortium are also kept under review by a Board made up of senior staff from member institutions.

The most recent Internal Audit annual opinion concluded that the University's internal controls and arrangements for governance, risk management and securing value for money were effective.

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the Institution 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.

**By order of the Board of Governors**



**V Murray OBE**

Pro-Chancellor and  
Chair of the Board of Governors

29 November 2019



## RESPONSIBILITIES OF THE BOARD OF GOVERNORS

The Board of Governors is responsible for preparing the Annual Report and the Financial Statements in accordance with the requirements of the Office for Students' terms and conditions of funding for higher education institutions and Research England's terms and conditions of Research England grant and applicable law and regulations.

The Board is required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; *and*
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

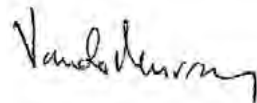
The Board of Governors is responsible for keeping proper accounts and proper records in relation to the accounts. The Board is responsible for such internal control as determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- the economical, efficient and effective management of the university's resources and expenditure is secured.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**By order of the Board of Governors**



**V Murray OBE**

Pro-Chancellor and  
Chair of the Board of Governors

29 November 2019



# REMUNERATION REPORT

## Responsibilities of the Remuneration Committee

The Remuneration Committee is responsible for agreeing the pay and conditions for the Vice-Chancellor, and other members of the University Executive Group. The University Executive Group comprises:

- Vice-Chancellor
- Deputy Vice-Chancellor
- Chief Operating Officer and Clerk to the Board of Governors
- Pro-Vice-Chancellor Education
- Pro-Vice-Chancellor International
- Pro-Vice-Chancellor Research and Knowledge Exchange
- Faculty Pro-Vice-Chancellor, Arts and Humanities
- Faculty Pro-Vice-Chancellor, Business and Law
- Faculty Pro-Vice-Chancellor, Cheshire
- Faculty Pro-Vice-Chancellor, Education
- Faculty Pro-Vice-Chancellor, Health, Psychology and Social Care
- Faculty Pro-Vice-Chancellor, Science and Engineering
- Director of Finance
- Director of Human Resources and Organisational Development

### Membership of the Remuneration Committee

The Remuneration Committee comprises five Independent Governors and is chaired by the Deputy Chair of the Board. During 2018/19, the membership of the Remuneration Committee was as follows:

Name	Role
Mr Norman Harrison	Remuneration Committee Chair Independent Governor and Deputy Chair of Board
Dr David Birch (until 28 June 2019)	Independent Governor
Ms Rowena Burns (from 1 September 2019)	Independent Governor
Mrs Janet Dawson	Independent Governor
Mr Simon Duffy (from 1 July 2019)	Independent Governor
Ms Vanda Murray	Independent Governor and Chair of Board

# REMUNERATION REPORT

## Membership of the Remuneration Committee continued

All appointments to the Committee, other than the Chair of the Board, who is an ex-officio member, are approved by the Board of Governors.

The Remuneration Committee is chaired by a Senior Independent Governor other than the Chair of the Board, which means that the person with responsibility for appraising the performance of the Vice-Chancellor does not also chair the Committee. The Vice-Chancellor is not a member of the Committee.

## Operation of the Remuneration Committee

The University complies with the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code and operates in accordance with best practice as recommended in the Higher Education Code of Governance and other relevant guidance, focusing on; a fair, appropriate and justifiable level of remuneration, procedural fairness, and transparency and accountability.

The governance arrangements and the processes that underpin the determination of Vice-Chancellor and senior staff pay are kept under review to ensure that the Committee operates in line with best practice.

## Frequency of Remuneration Committee Meetings

The Remuneration Committee usually meets twice per financial year and attendance at meetings since the last report has been as follows:

Name	21 Sept 2018	12 June 2019	20 Sept 2019
David Birch	✓	✓	-
Rowena Burns	-	-	✓
Janet Dawson	✓	✓	✓
Simon Duffy	-	-	✓
Norman Harrison	✓	✓	✓
Vanda Murray	✓	✓	✓

## Approach to Remuneration

In relation to the Vice-Chancellor's and other members of the University Executive Group remuneration, the Remuneration Committee considers:

- The need to balance the current challenging external environment, the external perception of senior salaries in higher education, the University's financial position and the need to recruit, recognise and reward the contribution and performance of individuals and retain excellent staff.
- The size and complexity of the role – Manchester Metropolitan University is a large complex organisation with over 4,500 staff and 38,000 students.

- Performance against agreed objectives.
- Pay increases for other staff in the institution.
- Regional, national and international market conditions.
- Benchmark data, such as that provided by the Universities and Colleges Employer Association (UCEA) and the Committee of University Chair (CUC) Vice-Chancellors Salary Survey. To help to inform its decision-making, the Remuneration Committee uses data from the following comparator institutions:

Birmingham City University	Plymouth University
Coventry University	Sheffield Hallam University
De Montfort University	University of Central Lancashire
Leeds Beckett University	University of Hertfordshire
Liverpool John Moores University	University of Huddersfield
Northumbria University	University of Portsmouth
Nottingham Trent University	University of Salford
Oxford Brookes University	University of Sunderland

### Approach to Vice-Chancellor Remuneration

The Vice-Chancellor has an annual Performance Development Review meeting with the Chair of the Board of Governors to review performance against objectives and to discuss objectives for the next academic year. The Vice-Chancellor's objectives are recommended by the Chair of the Board, approved by the Remuneration Committee and shared with the Board of Governors. A report on the Vice-Chancellor's performance against agreed objectives is completed by the Chair of the Board and then considered by the Remuneration Committee. The size of any bonus is based on performance against objectives and is approved by the Remuneration Committee. Bonus payments are not consolidated. An annual remuneration report is produced for consideration by the Board of Governors.

### Vice-Chancellor Remuneration

The current Vice-Chancellor, Professor Malcolm Press, took up the post at Manchester Metropolitan University on 1 June 2015. The Vice-Chancellor's salary reflects the following:

- the University is one of the largest in the country;
- the scale and complexity of the job;
- comparisons with benchmarks;
- performance as measured against robust objectives set by the Chair of the Board of Governors.

The Vice-Chancellor's remuneration comprises the following elements:

- Salary
- Performance-related pay
- Benefits
- Pension opt-out payment

# REMUNERATION REPORT

A summary of the Vice-Chancellor's remuneration over the past two years is shown below:

	2018/19 £'000	2017/18 £'000
<b>Professor M Press</b>		
Basic salary	268	263
Performance related pay	38	38
Payment in lieu of pension contributions	35	34
Death in service and incapacity cover (USS Enhanced Opt Out)	6	6
Corporate Health Insurance	1	1
<b>Total excluding pension</b>	<b>348</b>	<b>342</b>
Pension contributions	-	-
<b>Total including pension</b>	<b>348</b>	<b>342</b>

### Other benefits

The Vice-Chancellor does not have a company car, loans of any description, including mortgage subsidies, or accommodation. As part of the University's commitment to environmental sustainability, the Vice-Chancellor shares a hybrid pool car with other members of the senior team.

Further information on the Vice-Chancellor's remuneration package can be found at: [www2.mmu.ac.uk/about-us/our-people/vice-chancellor/pay](http://www2.mmu.ac.uk/about-us/our-people/vice-chancellor/pay)

**Relationship between the Vice Chancellor's remuneration and all other employees, expressed as a pay multiple of the median pay at the University:**

	2018/19	2017/18
Basic salary	7.4	7.4
<b>Total remuneration</b>	<b>8.3</b>	<b>8.3</b>

The multiples outlined above are based upon the median pay for all employees (on a full-time equivalent basis) at the balance sheet date.

### External Appointments

The Vice-Chancellor and senior staff contracts include a requirement for exclusivity of service which means that staff are not permitted to take on work with or for any organisation other than the University without permission. The Vice-Chancellor does not receive income from any external bodies.

## Expenses

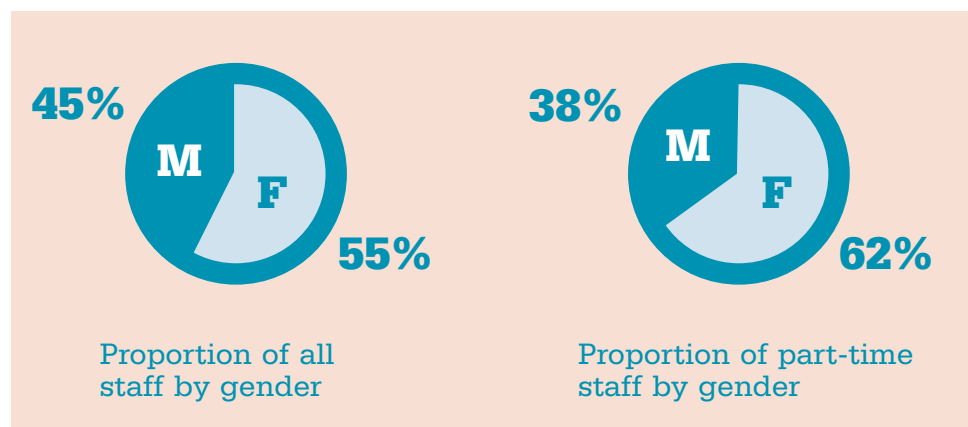
Details of expenditure associated with the Vice-Chancellor's role is published on the University website. This includes details of travel, accommodation and hospitality costs incurred by and on behalf of the Vice-Chancellor in the course of performing his duties for the University.

