

Manchester
Metropolitan
University

Financial Statements

Year ended 31 July 2013





COVER IMAGE

The vertical gallery space in the Manchester School of Art, designed as a “window on the arts” with projecting teaching plinths.

The recently opened £34M School of Art building, alongside Chatham Tower, provides an ambitious interconnected art and design complex featuring an impressive array of state of the art digital & technical workshops, galleries, flexible studio space and a communal roof terrace.

Financial Statements Report and Accounts 2012/13

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Report of the Board of Governors

Operating and Financial Review

The Governors submit the University's annual report and audited consolidated financial statements for the year ended 31 July 2013. The financial statements have been prepared to comply with the Statement of Recommended Practice (SORP) for further and higher education institutions.

1. Introduction: 2020 Vision and Corporate Strategy

The University's 2020 Vision (published in 2006), has provided the catalyst for the strategic development of the University in recent years. The key themes of the 2020 Vision have been:

- a clear focus on the student experience in order to improve student satisfaction, progression and employability;
- a change agenda which set out the ambition to rationalise the physical estate from seven campuses to two, centralise and modernise services and enable investment in learning, teaching and research.

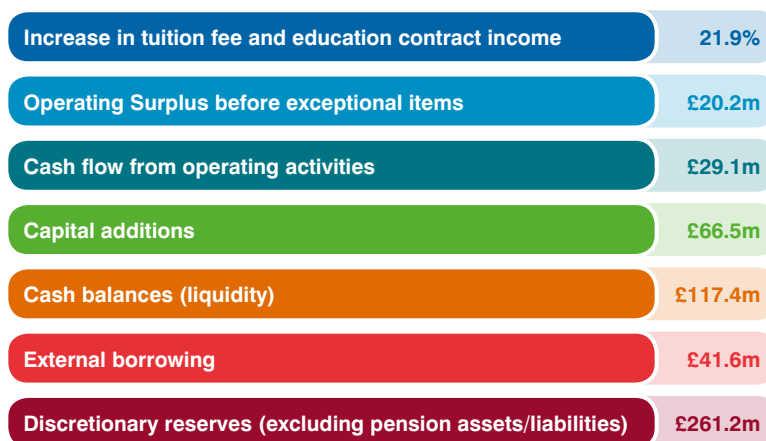
The 2020 Vision has been recently refreshed to take account of the changing funding model for English universities and in the recognition of the positive progress the University has made since 2006 on delivering that Vision. This refresh has resulted in the re-confirmation of the priorities but with increasing focus now being placed upon the academic strands of the Vision.

2. Financial Performance and Sustainability

The funding landscape and environment for the English HE sector has now entered a period of significant change and uncertainty. This shift (from 2012/13 onwards) of block recurrent teaching grant to individual student tuition fees, the near eradication of publicly funded capital grants, and the opening up of the HE sector to private providers, is creating a new free market in higher education; albeit still operating within a significant public regulatory framework and with the continuation of Government Policy interventions including student number controls.

The University's Financial Strategy has been updated to reflect and respond to these changes, although its fundamental aims remain the same; namely to ensure that resources cover the cost of recurrent operating activity, and that investment is maintained at a rate that is sufficient to support future developments and plans. It is evident that the University needs to generate an adequate surplus in order to invest in its staff, facilities, buildings and infrastructure going forward. This requires the University to develop and diversify its income streams, maintain strong financial management, and ensure effective prioritisation of its cost and resource base.

In financial health terms, the University is one of the strongest in the sector. It is therefore pleasing to report that the financial performance of the University in 2012/13 reflects another strong year of good financial health and effective financial management, including delivery of key performance indicators (KPIs) as set out in the University's Financial Strategy. This is despite a decrease in income year-on-year of 1.8%, and an increase in expenditure of 0.8% (which includes an increase in staff costs of 2.3% year-on-year). Key highlights include:



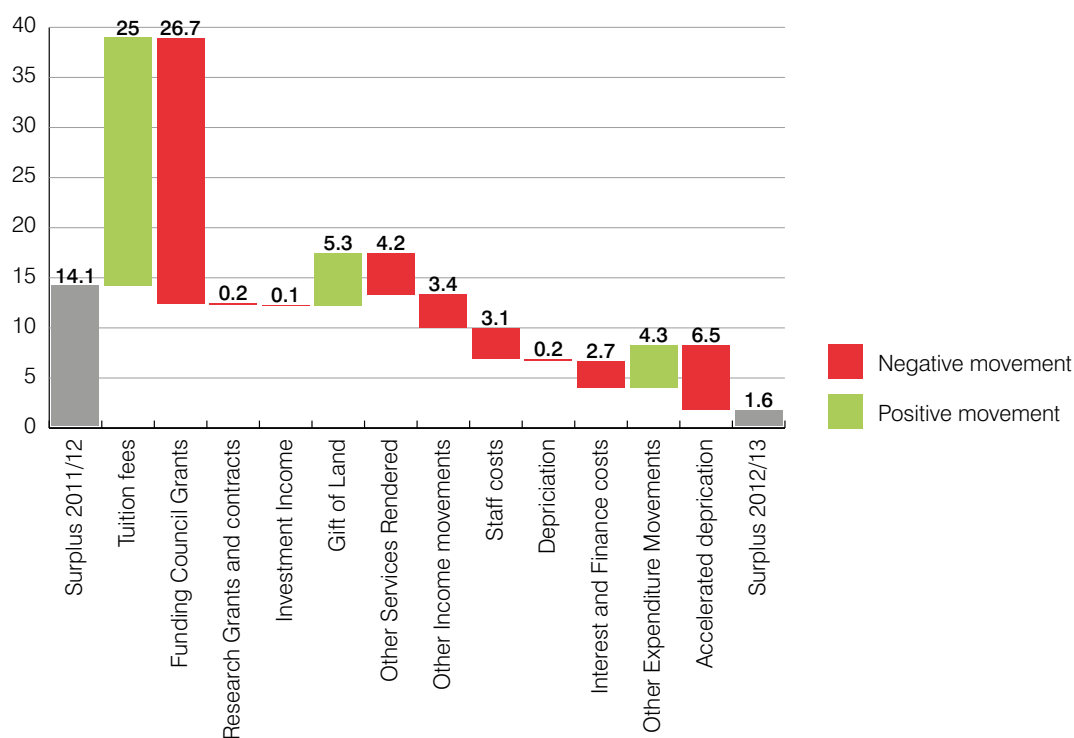
The Estates Strategy that has developed from the 2020 Vision has resulted in a major capital programme that is already transforming the physical environment, the facilities available for students and staff, and the environmental sustainability and impact of the University. Further details of the capital programme are set out later in this report, but it is notable that the University has continued to successfully fund that investment, in large part, from internally generated funds with only relatively modest reliance on external borrowing.

The 2012/13 financial results are summarised as follows:

Results for the Year	2012/13	2011/12
	£000	£000
Income	241,102	245,405
Expenditure	(220,916)	(219,210)
Surplus on Operating Activities before Exceptional Items	20,186	26,195
Exceptional Items	(18,574)	(12,064)
Surplus on continuing operations after depreciation, tax and exceptional items	1,612	14,131
Deficit / (Surplus) for the year transferred to accumulated income in endowment funds	237	(16)
Surplus for the year retained within general reserves	1,849	14,115
Historic cost surplus for the year	9,510	26,409

The key income and expenditure movements between the two financial years are illustrated below:

Surplus movement waterfall chart

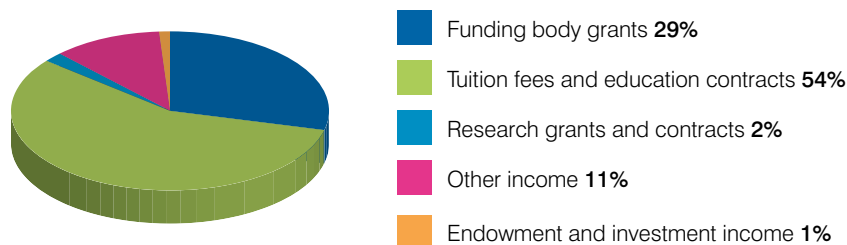


For the financial year ended 2012/13, the surplus on continuing operations after depreciation, but before tax and exceptional items was £20.2m (8.4% of income), compared with £26.2m (10.7% of income) in 2011/12; this represents continued excellent performance against a financial strategy KPI that sets a operating surplus requirement of £15m (6% of annual income).

Income

Total income decreased by £4.3m, some 1.8%, year-on-year.

Income analysis



Funding Council Grants

Funding body grants reduced by £26.7m overall (some 27.7%). Underlying recurrent grants from the Higher Education Funding Council for England (HEFCE) fell by £21.8m, reflecting the sector wide phased reduction in HEFCE teaching grant as old-fee regime students complete their studies and successive cohorts of new-fee regime students are recruited. The reduction in grants from the National College for Teaching and Leadership (formerly Teaching Agency) of £6.4m year on year also reflects a movement in the funding sources for Initial Teacher Training, which is now being mainly funded through tuition fees rather than block grants for new entrants from 2012/13 onwards.

Tuition Fees and Educational Contracts

The following table illustrates the movement of tuition fee income between 2011/12 and 2012/13:

	2012/13	2011/12	£000 Movement	% Movement
Tuition fees and education contracts				
Full-time students	108,768	82,122	26,646	32.4%
Full-time students charged overseas fees	12,067	13,143	(1,076)	(8.2%)
Part-time fees	5,447	5,343	104	1.9%
Short course fees	957	1,116	(159)	(14.2%)
Education contracts - NHS	9,159	8,946	213	2.4%
Education contracts - other	2,542	3,273	(731)	(22.3%)
	138,940	113,943	24,997	21.9%

Overall, tuition fees and education contracts increased by £25.0m, some 21.9% year on year, principally as a result of a £26.6m increase in full time fee income. As noted above, this movement is principally due to the shift from block grant funding towards tuition fees, which resulted in an increase in undergraduate tuition fees (which is net of fee waivers of £1.7m, which are nominated through the student support package).