All expenditure for and by the Vice-Chancellor is wholly and exclusively for approved University business with the aim of enhancing the outcomes for students and staff (for example, industry or overseas placements, First Generation campaign, or facilitating grants and contracts). Services are procured in accordance with the University's Financial Regulations. Delivering a return on this expenditure and ensuring value for money is ultimately overseen by the Board of Governors.

## Gender pay gap

A gender pay gap is the percentage difference between the average pay of male employees and female employees. From 2017, employers are required to publish the results of their gender pay analysis using prescribed calculations.

For Manchester Metropolitan University, these calculations are given below, together with the sector and whole society figures taken from the University and Colleges Employers Association (UCEA) data commissioned from the ONS. The calculations are based on a snapshot of the University's workforce data taken in March 2018 or, in the case of the bonus calculations, bonuses awarded in the year preceding the end of March 2018.

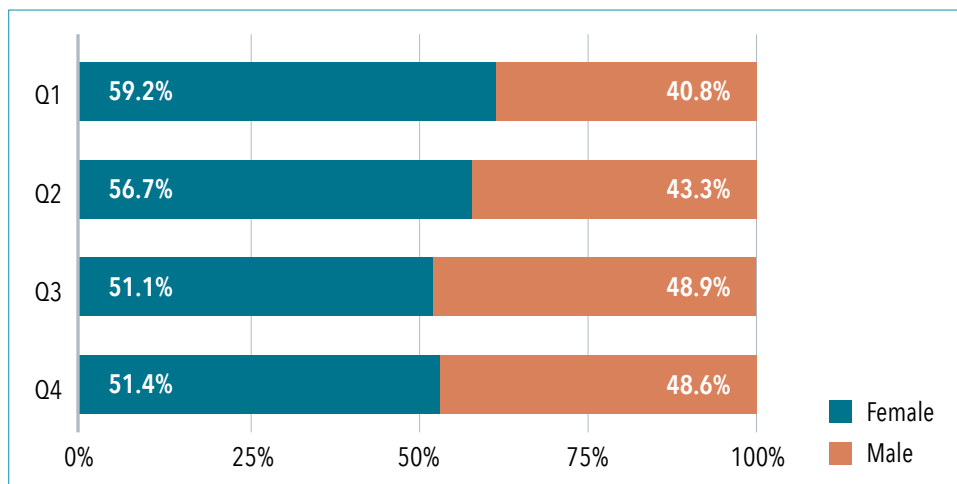
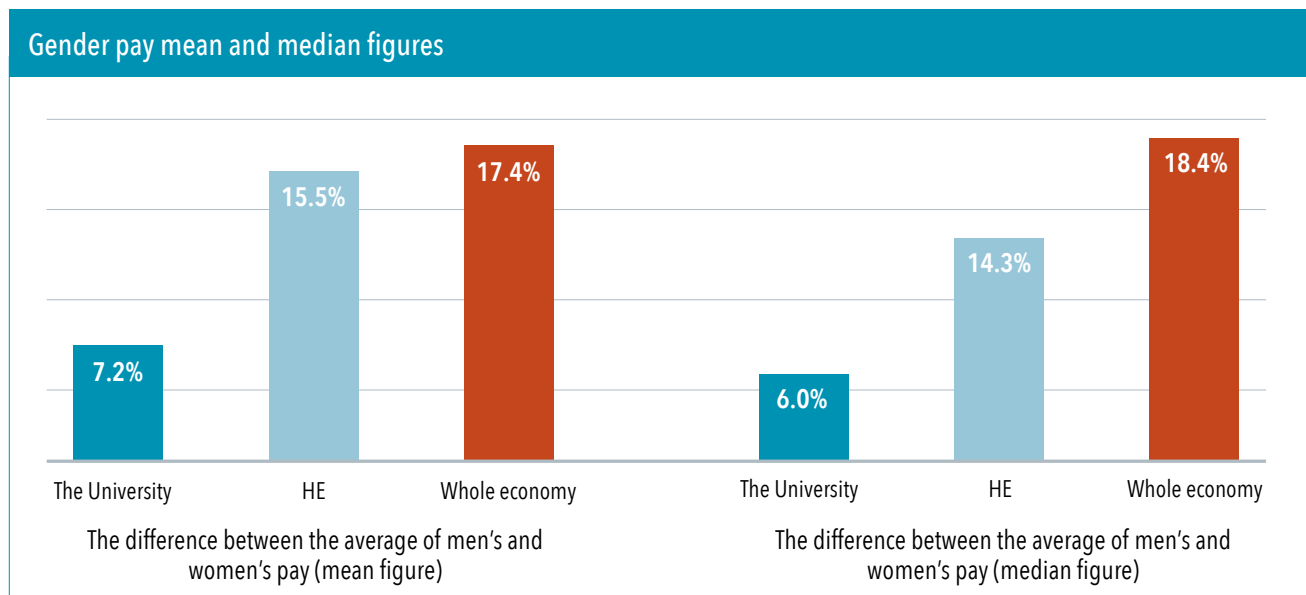


# REMUNERATION REPORT

## Gender Pay by Quartile

The proportion of male and female employees in four pay bands ordered from the lowest pay band (Quartile 1) to the highest pay band (Quartile 4) is shown. The bands have been established by ranking all employees by average hourly pay, starting from the lowest to the highest paid and dividing into quartiles.

The pay gap is attributable to the fact that the University has more women than men in lower graded roles.



At the time of the data snapshot informing the report, the University offered a very limited bonus scheme. The proportion of men receiving a bonus payment was 0.41% and the proportion of women receiving a bonus payment was 0.19%.

### **Bonus Pay**

Manchester Metropolitan University is committed to supporting our employees to develop their skills and experience and to take up opportunities within the University. Further information on the University's work in equality and diversity and data on the composition of our workforce can be found on the Equality and Diversity website.



# INDEPENDENT AUDITOR'S REPORT

## Opinion

We have audited the financial statements of the Manchester Metropolitan University ("the University") for the year ended 31 July 2019 which comprise the consolidated statement of comprehensive income and expenditure, consolidated and University balance sheet, consolidated and University statement of changes in reserves and consolidated statement of cash flows and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Manchester Metropolitan University

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of pension liabilities, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the University and Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the University and Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The Board of Governors has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

### Other information

The Board of Governors is responsible for the other information, which comprises the Annual Report and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.



### Board of Governors responsibilities

As explained more fully in their statement set out on page 47, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### Report on other legal and regulatory requirements

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Government; and
- funds provided by the Office for Students and Research England have been applied in accordance with these conditions and the terms and conditions attached to them.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.

### Robert Jones

*for and on behalf of KPMG LLP,  
Statutory Auditor*

Chartered Accountants  
1 St Peter's Square  
Manchester  
M2 3AE

29 November 2019

# CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year ended 31 July 2019

	Notes	Consolidated £'000	2018/19 University £'000	Consolidated £'000	2017/18 University £'000
<b>Income</b>					
Tuition fees and education contracts	1	263,334	263,334	249,234	249,234
Funding body grants	2	29,133	29,133	31,600	31,600
Research grants and contracts	3	9,555	9,555	9,425	9,425
Other income	4	32,064	32,064	33,319	33,319
Investment income	5	1,863	1,863	1,627	1,627
Donations and endowments	6	131	131	91	91
<b>Total income</b>		<b>336,080</b>	<b>336,080</b>	<b>325,296</b>	<b>325,296</b>
<b>Expenditure</b>					
Staff costs	7	205,160	205,160	187,146	187,146
Other operating expenses		106,484	106,484	99,358	99,358
Fundamental restructuring costs	9	7,870	7,870	17,207	17,207
Depreciation	12	14,766	14,766	12,928	12,928
Interest and other finance costs	8	3,986	3,986	4,715	4,715
<b>Total expenditure</b>	9	<b>338,266</b>	<b>338,266</b>	<b>321,354</b>	<b>321,354</b>
<b>(Deficit)/surplus before other gains/(losses)</b>		<b>(2,186)</b>	<b>(2,186)</b>	<b>3,942</b>	<b>3,942</b>
Gain on disposal of assets		292	292	2,125	2,125
Share of operating surplus/(deficit) in associate	15	(22)	-	42	-
<b>(Deficit)/surplus before tax</b>		<b>(1,916)</b>	<b>(1,894)</b>	<b>6,109</b>	<b>6,067</b>
Taxation	10	-	-	(85)	(85)
<b>(Deficit)/surplus for the year</b>		<b>(1,916)</b>	<b>(1,894)</b>	<b>6,024</b>	<b>5,982</b>
Actuarial (loss)/gain in respect of pension schemes	20	(38,728)	(38,728)	39,766	39,766
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(40,644)</b>	<b>(40,622)</b>	<b>45,790</b>	<b>45,748</b>
Represented by:					
Endowment comprehensive expenditure for the year		(40)	(40)	(76)	(76)
Restricted comprehensive income/(expenditure) for the year		(21)	(21)	9	9
Unrestricted comprehensive income for the year		(40,583)	(40,561)	45,857	45,815
		<b>(40,644)</b>	<b>(40,622)</b>	<b>45,790</b>	<b>45,748</b>

All items of income and expenditure relate to continuing activities.

# CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES

Year ended 31 July 2019

	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
<b>Consolidated</b>					
<b>Balance at 1 August 2017</b>	<b>587</b>	<b>49</b>	<b>362,103</b>	<b>83,298</b>	<b>446,037</b>
Surplus/(deficit) for the year	(76)	30	6,070	-	6,024
Other comprehensive income	-	-	39,766	-	39,766
Transfers between revaluation and income and expenditure reserve	-	-	6,869	(6,869)	-
Release of endowment and restricted funds spent in year	-	(21)	21	-	-
<b>Total comprehensive income for the year</b>	<b>(76)</b>	<b>9</b>	<b>52,726</b>	<b>(6,869)</b>	<b>45,790</b>
<b>Balance at 1 August 2018</b>	<b>511</b>	<b>58</b>	<b>414,829</b>	<b>76,429</b>	<b>491,827</b>
Surplus/(deficit) for the year	(40)	26	(1,902)	-	(1,916)
Other comprehensive expenditure	-	-	(38,728)	-	(38,728)
Transfers between revaluation and income and expenditure reserve	-	-	3,516	(3,516)	-
Release of endowment and restricted funds spent in year	-	(47)	47	-	-
<b>Total comprehensive expenditure for the year</b>	<b>(40)</b>	<b>(21)</b>	<b>(37,067)</b>	<b>(3,516)</b>	<b>(40,644)</b>
<b>Balance at 31 July 2019</b>	<b>471</b>	<b>37</b>	<b>377,762</b>	<b>72,913</b>	<b>451,183</b>
<b>University</b>					
<b>Balance at 1 August 2017</b>	<b>587</b>	<b>49</b>	<b>362,029</b>	<b>83,298</b>	<b>445,963</b>
Surplus/(deficit) for the year	(76)	30	6,028	-	5,982
Other comprehensive income	-	-	39,766	-	39,766
Transfers between revaluation and income and expenditure reserve	-	-	6,869	(6,869)	-
Release of endowment and restricted funds spent in year	-	(21)	21	-	-
<b>Total comprehensive income for the year</b>	<b>(76)</b>	<b>9</b>	<b>52,684</b>	<b>(6,869)</b>	<b>45,748</b>
<b>Balance at 1 August 2018</b>	<b>511</b>	<b>58</b>	<b>414,713</b>	<b>76,429</b>	<b>491,711</b>
Surplus/(deficit) for the year	(40)	26	(1,880)	-	(1,894)
Other comprehensive expenditure	-	-	(38,728)	-	(38,728)
Transfers between revaluation and income and expenditure reserve	-	-	3,516	(3,516)	-
Release of endowment and restricted funds spent in year	-	(47)	47	-	-
<b>Total comprehensive expenditure for the year</b>	<b>(40)</b>	<b>(21)</b>	<b>(37,045)</b>	<b>(3,516)</b>	<b>(40,622)</b>
<b>Balance at 31 July 2019</b>	<b>471</b>	<b>37</b>	<b>377,668</b>	<b>72,913</b>	<b>451,089</b>

# CONSOLIDATED AND UNIVERSITY BALANCE SHEET

At 31 July 2019

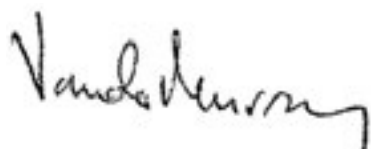
	Notes	2019		2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Intangible assets	11	15,926	15,926	5,480	5,480
Fixed assets	12	468,744	468,744	447,359	447,359
Heritage assets	12/13	4,305	4,305	4,305	4,305
Investments	14	106	106	106	106
Investments in associate	15	94	-	116	-
		<b>489,175</b>	<b>489,081</b>	<b>457,366</b>	<b>457,250</b>
<b>Current assets</b>					
Stock		117	117	186	186
Trade and other receivables	16	24,078	24,078	25,496	25,496
Investments	17	106,200	106,200	103,000	103,000
Cash and cash equivalents	23	58,078	58,078	83,510	83,510
		<b>188,473</b>	<b>188,473</b>	<b>212,192</b>	<b>212,192</b>
Less: Creditors: amounts falling due within one year	18	(53,241)	(53,241)	(55,857)	(55,857)
<b>Net current assets</b>		<b>135,232</b>	<b>135,232</b>	<b>156,335</b>	<b>156,335</b>
<b>Total assets less current liabilities</b>		<b>624,407</b>	<b>624,313</b>	<b>613,701</b>	<b>613,585</b>
Creditors: amounts falling due after more than one year	19	(26,190)	(26,190)	(27,847)	(27,847)
<b>Provisions</b>					
Pension provisions	20	(139,243)	(139,243)	(82,467)	(82,467)
Other provisions	20	(7,791)	(7,791)	(11,560)	(11,560)
<b>Total net assets</b>		<b>451,183</b>	<b>451,089</b>	<b>491,827</b>	<b>491,711</b>

	Notes	2019		2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	21	471	471	511	511
Income and expenditure reserve - restricted reserve	22	37	37	58	58
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		377,762	377,668	414,829	414,713
Revaluation reserve		72,913	72,913	76,429	76,429
<b>Total reserves</b>		<b>451,183</b>	<b>451,089</b>	<b>491,827</b>	<b>491,711</b>

The financial statements were approved by the Governing Body on 29 November 2019 and were signed on its behalf on that date by:



Professor Malcolm Press, Vice-Chancellor



Vanda Murray OBE, Pro-Chancellor



Andrew Hewett, Director of Finance

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2019

	Notes	2018/19 £'000	2017/18 £'000
<b>Cash flow from operating activities</b>			
(Deficit)/surplus		(1,916)	6,024
<b>Adjustment for non-cash items</b>			
Depreciation	12	22,250	20,786
Decrease / (increase) in stock		69	(42)
Increase in debtors		(2,765)	(3,718)
(Decrease) / increase in creditors		(1,963)	8,184
Increase in pension provision		18,048	12,536
(Decrease) / increase in other provisions	20	(3,769)	7,405
Share of operating deficit/(surplus) in associate	15	22	(42)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(1,863)	(1,627)
Interest payable		1,258	1,675
Endowment income	6	(101)	(59)
Gain on the sale of tangible assets		(292)	(2,125)
Capital grant income		(2,639)	(5,145)
<b>Net cash inflow from operating activities</b>		<b>26,339</b>	<b>43,852</b>

	Notes	2018/19 £'000	2017/18 £'000
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		4,054	14,592
Capital grant receipts		3,806	2,993
Withdrawal of deposits		103,000	70,000
Investment income		1,630	1,188
Payments made to acquire tangible assets		(43,330)	(28,889)
Payments made to acquire intangible assets		(10,446)	(5,480)
New deposits		(106,200)	(93,000)
		(47,486)	(38,596)
<b>Cash flows from financing activities</b>			
Interest paid		(1,397)	(1,653)
Interest element of finance lease		(8)	(22)
Endowment cash received		101	59
Repayments of amounts borrowed		(2,823)	(3,000)
Capital element of finance lease		(158)	(144)
		(4,285)	(4,760)
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		(25,432)	496
Cash and cash equivalents at beginning of the year	23	83,510	83,014
Cash and cash equivalents at end of the year	23	58,078	83,510

# STATEMENT OF ACCOUNTING POLICIES

Year ended 31 July 2019

## i) General information

The Manchester Metropolitan University is registered with the Office for Students in England. The address of the registered office is:

All Saints  
Manchester  
M15 6BH

## ii) Statement of compliance

The Consolidated and University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2017. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

## iii) Basis of preparation

The Consolidated and University financial statements have been prepared under the historical cost convention (except in the case of fixed assets which are held at deemed cost).

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Corporate Governance

and Risks and Opportunities section which form part of the Annual Report. The Annual Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities. The Board of Governors has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements are prepared in Sterling which is the functional currency of the group and rounded to the nearest £'000.

## iv) Basis of consolidation

The consolidated financial statements include the financial statements of the University and all its subsidiaries together with the share of associates for the financial year to 31 July 2019.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and its associates are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the University's share is eliminated.

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

Associated companies and joint ventures are accounted for using the equity method.