There was a reduction in overseas student numbers year on year which resulted in income declining by £1.1m (8.2%) year on year. Education contracts (excluding NHS contracts, which increased slightly year on year) declined by £0.7m reflecting the reduction in publicly funded contracts as a result of the tightening fiscal conditions and the challenging economic environment over the last few years.

Research Grants and Contracts

Research grants and contracts income decreased by £0.2m, some 4.5% year on year, but gross contribution increased to 26.5%, compared to a contribution of 15.9% in 2011/12.

Other Income

The decrease in other income of £2.3m reflects a number of movements, including;

- a decrease of £3.0m in student residences and catering income largely as a result of students electing to use their student support package to fund accommodation fees (£2.4m) and internal catering (£0.4m).
- a one-off increase of £5.3m in other income due to the recognition of the gift of land at Birley Fields from Manchester City Council;
- a decline of £4.2m year on year in other services rendered, resulting from the reduction in several large (mostly public funded) CPD and consultancy contracts.

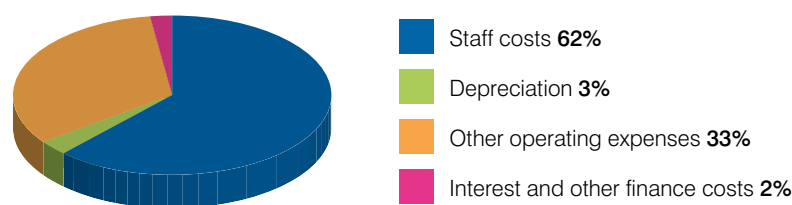
Endowment and Investment Income

The slight reduction in endowment and investment income of £0.1m year on year, to some £1.9m overall, reflects a planned reduction in cash balances in support of the approved capital investment programme. Overall return achieved on cash balances year on year has remained constant at 1.4%.

Expenditure

The University's expenditure increased by some £1.7m, or 0.8%, year-on-year.

Expenditure Analysis



Staff Costs

Staff costs increased by £3.1m from £134.9m in 2011/12 to £138.0m in 2012/13, reflecting national pay awards, incremental progression, pension cost increases and some targeted investment.

As a percentage of income, staff costs in the year amounted to 57.2% of the income base, which is an increase year on year, but still within the established Financial Strategy target threshold.

Other operating costs

Other operating costs decreased by £4.3m from £76.5m in 2011/12 to £72.2m, a decrease of some 5.6% year on year. The headline figure masks a number of significant changes during the year. The key movements include;

- the gross value of student support packages awarded is £16.7m (2011/12: £11.7m). The net value recognised in 2012/13 is £12.1m (2011/12: £11.7m), which is net of tuition fee waivers of £1.7m, accommodation discounts of £2.4m, and other income discounts of £0.5m;
- a £1.7m reduction in other services rendered expenditure, which reflects the reduction in other services rendered income;
- a year on year reduction of £2.4m in revaluation losses, reflecting a one off adjustment in 2011/12;
- the recovery of £0.8m previously provided against frozen Icelandic bank deposits held in administration;

Interest and other finance costs

The increase of £2.7m in interest and other finance costs mainly reflects the £2.4m movement in the long term expected net return assumptions on pension scheme assets and liabilities on a FRS 17 accounting basis, based upon conditions at the start of the financial year, in addition to £0.3m expenditure incurred servicing loans.

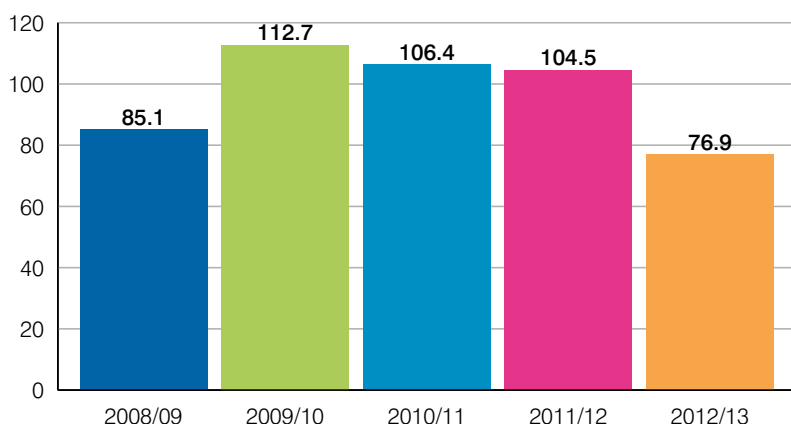
Exceptional items

An exceptional accelerated depreciation charge of £18.6m has been made in respect of buildings which at the balance sheet date are being held, or are due to be vacated, for future disposal, in accordance with the University's Estates Strategy to rationalize the physical estate from seven campuses to two.

Net funds and cash flow

Net funds stand at a healthy £76.9m, with operating cash flow from operating activities, at some £29.1m, continuing to exceed the current target set by the University's Financial Strategy of some £25m. This has enabled the University to maintain healthy levels of net liquidity whilst continuing to invest material sums on its estates consolidation and capital programme.

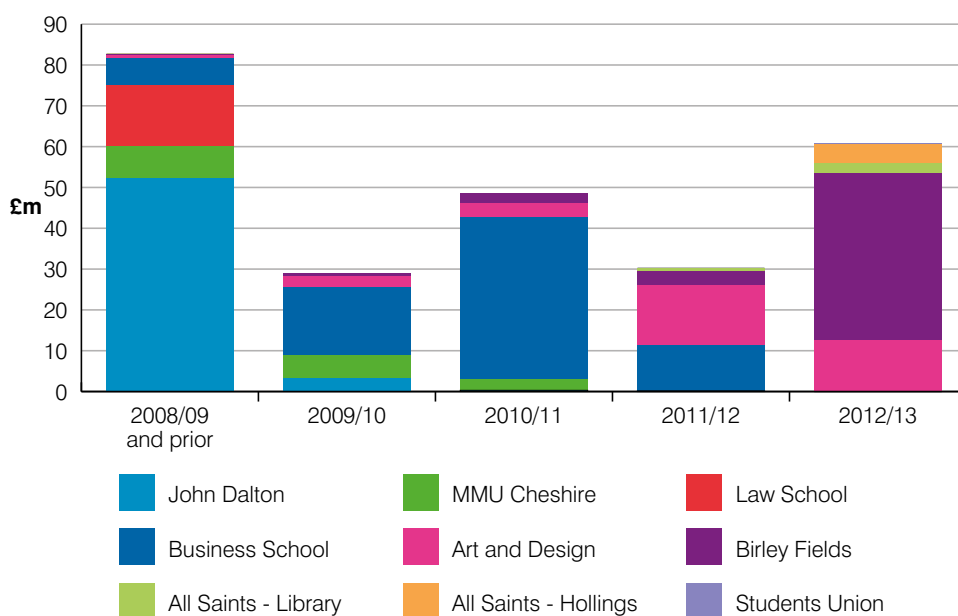
The five year net funds history is as follows:



Fixed assets

Total fixed assets increased in year by £44.5m to £391.1m (net of depreciation). As noted the University is making significant investment in the consolidation of its estate and in infrastructure, investing in 2012/13 some £66.5m in land and buildings, and equipment additions. In 2012/13 £46.4m was invested in the Birley Fields campus development (car park, energy centre, student residences, main academic building and £5.3m gift of land), £12.5m invested in the new Art and Design building, £4.5m spent on the refurbishment of the Cavendish building to facilitate the relocation of the Hollings faculty to the All Saints campus, £2.4m spent on the refurbishment of the Sir Kenneth Green library, and £0.4m spent on the new Students Union building. An additional £0.3m was incurred on minor capital works.

The expenditure incurred to date on the current capital programme is summarised in the following graph:

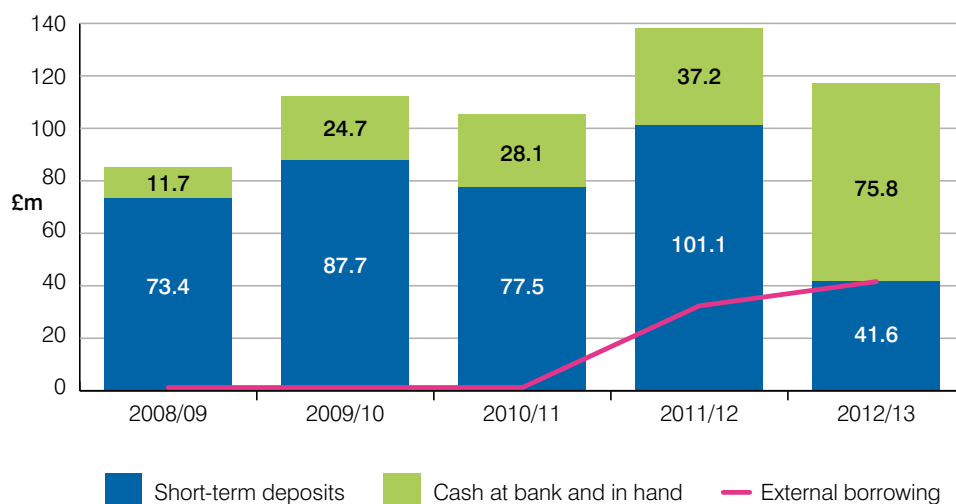


The remaining commitments in respect of the current capital programme amount to some £100m, with the significant proportion of this sum due to be expended in the 2013/14 financial year on the completion of the Birley Fields campus and a new Student Union building.