## v) 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 Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment or fee waiver allocated from the student support package, income receivable is shown net of the discount. Bursaries and Scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the University is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the Statement of Comprehensive 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

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non government sources are recognised as 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 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

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

#### vi) Accounting for retirement benefits

##### (a) Teachers' Pension Scheme (TPS) and the Greater Manchester Local Government Pension Fund (GMPF)

Two of the principal pension schemes of which the University's staff are members, are the TPS and the GMPF. These are externally funded and contracted out of the State Second Pension (S2P). A small number of staff remain in other pension schemes.

The GMPF is a defined benefit scheme which is valued, by qualified actuaries, on a triennial basis.

The TPS is a statutory, unfunded defined benefit scheme and as such it is not possible to identify any assets or liabilities. Therefore, this scheme is accounted for as a defined contribution retirement benefit scheme.

The contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the University, so that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

##### (b) Enhanced pensions

The University continues to make a diminishing number of pension enhancement payments to retired employees or their dependants. The value of this liability is reflected as part of the pension provision on the balance sheet and is reviewed by qualified actuaries every three years. Each year there is a charge against the provision

for payments to the pensioners and a credit to the provision for a notional interest charge.

### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company 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 net liability is recognised in the balance sheet in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The group 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 from the plan.

# STATEMENT OF ACCOUNTING POLICIES

Year ended 31 July 2019

## vi) Accounting for retirement benefits *continued*

Annually the University engages independent actuaries to calculate the obligation for each scheme. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Further detail is provided on the specific pension schemes in note 28 to the accounts.

## (c) Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS). This is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of USS are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution 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. As required by Section 28 of FRS102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the institution has entered into an agreement (The Recovery Plan) that determines how each employer within USS will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

## vii) 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.

## viii) 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.

## ix) 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.

Conversely, where the university acts as a lessor, income is recognised on a straight line basis over the lease term.

## x) Foreign currency

Transactions in foreign currencies are translated into sterling using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in surplus/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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the group's presentational currency, Sterling, at foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

### xi) Fixed assets

Fixed assets are capitalised where they are capable of being used for a period that exceeds one year and which:

- individually have a cost equal to, or greater than £25,000, or;
- collectively have a cost equal to or greater than £25,000 where the assets are functionally interdependent or are purchased together and intended to be used as a group under common management control;

Any asset costs not meeting the above criteria are expensed in the year of acquisition.

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain items of freehold land and buildings that had been revalued prior to the date of transition to FRS 102 on 31 July 2014, are measured on the basis of deemed cost, as a proxy for cost, being the revalued amount at the date of that transition.

Costs incurred in relation to major enhancements of existing buildings are capitalised to the extent that they increase the expected future benefits from the existing fixed asset beyond its previously assessed standard of performance. The cost of any such enhancements are added to the gross carrying amount of the fixed asset concerned.

Freehold land is not depreciated as it is considered to have an indefinite useful life and no depreciation is charged on assets in the course of construction.

Other fixed assets are depreciated on a straight line basis over their expected useful lives as follows:

<b>Freehold buildings</b>	50 years
<b>Subsequent additions</b>	10 years
<b>Plant and machinery</b>	4 years
<b>Fixtures and fittings and equipment</b> <i>(excluding computer equipment and 70 Oxford Street)</i>	10 years
<b>Computer equipment</b>	5 years
<b>70 Oxford Street fixtures and fittings</b>	Life of the lease

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

Borrowing costs are recognised as an expense in the Consolidated and University Statement of Income and Expenditure in the period in which they are incurred.

Assets held for sale are held at the lower of deemed cost or net realisable value and are not depreciated.

### xii) Major software costs (intangible asset)

Major software costs associated with the application development and implementation phases are capitalised. This may include the acquisition of computer equipment or third party software.

Costs in respect of major upgrades and enhancements will be capitalised only if the expenditure results in additional functionality with future economic benefits expected.

Training costs are not implementation costs and are expensed as incurred.

Major software costs are amortised over their remaining useful economic life.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

### xiii) Heritage assets

Works of art and other valuable artefacts valued at over £25,000 have been capitalised and recognised at their value based on a valuation carried out by Bonhams during the financial year 2012/13.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material. Assets will be held at initial valuation in the year of capitalisation with no subsequent revaluations performed.

The assets are subject to an annual impairment review in accordance with applicable accounting standards.

### xiv) Investments

Non current asset investments are held on the Consolidated and University Statement of Financial Position at amortised cost less impairment.

### xv) Stock

Stock is held at the lower of cost and net realisable value. It consists of solely cleaning materials, consumables, food and bar stocks.

# STATEMENT OF ACCOUNTING POLICIES

Year ended 31 July 2019

## xvi) 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 (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## xvii) 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 to the Accounts.

## xviii) Accounting for jointly controlled operations

The University accounts for its share of subsidiaries using the equity method.

The University recognises in the accounts with respect to jointly controlled assets its share of the joint assets, any liabilities that it has incurred directly and its share of any liabilities incurred jointly with the other venturers, income from the sale or use of its share of the output of the joint venture, its share of expenses incurred by the joint venture and expenses incurred directly in respect of its interest in the joint venture.

## xix) 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 Institution's subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation.

## xx) 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.

## xxi) Financial instruments

The University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### (a) Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

#### **(b) Financial liabilities**

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.



# NOTES TO THE ACCOUNTS

Year ended 31 July 2019

Notes	2018/19 Consolidated and University £'000	2017/18 £'000
<b>1 Tuition fees and education contracts</b>		
Full-time home and EU students	220,540	211,134
Full-time international students	21,002	17,361
Part-time students	8,570	8,023
Short course fees	673	295
Education contracts - NHS	6,023	9,085
Education contracts - Other	6,526	3,336
	<b>263,334</b>	<b>249,234</b>
<b>2 Funding body grants</b>		
<b>Recurrent grant</b>		
Higher Education Funding Council / Office for Students / Research England	19,319	19,693
Education and Skills Funding Agency	2,004	1,930
National College for Teaching and Leadership	445	519
Capital grant	2,139	3,869
<b>Specific grants</b>		
Higher Education Funding Council / Office for Students	5,226	5,589
	<b>29,133</b>	<b>31,600</b>
<b>3 Research grants and contracts</b>		
Research councils	2,577	2,099
Charities	1,339	1,568
Government (UK and overseas)	4,475	4,606
Industry and commerce	1,100	986
Other	64	166
	<b>9,555</b>	<b>9,425</b>
<b>4 Other income</b>		
Residences, catering and conferences	21,110	22,008
Other services rendered	4,926	4,825
Other capital grants	500	1,276
Other income	5,528	5,210
	<b>32,064</b>	<b>33,319</b>

	Notes	2018/19 Consolidated and University £'000	2017/18 £'000
<b>5 Investment income</b>			
Investment income on endowments	21	3	4
Income from investments		1,627	1,184
Interest on sale of assets debtor		233	439
		<b>1,863</b>	<b>1,627</b>
<b>6 Donations and endowments</b>			
New endowments	21	101	59
Donations with restrictions	22	26	30
Unrestricted donations		4	2
		<b>131</b>	<b>91</b>
<b>7 Staff costs</b>			
Salaries		145,658	137,324
Social security costs		15,627	14,789
Movement on USS pension provision		3,479	(439)
Movement on other pension provisions		12,048	9,786
Pension costs		26,157	24,765
<b>Sub-total</b>		<b>202,969</b>	<b>186,225</b>
Restructuring costs		2,191	921
<b>Total</b>		<b>205,160</b>	<b>187,146</b>
<b>Emoluments of the Vice-Chancellor</b>			
Basic salary		268	263
Performance related pay		38	38
Payment in Lieu of Pension Contribution		35	34
Death in service and incapacity cover (USS Enhanced Opt Out)		6	6
Corporate Health Insurance		1	1
<b>Total excluding pension</b>		<b>348</b>	<b>342</b>
Pension contributions		-	-
<b>Total including pension</b>		<b>348</b>	<b>342</b>

# NOTES TO THE ACCOUNTS

Year ended 31 July 2019

## 7 Staff costs continued

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

Basic salary per annum	2018/19 Number	2017/18 Number
£100,000 to £104,999	2	-
£105,000 to £109,999	1	1
£110,000 to £114,999	1	1
£115,000 to £119,999	3	2
£120,000 to £124,999	1	2
£125,000 to £129,999	3	-
£130,000 to £134,999	2	2
£135,000 to £139,999	2	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	2
£150,000 to £154,999	1	1
£155,000 to £159,999	1	-
	<b>17</b>	<b>11</b>

Severance payments	2018/19 £'000	2017/18 £'000
Compensation for loss of office paid	2,346	1,507
Number of staff in receipt of compensation for loss of office	147	197

The University is undergoing a period of transition with regards the planned withdrawal from the Cheshire campus, and has recognised any compensation for loss of office (relating to the closure of the Cheshire Campus) of £151,000 (2017/18: £568,000) within fundamental restructuring costs.