Net current assets

Cash balances have declined over the past year by some £20.9m in line with University plans and forecasts. External borrowing has increased by £6.5m as a result of the drawdown of an approved repayable grant from HEFCE, with total external borrowing of £41.6m at 31 July 2013. As the current capital programme concludes, cash balances will further reduce over the next financial year, to be more in line with normal operating targets for liquid funds. Overall cash balances are very strong, with the continued healthy cash flow from operating activities enabling the capital programme to progress with only modest reliance upon external borrowing.

The five-year cash and borrowing history is as follows:



Short-term creditors have increased by £8.8m year-on-year, mainly due to the increased progress with the construction of Birley Fields (increase of £10.6m in trade creditors), while deferred income declined by £2.5m due to reduction in research and other services rendered activity. Net liquidity days stands at a very healthy 199.4 days, compared with the current Financial Strategy target of circa 90 days.


FRS 17 pension liability

The valuation of the Greater Manchester Pension Fund on a FRS 17 accounting basis as at 31 July 2013, has given rise to a net deficit of £54.3m (2011/12 deficit £75.8m), reflecting a year on year movement of £21.5m. This valuation movement reflects the inherent volatility of the pension valuation, and the significant sensitivities around key assumptions; in particular, the positive movement in 2012/13 primarily reflects strong asset returns and a higher discount rate that has been applied to determine the present value of Pension liabilities, which has only been partly offset by a higher inflation assumption.

3. Student recruitment, satisfaction and experience

Recruitment

The University has a strong focus on full time undergraduate recruitment. As noted there have been changes in 2012/13 to HE funding regime, including the operation of how student number controls work. In 2013/14 Universities are allowed to recruit unlimited numbers to students with ABB equivalence and up to 3% above the student number control allowance. In line with the rest of the sector MMU saw a dip in applications in 2012/13, but this position has recovered well in 2013/14, as can be seen from the following table:

	2010/11	2011/12	2012/13	2013/14	Trend
Full time undergraduate applications	44,500	51,000	40,000	45,000	

Student Numbers by Mode

The following table shows the University's active population (i.e. excluding withdrawn, suspended or dormant students) for the past three years. Overall student numbers have decreased slightly with falls in postgraduate part-time taught (9.0%) and undergraduate full-time (4.0%) numbers being largely offset by an increase in part-time postgraduate research students, of 13.7% in the same period.

Study Level	Student Mode	2010/11	2011/12	2012/13
Undergraduate	Full Time	23,743	24,700	23,706
	Part Time	3,110	2,744	2,357
Postgraduate Taught	Full Time	2,053	1,953	1,872
	Part Time	3,840	3,647	3,319
Postgraduate Research	Full Time	284	302	279
	Part Time	365	402	457
Total	Full Time	26,080	26,955	25,857
	Part Time	7,315	6,793	6,133
Total		33,395	33,748	31,990

Active student numbers by mode of study

Student satisfaction

The proportion of our final year undergraduate students who are satisfied with their overall experience at the Manchester Metropolitan University over the last three years was 84% in the latest National Student Survey which is a rise of 3% on 2012 results. This represents a second successive year of a significant positive step change in overall student satisfaction.

Student Experience

There has been radical redevelopment of the work of the University's Centre for Excellence in Teaching and Learning (CELT) with a raft of new services and approaches to support academic staff development, student feedback and good practice in teaching and learning.

The introduction of Student Experience Tutors (SETs) is having a major impact on the support provided to students. The SETs are able to build close relationships with students and provide friendly and timely support when needed; ensuring students are engaging positively with their programme and also signposting them to other support. A new central initiative is the Writing Project, an optional activity offered not as remedial support, but as a positive step to self-improvement. Almost 1000 students participated with 37% coming from low participation neighbourhoods; student evaluation is very positive.

The University won the Student Experience Award at the inaugural Guardian University Awards in February 2013. The University's EQAL project to improve the academic experience was described as "ambitious in its pace and scale" and was "quite exceptional". It involved transforming the undergraduate curriculum, processes and learning technology to improve student learning and satisfaction, and has contributed significantly to the step change increase in satisfaction recorded in the National Student Survey since 2011.

The University's virtual learning environment, Moodle, has been upgraded to improve the service for students and staff and underpin the University's ambition to operate one of the best digital learning environments in the UK. With more than 450,000 hits per day, and 30,000 individual users, the existing system is an essential part of most students' daily study routine.

Students have also benefited from significant investment in University halls of residences including security improvements, upgrading bathrooms, re-carpeting and installing new bike sheds, and the installation of a sector-leading 30mb broadband Wi-Fi package. Following extensive consultation with students and staff, improvements to the Catering Service including the introduction of the Man Met Card as part of the enhanced student support package introduced in 2012, have been highly successful, with a 30% growth in take-up of the service.

During the year, students undertook 2,514 sport-related volunteering hours. 130 have gained Coach Education qualifications in 7 different sports and 390 gained volunteering experience through various sports club committee roles across Manchester and Cheshire. The recently approved Sports Strategy will enable the University to build upon this success in the future.