Average staff numbers by major category	2018/19	2017/18
Academic	2,025	1,925
Support staff	1,912	1,865
	<b>3,937</b>	<b>3,790</b>



### Key management personnel

Key management personnel are the members of staff having authority and responsibility for planning, directing and controlling the activities of the University. Key management personnel are therefore considered to be members of the University Executive Group (UEG). There are 14 positions within the group and in 2018/19, 14 people held these roles at some point during the year (2017/18: 13 positions, 17 people). Staff costs includes compensation paid to key management personnel.

	2018/19 £'000	2017/18 £'000
Key management personnel compensation	2,319	2,557

Included in the above is £0 paid to key management personnel in respect of loss of office (2017/18: £138,000).

Details on members of the University Executive Group can be found on the following website: [www2.mmu.ac.uk/about-us/our-people/university-executive-group](http://www2.mmu.ac.uk/about-us/our-people/university-executive-group)

### Board of Governors

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 of Governors, 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 of Governors may have an interest. All transactions involving organisations in which a member of Board of Governors may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

No governor (all of whom are trustees to the University's charitable status) has received any remuneration from the group during the year (2017/18: £ nil)

The total expenses paid to or on behalf of 11 trustees was £11,000 (2017/18: £12,000 to 12 trustees). This represents travel and subsistence expenses incurred in attending Board of Governors meetings, Committee meetings and Charity events in their official capacity.

# NOTES TO THE ACCOUNTS

Year ended 31 July 2019

	2018/19 Consolidated and University £'000	2017/18 £'000
<b>8 Interest and other finance costs</b>		
Loan interest	1,701	1,653
Finance lease interest	(138)	22
Net charge on pension schemes	2,423	3,040
	<b>3,986</b>	<b>4,715</b>
<b>9 Analysis of total expenditure by activity</b>		
Academic and related expenditure	188,159	179,086
Administration and central services	64,254	53,191
Premises	36,220	33,186
Residences, catering and conferences	15,682	19,154
Research grants and contracts	7,910	4,851
Other expenses	26,041	31,886
	<b>338,266</b>	<b>321,354</b>

Included within the note above are £7,870,000 (2017/18: £17,207,000) of fundamental restructuring costs resulting from the closure of the Cheshire Campus. This figure includes; £7,484,000 (2017/18: £7,858,000) of accelerated depreciation (Note 12), a redundancy provision adjustment of £155,000 (2017/18: £586,000) (Note 20) and other project related staff costs and operating expenses of £231,000 (2017/18: £380,000). The prior year figures also include an onerous lease provision of £9,555,000.

**Other operating expenses include:**

	2018/19 £'000	2017/18 £'000
<b>Operating lease rentals</b>		
Land and buildings	8,452	8,318
Other	51	196
<b>External auditors remuneration in respect of audit services</b>		
Audit services	65	64
Other audit services	17	6
Taxation services	14	11
Other services	73	-
Total non-audit services	<b>87</b>	<b>11</b>

	2018/19 Consolidated and University £'000	2017/18 University £'000
<b>10 Taxation</b>		
Current tax	-	-
Adjustment in respect of previous years	-	85
	<b>-</b>	<b>85</b>
<b>11 Intangible assets</b>		
Opening balance	5,480	-
Additions in the year	10,446	5,480
Amortisation charge for the year	-	-
<b>Closing balance</b>	<b>15,926</b>	<b>5,480</b>

The addition during the year relates to the development of software. As at 31st July 2019 the software is not ready for use therefore no amortisation has been charged.

# NOTES TO THE ACCOUNTS

Year ended 31 July 2019

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Heritage assets £'000	Total £'000
<b>12 Fixed Assets - Consolidated and University</b>							
<b>Cost or deemed cost</b>							
At 1 August 2018	448,083	5,560	814	40,192	35,432	4,305	534,386
Additions	1,837	-	71	2,436	39,676	-	44,020
Transfers	11,160	-	778	-	(11,938)	-	-
Disposals	-	-	-	(828)	-	-	(828)
<b>At 31 July 2019</b>	<b>461,080</b>	<b>5,560</b>	<b>1,663</b>	<b>41,800</b>	<b>63,170</b>	<b>4,305</b>	<b>577,578</b>
<b>Depreciation</b>							
At 1 August 2018	63,490	-	383	18,849	-	-	82,722
Charge for the year	10,320	-	370	3,775	-	-	14,465
Accelerated depreciation - fundamental restructuring	7,484	-	-	-	-	-	7,484
Impairment	-	-	-	-	301	-	301
Disposals	-	-	-	(443)	-	-	(443)
<b>At 31 July 2019</b>	<b>81,294</b>	<b>-</b>	<b>753</b>	<b>22,181</b>	<b>301</b>	<b>-</b>	<b>104,529</b>
<b>Net book value</b>							
<b>At 31 July 2019</b>	<b>379,786</b>	<b>5,560</b>	<b>910</b>	<b>19,619</b>	<b>62,869</b>	<b>4,305</b>	<b>473,049</b>
At 31 July 2018	384,593	5,560	431	21,343	35,432	4,305	451,664

At 31 July 2019, freehold and leasehold land and buildings included £27.3m (2018: £27.3m) in respect of freehold land which is not depreciated.

#### Leased assets included above:

#### Net book value

At 31 July 2019	-	-	-	376	-	-	376
At 31 July 2018	-	-	-	205	-	-	205

**Fixtures fittings and equipment include assets held under finance leases as follows:**

	2018/19 Consolidated and University £'000	2017/18 £'000
Cost	829	829
Additions	690	-
Disposals	(829)	-
Accumulated depreciation	(624)	(480)
Charge for year	(132)	(144)
Depreciation released on disposals	442	-
<b>Net book value</b>	<b>376</b>	<b>205</b>

The University applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as the deemed cost for certain freehold properties. The properties are being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings. The valuation of the land and buildings was conducted by Eddisons Chartered Surveyors on 31 July 2014.

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>13 Heritage assets</b>					
<b>Cost or deemed cost</b>					
At 1 August	4,305	4,305	4,305	4,305	4,305
Revaluation	-	-	-	-	-
<b>At 31 July</b>	<b>4,305</b>	<b>4,305</b>	<b>4,305</b>	<b>4,305</b>	<b>4,305</b>
Proceeds from disposals	-	-	-	-	-

A valuation was undertaken by Bonham's in 2012/13 which valued the books at £2,346,000 and chattels at £1,959,000.

# NOTES TO THE ACCOUNTS

Year ended 31 July 2019

## 13 Heritage assets continued

### Nature of assets held

The Manchester Metropolitan University collections are central to the artistic culture and teaching of the University and have been since its foundation. The collections include:

- Artists' books: a great range of creative experimentations with the book form
- 20th Century international poster collections
- The Manchester School of Art Collection including fine and decorative art
- The Schmoller Collection of Decorated Papers
- Children's Book Collection: featuring 19th and 20th century children's book illustration
- Book collections exploring aspects of the book as an artefact
- Archive collections including artists working drawings and correspondence
- Manchester Society of Architects Library
- Victorian ephemera featuring 19th Century albums and scrapbooks
- Mary Butcher collection of Baxter prints

### Policy for management, preservation, acquisition and disposal of assets

The use of Special Collections is supported by a conservation team who are responsible for the long-term preservation of the collections. This team works to conserve the collections so that they are available for display and study without placing the objects in danger of further deterioration.

The Book Design, Artists' Books and Children's Book collections can be accessed without an appointment and can be searched on the Library catalogue.

The Manchester School of Art collection, the Archive collections, the Schmoller Collection of Decorated Papers and the Poster collections can be searched on the Special Collections catalogue. Please contact us to make an appointment to view material from these collections.

Further information on the University's policies regarding, conservation, preservation, management and disposal of heritage assets can be found on the University's website: [www.specialcollections.mmu.ac.uk](http://www.specialcollections.mmu.ac.uk)



Consolidated  
£'000      University  
£'000

#### 14 Non-current investments

At 1 August 2018	106	106
Disposals	-	-
<b>At 31 July 2019</b>	<b>106</b>	<b>106</b>

#### The above analysis consists of:

	Consolidated 2019 £'000	University 2019 £'000	Consolidated 2018 £'000	University 2018 £'000
Manchester Science Parks Limited	32	32	32	32
CVCP Properties plc	46	46	46	46
ABD Limited	28	28	28	28
	<b>106</b>	<b>106</b>	106	106

The Governors believe that the carrying value of the investments are supported by their underlying net assets.

The subsidiary companies of the University (all of which are registered in England and Wales) are as follows:

Name	Principal Activity	Share	Capital	Status
Manmet Limited	Dormant	£1	100%	owned
MMU Enterprises Limited	Trading	£4	100%	owned
Manchester Law School Limited	Dormant	£2	100%	owned

#### 15 Investment in associates

The University has a 20% holding in The Corridor Manchester, which is a company limited by guarantee, whose principal activity is to maximise the economic potential of the city south area by harnessing the ongoing investment being made by key institutions (Universities; the Health Trust and the Private Sector). The Corridor Manchester has a reporting date ending 31st March 2019.