4. Staff

A significant number of major developments have been completed in support of University strategic aims and to ensure that the University has a skilled, motivated and customer focussed workforce, including:

The Engaged Culture:

- To underpin a sense of community and to value staff achievement, the University hosted its first whole organisation annual staff awards and celebration event on 4th July 2013. This prestigious event, with prizes awarded in twelve categories, showcased the achievements of faculties and departments. This event really captured the imagination of staff with over 600 award nominations being received and considered.
- The MMU Change Academy has gone from strength to strength. An event was run in conjunction with the Leadership Foundation for HE entitled "The Strategic Context in Higher Education". Open to all staff but largely targeted at academic staff, it explored the links between internal and external change. The action plan generated is being taken forward and the event will be run on an annual basis.
- A new Leadership and Management Competency Framework has been developed and approved. With over 160 staff involved in the consultation at all levels, the Framework delivers seven competencies which will be embedded in recruitment, development and performance management processes.

Celebrating Diversity:

- The University was awarded the Athena SWAN Bronze charter award, which recognises success in developing employment practices to support the careers of women in science, technology, engineering and maths (STEM subjects), and has also achieved the Business Forum for Disability Silver award.

Efficient Structures and Fit for Purpose Systems:

- Major re-structuring has taken place as a result of campus consolidation, revision of academic programmes and professionalising the workforce.
- The initial pensions auto-enrolment exercise was completed in April, with just over 3,300 staff in a compliant scheme, just under 300 staff auto enrolled and over 2,300 with a right to opt in.
- The optimisation phase of the integrated HR/Finance system commenced with management and employee self-service and e-recruitment being the first modules to be developed.

New Policy Frameworks:

- A new "Fair Treatment at Work Framework" was developed during the year. This incorporated the Grievance Procedure, a new Dignity at Work Policy and Procedure, a new Mediation Policy and Procedure and Cyber Bullying Guidelines under one umbrella.
- Innovative modular training was developed to underpin the disciplinary and capability policies, and was received by over 80 managers.
- New arrangements, to be implemented in 2013/14, have been approved to require applicants for all non-management academic posts to have a doctoral level qualification or for those in certain areas, the equivalent in professional practice. In addition, a new policy has been developed to provide a consistent mechanism for resourcing doctoral level qualifications.

5. Infrastructure including Estates development

The current capital programme, which runs to 2014, is costed at some £351m. By the end of the 2012/13 financial year, some £251m will have been expended. The Business School and Student Hub was completed in 2011/12 and the Art and Design new build and refurbishment in early 2013: the response to both from current and prospective students, staff and visitors has been overwhelmingly positive. Plans were also progressing well at the balance sheet date, for the relocation of the Hollings Faculty to the All Saints campus and for the consolidation and further enhancement of Library facilities; both of these projects, since the financial year end, have been successfully completed for the start of the 2013/14 academic year.

Planning permission for the development of a new Students' Union Building has been granted, and contract award made and, work has now started on site with a view to completion by summer 2014.

The new campus at Birley Fields has achieved a number of significant milestones. All legal, planning and road closure issues were resolved in good time, and the construction on-site is progressing well. In particular, the main concrete structure of the academic building is now complete with the installation of the internal steelwork and external glazing now commenced. The multi storey car park and Energy Centre structure are also complete, with cladding now being installed. Planning permission for the Student Accommodation development on the site was granted in February 2013. A four (of a possible five) block development has been contracted for in line with the structure of the tender. This will provide 967 study bedrooms. The decision on whether to progress the fifth block will be taken before the end of the 2013 calendar year.

Increasing focus is also being given to on-going investment in revenue resources (staff, IT infrastructure, minor works and facilities), to enhance the teaching and learning environment and the student experience, again underpinned by the University's strong financial health position. A new IT strategy is under development, and, in line with agreed lifecycles, a funded IT plan is in place to provide for the refresh of:

- Student PCs and Macs
- Classroom/seminar room IT facilities
- Staff PCs
- Core network and service infrastructure

A full condition survey of MMU's older buildings has commenced, to inform a planned preventative maintenance programme to underpin the whole Estate, given that the current capital programme is nearing completion. In addition the Masterplan for the University's Manchester campus is being reviewed and refreshed. The update of the Masterplan, with outputs expected before the end of 2013 calendar year, will take into consideration current and future space needs, academic requirements, connections between the All Saints and the new Birley Fields campus, as well as city wide strategic transport and infrastructure initiatives. The outputs from this Estates Masterplan review will enable the development of a costed capital investment plan for the period 2014 to 2024, and will greatly assist in the on-going development of the University's Estate.

6. University Environmental Sustainability

Aims of the University Environmental Strategy

Environmental awareness and sustainability have become core values of the University influencing policy development, and estates and infrastructure investment. The Environmental Sustainability Strategy and plan outline the strategic and tactical activities needed to improve and enhance the University's environmental credentials.