## NOTES TO THE ACCOUNTS

	Consolidated and University	
	2019	2018
	£'000	£'000
<b>16 Trade and other receivables</b>		
<b>Amounts falling due within one year:</b>		
Trade receivables	10,474	8,919
Other receivables	4,094	3,935
Amounts due from associate companies	18	17
Prepayments and accrued income	9,492	8,679
	<b>24,078</b>	<b>21,550</b>
<b>Amounts falling due after one year:</b>		
Other receivables	-	3,946
	<b>24,078</b>	<b>25,496</b>
<b>17 Current investments</b>		
Short term deposits	106,200	103,000
	<b>106,200</b>	<b>103,000</b>
<p>Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the investment date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.</p>		
<b>18 Creditors: amounts falling due within one year</b>		
Unsecured loans	1,848	2,948
Obligations under finance leases	158	152
Trade payables	21,262	25,993
Social security and other taxation payable	4,150	3,979
Accruals and deferred income	25,823	22,785
	<b>53,241</b>	<b>55,857</b>



**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.

	Consolidated and University	
	2019	2018
	£'000	£'000
Research grants received on account	3,234	2,673
Grant income	841	1,035
Other income	7,300	6,120
	<b>11,375</b>	<b>9,828</b>
<b>19 Creditors: amounts falling due after more than one year</b>		
Obligations under finance lease	229	163
Unsecured loans	25,961	27,684
	<b>26,190</b>	<b>27,847</b>
<b>Analysis of secured and unsecured loans:</b>		
Due within one year or on demand (Note 18)	1,848	2,948
Due between one and two years	1,461	1,784
Due between two and five years	4,200	4,200
Due in five years or more	20,300	21,700
Due after more than one year	25,961	27,684
<b>Total secured and unsecured loans</b>	<b>27,809</b>	<b>30,632</b>
<b>Unsecured loans summary:</b>		
Barclays Bank PLC	27,300	28,700
HEFCE / Office for Students	509	1,932
	<b>27,809</b>	<b>30,632</b>

## NOTES TO THE ACCOUNTS

### 19 Creditors: amounts falling due after more than one year continued

In September 2011 the University acquired an unsecured loan from Barclays Bank plc of £35,000,000 as part of the funding arrangements for the capital programme. The loan bears interest at 5.62% and is repayable by equal quarterly instalments of £350,000, which commenced in March 2014. The final instalment is due in December 2038.

During 2012/13 the University obtained a £6,500,000 interest free loan from HEFCE, which is repayable by equal quarterly instalments of £325,000 which commenced in November 2014. The final instalment was paid in August 2019.

During 2013/14 the University obtained a £306,000 interest free loan from the HEFCE Revolving Green Fund, which is repayable by equal instalments every six months. Repayment commenced in November 2014 with the final instalment paid in May 2018. Additional loans, with the same terms, of £193,000 was received in 2015/16, and £319,000 in 2016/17. This element of the loan is repayable in equal instalments on a bi-annual basis, with repayments which commenced in November 2014.

Consolidated and University	Obligation to fund deficit on USS pension	Pension enhancements on termination	Defined benefit obligations (Note 28)	Total pensions provisions	Other provisions	Total provisions
	£'000	£'000	£'000	£'000	£'000	£'000
<b>20 Provisions for liabilities</b>						
At 1 August 2018	1,904	11,114	69,449	82,467	11,560	94,027
<b>Movement in the year</b>						
Fundamental restructuring	-	-	-	-	155	131
Additions in 2018/19	-	-	-	-	317	317
Service Cost	-	-	25,678	25,678	-	25,678
Employer's contributions	(98)	-	(12,538)	(12,636)	-	(12,636)
Payments to Pensioners	-	(994)	-	(994)	-	(994)
Actuarial loss	-	847	37,881	38,728	-	38,728
Interest charge	41	256	2,126	2,423	305	2,728
Change in expected contributions	3,577	-	-	3,577	-	3,577
Utilisation of Provision	-	-	-	-	(4,546)	(4,522)
<b>At 31 July 2019</b>	<b>5,424</b>	<b>11,223</b>	<b>122,596</b>	<b>139,243</b>	<b>7,791</b>	<b>147,034</b>

### Defined Benefit Obligations

The defined benefit obligations relate to staff who are members of the Greater Manchester Pension Fund (see note 28).

### Pension enhancements on termination

The University continues to make a diminishing number of pension enhancement payments to retired employees or their dependants. The value of this liability is reflected as a provision in the balance sheet. Each year there is a charge against the provision for payments to pensioners and credit to the provision for net return on assets. Any enhancement is recognised as part of operating surplus.

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

	31 July 2019
Discount rate	2.0%
Pension increase rate (CPI)	2.2%

### Obligation to fund deficit on USS Pension

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

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 28. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £3.1m, a decrease of £2.3m from the current year end provision.

### Other Provisions

Other provisions relate to an onerous lease located at the Cheshire campus and termination payments.

### Contingent liability

At 31 July 2019 the University had clear plans to withdraw from the Cheshire campus. As part of operating the campus the University holds a lease for student accommodation which as at 31 July 2019 has an unexpired term of 15 years. A sub lease is in place covering the period up until 31st December 2024 and the University continues to explore a basis of assignment or other exit option from this date. The various exit options all contain different financial implications, and no one outcome is probable therefore the University is not reliably able to estimate the value of any provision at the balance sheet date without the potential for a material error arising.

## NOTES TO THE ACCOUNTS

	Restricted permanent endowments	Expendable endowments	2019 Consolidated	2018 University
	£'000	£'000	Total £'000	Total £'000
<b>21 Endowment reserves</b>				
<b>Restricted net assets relating to endowments are as follows:</b>				
<b>Balances at 1 August 2018</b>				
Capital	55	439	494	570
Accumulated income	17	-	17	17
	72	439	511	587
New endowments	-	101	101	59
Investment income	-	3	3	4
Expenditure	-	(153)	(153)	(139)
Transfer	(69)	78	9	-
	(69)	29	(40)	(76)
<b>At 31 July 2019</b>	<b>3</b>	<b>468</b>	<b>471</b>	<b>511</b>
<b>Represented by</b>				
Capital	2	468	470	494
Accumulated income	1	-	1	17
	3	468	471	511
<b>Analysis by type of purpose</b>				
Research support	-	163	163	229
Prize funds	3	8	11	169
General	-	297	297	113
	3	468	471	511
<b>Analysis by asset</b>				
Cash and cash equivalents			471	511
			471	511

	Donations	2019 Consolidated and University	2018 University
	£'000	Total £'000	Total £'000
<b>22 Restricted reserves</b>			
<b>Reserves with restrictions are as follows:</b>			
<b>Balances at 1 August 2018</b>	58	58	49
New donations	26	26	30
Expenditure	(38)	(38)	(21)
Transfer	(9)	(9)	-
<b>At 31 July 2019</b>	<b>37</b>	<b>37</b>	<b>58</b>
<b>Analysis of other restricted funds/donations by type of purpose:</b>			
Prize funds		37	58
		<b>37</b>	<b>58</b>
	At 1 August 2018 £'000	Cash flows £'000	At 31 July 2019 £'000
<b>23 Cash and cash equivalents</b>			
<b>Consolidated and University</b>			
Cash and cash equivalents	83,510	(25,432)	58,078
	<b>83,510</b>	<b>(25,432)</b>	<b>58,078</b>

## NOTES TO THE ACCOUNTS

	2019 £'000	2018 £'000
<b>24 Capital and other commitments</b>		
<b>Provision has not been made for the following capital commitments at 31 July:</b>		
Commitments contracted at 31 July	55,965	56,082
Authorised but not contracted at 31 July	51,761	30,481
	<b>107,726</b>	<b>86,563</b>

	Land and buildings £'000	Plant and machinery £'000	2019 Total £'000	2018 Total £'000
<b>25 Obligations/receipts under operating leases</b>				
<b>Total rentals payable under operating leases:</b>				
<b>Payable during the year</b>	8,452	51	8,503	8,514
<b>Future minimum lease payments due</b>				
Not later than 1 year	6,949	405	7,354	8,210
Later than 1 year and not later than 5 years	33,539	-	33,539	29,142
Later than 5 years	54,223	-	54,223	62,056
<b>Total lease payments due</b>	<b>94,711</b>	<b>405</b>	<b>95,116</b>	<b>99,408</b>
<b>Total rentals receivable under operating leases:</b>				
<b>Receivable during the year</b>	755	-	755	108
<b>Future minimum lease payments receivable</b>				
Not later than 1 year	755	-	755	108
Later than 1 year and not later than 5 years	3,010	-	3,010	334
Later than 5 years	445	-	445	614
<b>Total lease payments receivable</b>	<b>4,210</b>	<b>-</b>	<b>4,210</b>	<b>1,056</b>

	2019 £'000	2018 £'000
<b>26 Obligations under finance leases</b>		
<b>The future minimum finance lease payments are as follows:</b>		
Due within one year	167	166
Due between one and two years	166	166
Due between two and five years	67	-
<b>Total gross payments</b>	<b>400</b>	<b>332</b>
Less: finance charges	(13)	(17)
<b>Carrying amount of liability</b>	<b>387</b>	<b>315</b>

Finance leases are in place for University servers and multifunctional printing devices. These run between three and five years and are entered into with the University bearing the majority of the risk and rewards.