The top 5 objectives of the Strategy set out to prevent waste in all forms, be that energy, material and/or time:

- reducing paper, energy use and waste;
- investing in comprehensive recycling;
- investing in informed energy efficiency measures;
- increasing visible greenness of the Manchester Metropolitan University through outstanding communication;
- making green travel more practical.

Progress in 2012/13

The following key achievements have been made over the past year:

- **Ranking** - The University has risen in the Green League of Universities to 1st place to be the greenest University in the UK. This represents a systematic improvement of 81 places since 2007.
- **Ranking** - The University was ranked 1st in the European Environmental Paper Network (EEN) within the University Sector, showing evidence of its paper policy implementation and absolute reduction through the MMU Print project;
- **Ethical Investment** - The University has implemented a new Ethical investment policy. Its purpose is to demonstrate the University's prudent approach to investing funds in other organisations with the fundamental principle of not investing funds in areas that conflict with the University's core values including, giving due consideration for ethical, environmental, corporate governance and social issues policies commit to reducing environmental impact;
- **Sustainable Procurement** - The University has implemented a Sustainable Procurement policy to ensure that the University continually improves its spending power in such a way that best serves the students, economy and environment;
- **Carbon Reduction Commitment** - Compliance has been achieved at a cost of £252,000.
- **Activity to reduce Energy and Carbon** – below is a list of notable energy efficiency projects have been carried out over the past year (in addition to sustainability engagement, and the investments in sustainable infrastructure for new buildings):

Project	Metrics
New All Saints Data Centre (Phase 1) has seen hot isle containment and innovative ambient air chilling.	£180,000 invested ROI - 4.67 years Saving 191 year tonnes of CO2/yr
Phase 2 and 3 of the JD fume cupboard refurbishment.	Phase 2 - £75,000 invested ROI - 4.83 years Saving 90 tonnes of CO2/yr Phase 3 - £3,100 invested ROI - 1.82 years Saving 10 tonnes of CO2/yr
Installation of photo voltaic panels on the new Crewe Exercise and sport science building.	£112,000 invested ROI - 8 years Yearly income and savings for an additional 17 years Saving 27 tonnes CO2/yr
Ormond Heating Replacement has seen electric night storage heaters changed to a direct heating system fed by the existing boiler and utilising cast iron radiators and optimised heat controls.	£17,000 invested ROI - 3.98 years Saving 21 tonnes CO2/yr
Cavendish Building cavity wall insulation - 3463 m2 of cavity wall insulation.	£34,000 total invested ROI - 2.11 years Saving 54 tonnes CO2/yr

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- **Sustainability Engagement** - Green Impact, continues to be a flagship sustainability engagement project for the University and was reported to be the biggest engagement initiative in the Sector. The use of the 'Let's make a sustainable planet' brand, has increased attitudes and awareness to the University's progress on sustainability issues. Measured through student feedback, the University's "Eco Friendly" attitude has increased from 81% (2009/10) to 94.0% (2012/13);
 - **Waste Management and Recycling** – Recycling rates have increased marginally from 30% to 32%, however, the University returned only 0.5% of its waste to landfill during the year and remains committed to zero waste. The Halls Reuse scheme collected over 2,500 bags of unwanted clothing from MMU Halls of residence raising nearly £50,000 for the British Heart Foundation;
 - **Enterprising activity - Greater Manchester Hydrogen Partnership** – The University is leading on the development of a *Local Interaction Platform for Hydrogen Action* in Greater Manchester (GM). The platform seeks to bring the knowledge and skills of different stakeholders together to improve the capacity of Greater Manchester to address the challenges of grid demand, energy security and other areas that complement the GM Energy Plan. The areas addressed by the partnership are:
 - Research and graduate employability
 - Production of non-fossil hydrogen
 - Transport
 - Strategic infrastructure
 - Stationary power.
 - The 'Manchester Carbon Literacy Programme' is intrinsically linked to the City Climate Change Strategy – Manchester a Certain Future. The Manchester Metropolitan University has linked with the programme and is seen as a very proactive player. The Manchester Metropolitan University is, so far, the only University to have accredited 'Carbon Literate' students.

7. Future outlook and risks

The HE Sector has now entered a period of radical funding change. The shift in funding from publicly funded block grant to the individual student (albeit with a student support package that enables the deferment of fee liability), is likely to profoundly change the dynamics of the HE marketplace in the longer term.

The prospect of increasing marketisation, coupled with short to medium term funding imperatives from Central Government in respect of on-going student number controls, also presents a complex environment in which to manage and respond.

Fundamentally key risks and uncertainties for the University continue to centre around home student demand; both at undergraduate and postgraduate level. In addition the UK HE sector as a whole is facing ever increasing pressure in respect of international student recruitment, which is being compounded by existing Visa regulations and policy that might be adversely impacting upon the Sector's international profile and reputation.

There was a significant fall in home student recruitment in the English sector in 2012/13 of circa 51,000 students. This has led to more intense competition in the 2013/14 admissions cycle, with generally more offers being made across the sector with a view to securing more student numbers before clearing. The latest available sector level statistics indicate a recovery in student applications for 2013, and an increase in firm acceptances during the admissions process. What is not clear at this stage is the degree of recovery across regions and different types of university. If recovery is patchy or uneven, then this might impact upon individual university recruitment strategies in future years.