## NOTES TO THE ACCOUNTS

### 27 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability in another entity. The carrying value of the Group and University's financial assets and liabilities are summarised by category below:

	Notes	Consolidated £'000	2018/19 University £'000	Consolidated £'000	2017/18 University £'000
<b>Financial assets measured at amortised cost:</b>					
Trade receivables	16	10,474	10,474	8,919	8,919
Other receivables	16	4,094	4,094	7,881	7,881
<b>Financial assets measured at cost less impairment:</b>					
Cash and cash equivalents	23	58,078	58,078	83,510	83,510
Investments (non - current)	14/15	200	106	222	106
Investments (current)		106,200	106,200	103,000	103,000
Trade and other receivables	16	9,510	9,510	8,696	8,696
		<b>188,556</b>	<b>188,462</b>	<b>212,228</b>	<b>212,112</b>
<b>Financial liabilities measured at amortised cost:</b>					
Loans	19	27,809	27,809	30,632	30,632
Trade and other payables		387	387	315	315
<b>Financial assets measured at cost less impairment:</b>					
Trade and other payables	18	51,235	51,235	52,757	52,757
		<b>79,431</b>	<b>79,431</b>	<b>83,704</b>	<b>83,704</b>

**The Group's and Universities income and expenses in respect of financial instruments are summarised below:**

Total interest income for financial assets at amortised cost	5	233	233	439	439
Total interest expense for financial liabilities at amortised cost		1,563	1,563	1,675	1,675

The University enters into predominantly non-complex, short term transactions resulting in basic financial instruments. As such the risk associated with the assets and liabilities outlined above is deemed by the University to be low. The vast majority of the financial assets outlined are in the form of cash, cash equivalent or current investments held with financial institutions on deposit. The value of these assets alone cover the outstanding debt.

For further details on terms and conditions associated with loans refer to note 19.



## 28 Pension schemes

The principal pension schemes for the University's staff are the Greater Manchester Pension Fund ('GMPF') which is administered by Tameside Metropolitan Borough Council in accordance with the Local Government Pension Scheme Regulations 2013, the Teachers' Pension Scheme ('TPS') which is administered by the Teachers' Pension Agency and the Universities Superannuation Scheme ('USS') which is administered by the trustee, the Universities Superannuation Scheme Limited. The schemes are defined benefit schemes and are contracted out of the State Earnings-Related Pension Scheme.

The GMPF and USS are valued every three years with the TPS being valued every five years. This is completed by actuaries using a prospective benefits valuation method with the rates of contribution payable being determined by the pension fund on the advice of the actuaries.

Under the definitions set out in IAS 19, both the USS and the GMPF are multi-employer defined benefit pension schemes. In the case of the GMPF the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2019. For the USS a liability has been recognised on the balance sheet as at 31 July 2019.

### Greater Manchester Pension Fund

The last formal valuation of the scheme was performed at 31 March 2016 by a professionally qualified actuary with subsequent valuations taking place every three years. The major assumptions utilised in calculating the year end valuation have been detailed below.

	2019 % pa	2018 % pa
Pension increase rate	2.4	2.4
Rate of increase in salaries	3.2	3.2
Discount rate / expected return on assets	2.1	2.8

### Contribution rates are as follows:

	%
From 1 April 2017 to 31 March 2020	21.4

The increases in contribution rates may reduce the deficit.

## NOTES TO THE ACCOUNTS

### 28 Pension schemes *continued*

The most significant non-financial assumption is the assumed level of longevity. The assumed life expectancy on retirement age at 65 are:

	Males		Females	
	Pensioner	Future pensioner	Pensioner	Future pensioner
At 31 July 2018	21.5	23.7	24.1	26.2
At 31 July 2019	20.6	22.0	23.1	24.8

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

#### The assets in the scheme were:

Scheme assets	Fair value as at		
	2019 £'000	2018 £'000	2017 £'000
Equity securities	130,087	119,644	142,477
Debt securities	24,988	28,079	31,910
Private equity	18,390	12,773	9,835
Real estate	18,674	13,068	9,492
Investment funds and unit trusts	205,629	194,181	142,804
Derivatives	-	-	-
Cash and cash equivalents	12,572	13,961	9,618
<b>Total</b>	<b>410,340</b>	<b>381,706</b>	<b>346,136</b>

	2019 £'000	2018 £'000
<b>Analysis of the amount shown in the balance sheet</b>		
Scheme assets	410,340	381,706
Scheme liabilities	(532,936)	(451,155)
<b>Deficit in the scheme</b>	<b>(122,596)</b>	<b>(69,449)</b>
<b>Analysis of amount charged to staff costs</b>		
Current service cost	(21,268)	(21,331)
Past service costs	(4,410)	(1,229)
<b>Total operating charge</b>	<b>(25,678)</b>	<b>(22,560)</b>
<b>Analysis of the amount charged to interest payable/credited to other finance income</b>		
Interest cost	(12,895)	(12,144)
Expected return on assets	10,769	9,413
<b>Net charge to interest payable</b>	<b>(2,126)</b>	<b>(2,731)</b>
<b>Analysis of other comprehensive income</b>		
Return on assets excluding amounts included in net interest	11,479	20,678
Other experience	-	-
Past service credit arising on change of pension increase assumption financial year	(49,360)	19,317
<b>Total other comprehensive income</b>	<b>(37,881)</b>	<b>39,995</b>

## NOTES TO THE ACCOUNTS

### 28 Pension schemes *continued*

	2018/19 £m	2017/18 £m
<b>Analysis of movement in deficit</b>		
<b>Deficit at beginning of year</b>	<b>69,449</b>	<b>95,798</b>
Contributions or benefits paid by the University	(12,538)	(11,645)
Current service cost	21,268	21,331
Past service cost	4,410	1,229
Other finance charge	2,126	2,731
Gain recognised in other comprehensive income	37,881	(39,995)
<b>Deficit at end of year</b>	<b>122,596</b>	<b>69,449</b>

	2018/19 £'000	2017/18 £'000
<b>Analysis of movement in the present value</b>		
<b>Present value at the start of the year</b>	<b>69,449</b>	<b>95,798</b>
Current service cost	21,268	21,331
Past service cost	4,410	1,229
Interest cost	2,126	2,731
Employer contributions	(12,538)	(11,645)
Changes in financial assumptions	49,360	(19,317)
Other experience	-	-
Return on assets	(11,479)	(20,678)
<b>Present value at the end of the year</b>	<b>122,596</b>	<b>69,449</b>

### **Analysis of movement in the fair value of scheme assets**

<b>Fair value of assets at the start of the year</b>	<b>381,706</b>	<b>346,136</b>
Expected return on assets	10,769	9,413
Actuarial gain on assets	11,479	20,678
Actual contributions paid by University	12,538	11,645
Actual member contributions	3,968	3,669
Estimated benefits paid	(10,120)	(9,835)
<b>Fair value of scheme assets at the end of the year</b>	<b>410,340</b>	<b>381,706</b>

Defined benefit scheme assets do not include any of the University's own financial instruments or any properties occupied by the University.

The estimate for contribution for the defined benefit scheme for the year to 31 July 2020 will be approximately £12,538,000.

The actual return on scheme assets for the year was £22,248,000 gain (2018: £30,091,000 gain).

### The Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution 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. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The total cost charged to the profit and loss account is £3,194,000 (2018: £396,000 credit) as shown in note 20.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2017 valuation was the fourth valuation for the scheme 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases CPI	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21

## NOTES TO THE ACCOUNTS

### 28 Pension schemes *continued*

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2019	2018
	Pre-retirement	Pre-retirement
	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	Post retirement	Post retirement
	96.5% of SAPS S1NMA 'light' for males and 101.3% of RFV00 for females	96.5% of SAPS S1NMA 'light' for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

#### The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £3.1m, a decrease of £2.3m from the current year end provision and a reduction in expenditure of £2.3m.

### **The Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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.

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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link [www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx)

## NOTES TO THE ACCOUNTS

### 28 Pension schemes continued

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

#### Cheshire Pension Fund

A number of former employees 12 (2018: 12) receive retirement benefits from the Cheshire Pension Fund. The related asset is not material to the University's accounts.

#### Total pension cost

#### The total pension cost for the University and its subsidiaries:

	2018/19 £'000	2017/18 £'000
Teachers' Pension Scheme: contributions paid	11,680	10,680
Local Government Pension Scheme: charge	25,113	22,217
USS Pension Scheme	1,246	1,597
Other pension schemes	166	57
	<b>38,205</b>	<b>34,551</b>

At 31 July 2019 there was a total pension creditor of £3,131,000 (2018: £3,008,000) which was paid by 3rd August 2019.



## 29 Accounting estimates and judgements

The preparation of the University's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities.

### **Recoverability of debtors**

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

### **Valuation of fixed Assets**

Management make judgements as to whether the estate is appropriately valued at each balance sheet date and whether any indicators of impairment exist. As our estate forms an estimated 57% of our asset base, an incorrect assessment of asset value could influence the readers understanding of the accounts and position of the University. Discussions are held prior to year end to assess market movements, planned changes to the estate and any other indicators which might warrant a change in the carrying value of an asset. Should an impairment be indicated, a third party valuer would be contracted to estimate the change in carrying value at the balance sheet date.

### **Provisions**

Management apply judgment to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these. In the context of our accounts the carrying value of other provisions represents a small portion of the total provisions. That being said we refer to a contingent liability which has the potential in future periods to increase this balance. The treatment of this balance makes provisions themselves a more critical accounting judgement. Refer to note 20 for further details.

## NOTES TO THE ACCOUNTS

### 29 Accounting estimates and judgements continued

#### Sale of assets

Deferred payments relating to the sale of assets are measured using the amortised cost and effective interest method with a discount rate based on the market rate of interest for a similar debt instrument.

#### Retirement benefit obligations

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 28.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of 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 profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

### 30 Events after the end of the reporting period

On 30th August 2019 the University disposed of the Cheshire campus resulting in a loss on disposal of £3,510,000.

As set out in Note 20 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £2.3m in the provision for the Obligation to fund the deficit on the USS pension. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

### 31 Related Party Transactions

Members of the Board of Governors are required to declare any outside interests. When an item arises in which a member has a pecuniary, business, family or other personal interest, it must be declared and the member concerned may not take part in the consideration of the matter nor vote on it. The Board of Governors has considered the financial effect of all transactions involving organisations in which a member of the Board of Governors may have an interest. It is confirmed that these are conducted at arm's length and in accordance with the University's Financial Regulations. Significant transactions were:

	2018/19 Income £'000	2018/19 Expenditure £'000	2018/19 Debtor £'000	2018/19 Creditor £'000
Apprenticeship Delivery Board	2	-	-	-
BCS Manchester Branch Committee	-	2	-	-
Bunzl plc	-	3	-	-
Castlefield Gallery	-	10	-	2
Chorlton Park Primary School	-	2	-	-
DWF Law LLP	-	11	-	-
Greater Sport	26	-	-	-
Manchester Airport plc	5	-	-	-
Manchester International Festival	-	60	-	-
Marshalls plc	-	1	-	-
MC2 (Manchester) Ltd	5	3	-	-
MMU Student Union	664	2,068	10	28
NCUK (H)	1	-	-	-
Oxford Road Corridor Manchester	-	50	-	387
Pennine Care NHS Foundation Trust	74	86	3	1
Pro-Manchester	-	26	-	13
St Mary's Primary School	-	1	-	-
UNIAC	-	211	-	-
Warrington and Halton Hospitals NHS Foundation Trust	3	3	-	-

<b>Related party</b>	<b>Nature of the relationship</b>
Apprenticeship Delivery Board	Malcolm Press is a member of the Manchester Metropolitan University Executive Group (UEG) and a Board Member of the Apprenticeship Delivery Board
BCS Manchester Branch Committee	Darren Dancey is a member of the Manchester Metropolitan University Board of Governors and Vice-Chair of the BCS Manchester Branch Committee
Bunzl plc	Vanda Murray is a member of the Manchester Metropolitan University Board of Governors and a Non-executive Director of Bunzl plc
Castlefield Gallery	Penny Macbeth is a member of the Manchester Metropolitan University Board of Governors and a Trustee of Castlefield Gallery
Chorlton Park Primary School	Andrew Hewett is a member of the Manchester Metropolitan University UEG and a Governor of Chorlton Park Primary School
DWF Law LLP	Mark St John Qualter is a member of the Manchester Metropolitan University Board of Governors and CEO of managed services at DWF Law LLP
Greater Sport	Mike Perls is a member of the Manchester Metropolitan University Board of Governors and Chair of Greater Sport
Manchester Airport plc	Neil Thompson is a member of the Manchester Metropolitan University Board of Governors and a director of Manchester Airport plc
Manchester International Festival	Malcolm Press is a member of the Manchester Metropolitan University UEG and a Board Member of Manchester International Festival
Marshalls plc	Vanda Murray is a member of the Manchester Metropolitan University Board of Governors and a Non-executive director of Marshalls plc
MC2 (Manchester) Ltd	Mike Perls is a member of the Manchester Metropolitan University Board of Governors and a director of MC2 (Manchester) Ltd
MMU Student Union	Aimee Atkinson (President) and Lucy Follon (Trustee) are Board members of MMU Students' Union and Governors of the Manchester Metropolitan University
NCUK (H)	Jenny Watling is a member of the Manchester Metropolitan University UEG and a Trustee of NCUK (H)
Oxford Road Corridor Manchester	Malcolm Press is a member of the Manchester Metropolitan University UEG and a Board Member of Oxford Road Corridor
Pennine Care NHS Foundation Trust	Evelyn Asante-Mensah is a member of the Manchester Metropolitan University Board of Governors and Chair of Pennine Care NHS Trust Foundation
Pro-Manchester	Julia Clarke is a member of the Manchester Metropolitan University UEG and a Director of Pro Manchester
St Mary's Primary School	Evelyn Asante-Mensah is a member of the Manchester Metropolitan University Board of Governors and a Governor of St Mary's Primary School.
UNIAC	Andrew Hewett is a member of the Manchester Metropolitan University UEG and a Board Member of UNIAC
Warrington and Halton Hospitals NHS Foundation	During the year Jean-Noel Ezingard was a member of the Manchester Metropolitan University UEG and a Trustee of Warrington and Halton Hospitals NHS Foundation.

The University also acts as an agent for UNIAC providing payroll services. At the year end £0 was outstanding in respect of these services.



## Senior Officers

### Chancellor

The Rt Hon Lord Mandelson PC

### Pro-Chancellor

Ms Vanda Murray OBE BA DESEM FCIM

### Vice-Chancellor

Professor Malcolm Press BSc PhD

### Deputy Vice-Chancellor

Professor Jean-Noel Ezingeard IngDip MSc PhD FRSA  
(to 30 April 2019)

### Chief Operating Officer

Professor Karen Moore BSc PhD

### Pro-Vice-Chancellor for Education

Professor Helen Laville BA PhD

### Pro-Vice-Chancellor for International

Professor Jenny Watling BSc PhD

### Pro-Vice-Chancellor for Research and Knowledge Exchange

Professor Richard Greene BSc PhD MB BS MBA FHEA FAS

### Director of Finance

Mr Andrew Hewett BCom FCA

### Director of Human Resources and Organisational Development

Ms Frances Hewison

## Faculty Pro-Vice-Chancellors

### Arts and Humanities

Professor Sharon Handley BA PhD

### Business and Law

Professor Julia Clarke BA ACA PGCHE

### Cheshire

Professor Christine Horrocks CPsychol  
(to 31 July 2019)

### Education

Professor Keith Faulks BA PGCE PhD

### Health, Psychology and Social Care

Professor Alison Chambers MCSP FHEA Med EdD

### Science and Engineering

Professor Andy Gibson MEng PhD DSc FIET FIMechE CEng

# Board of Governors 2018/19

**Ms Vanda Murray OBE** (Chair)

**Mr Russell Andrews**  
(to 31 July 2019)

**Dr Evelyn Asante-Mensah OBE**

**Ms Amie Atkinson**  
(to 30 June 2019)

**Dr Paul Bevan**  
(to 15 February 2019)

**Dr David Birch**

**Ms Rowena Burns**  
(from 01 September 2019)

**Dr Darren Dancey**  
(from 01 April 2019)

**Mrs Janet Dawson**

**Mr Simon Duffy**  
(from 11 February 2019)

**Ms Lucy Follon**

**Professor Chris Fox**  
(to 31 March 2019)

**Mr Carlo Frondaroli**  
(from 11 February 2019)

**Mr Mohammad Habeebullah OBE**

**Mr Norman Harrison**

**Mr Barry Harwood-Ferreira**  
(to 29 August 2018)

**Professor Donna Lee**  
(from 01 April 2019)

**Ms Penny Macbeth**

**Mr Calum Mercer**  
(to 31 July 2019)

**Mr Mike Perls MBE**

**Professor Malcolm Press**

**Mr Miles Rothbury**

**Mr Mark St John Qualter**

**Mr Neil Thompson**

**Mr John Varney**  
(to 28 June 2019)

**Ms Karen Varty**  
(from 01 April 2019)

**Mx Anna Welsh**  
(from 01 July 2019)



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