It is encouraging to report that the University has performed strongly in the latest 2013/14 recruitment round, and is on course to meet its home student number control targets and to further enhance the overall quality of its student intake, and also show further year on year improvement in its recruitment of 'non-quota' ABB+ equivalent students. However the University cannot, and will not be, complacent in planning for future years as the increasing marketization of higher education is likely to lead to even more intense competition in the years ahead.

In respect of the international student market there is already intense competition. Given the University's size and location, and in comparison with its peer group, the University international student population and activity is currently relatively low. The University is also under performing in respect of research and enterprise income, even though it performed well in the 2008 Research Assessment Exercise (RAE) and is well prepared for a strong presentation to the forthcoming Research Excellence Framework (REF) quality assessment submission. A priority, building upon the recently refreshed Academic Vision, is to further enhance academic excellence in Teaching and the Curriculum, and in Research and Enterprise, and deliver further diversification and growth in both income and activity from the University's international, and research and enterprise endeavours.

The University's 2020 Vision and Corporate Strategy, and the associated measures that the University is taking, provide effective risk responses in addressing the challenges and opportunities presented by this environment. In particular the University has a clear aim to further enhance its profile and reputation, improve its competitiveness and enhance the quality (and popularity) of its University offer generally. This is underpinned by the significant focus on improving the Student Experience, the continued evidence of good financial management and the generation of resource headroom to invest, and the enhancement (via the funded capital and infrastructure investment programme) of the working and learning environment.

8. Conclusion

In summary, the University remains well positioned for the challenges that lie ahead, but recognizes that it can ill afford to be complacent given the changed risk and funding environment in which HEIs are now operating. Of critical importance will be the maintenance of competitive position, enhancing quality of the student and the learning experience, and securing (and delivering) continued value from the key strands of its 2020 Vision and the Corporate Strategy, including the delivery of an Academic Vision that seeks to further enhance academic excellence and reputation in the years ahead. The University can build upon recent successes, and the growing evidence that its transformation and change agenda is having an increasingly positive impact. Maintaining confidence, remaining strategically focused, and being decisive in setting out plans and priorities should, with the benefit of the transformed estate and healthy financial base, enable the University to build upon the continued positive momentum that has been evidenced in the 2012/13 financial year.

Public Benefit Statement

The purpose of The Manchester Metropolitan University is to advance education and learning through the conduct and support of teaching and research alongside contributing to the local and regional economy.

When establishing the strategic direction of the university, the Board of Governors and the University's Executive Board has given careful consideration to the Charity Commission's general and supplementary guidance on public benefit; and also to the guidance issued by HEFCE in its capacity as principal regulator on behalf of the Commission.

In accordance with the University's charitable status, the principles of public benefit that are relevant to the Manchester Metropolitan University are:

Principle 1 - There must be an identifiable benefit or benefits

In addition to the obvious benefits of advancing education and research, the Manchester Metropolitan University also seeks to provide benefit to the local and regional community in a variety of ways through generating economic activity, working with local schools and colleges to improve their own activities, organising volunteering for local charities and providing support for local community sports, health and environmental groups.

Principle 2 - Benefit must be to the public, or section of the public

Students and staff of the University are the immediate beneficiaries of the activities of the University. However the range of beneficiaries is much wider than this. These include local and regional businesses, other public sector organisations in the region, local charities and a wide variety of community groups.

During 2012/13 the University delivered its charitable purpose for public benefit through a wide ranging number of activities and financial support packages. These have included:

- The University awarded £16.7 million (2011/12: £11.7 million) in student support packages to students from lower income and disadvantaged backgrounds. These bursaries benefited 11,195 students (12,868 in 2011/12). In terms of both values and numbers of student benefitting, the figures for 2011/12 were the highest for a single university;
- More than 50% of our undergraduate students received a bursary or scholarship, the majority from low-income households within the region, underpinning one of our primary purposes, access to higher education for all;
- Much of our recent research benefits the public across wide subject areas – some examples include:
 - i. Mini portable laboratories for forensic, archaeological and healthcare work in the field, featuring development of 'labs on a chip' technology was selected by the Parliamentary and Scientific Committee;
 - ii. MMU mathematicians believe it is possible to design superfast micro-processors which mimic the configurations in the human brain. If their models are correct, the circuitry would produce world-record computing speeds at a fraction of the power input. This has potential applications in neural biology, and in particular implications for the design and testing of new drugs for conditions such as Alzheimer's and Parkinson's;
 - iii. MMU **researchers** have become the first to establish an evidential link between adequate housing and a reduction in re-offending; a team from the Policy Evaluation and Research Unit in the Department of Sociology found that adequate housing after leaving prison can reduce the chance of a person re-offending by up to a quarter;
 - iv. Staff from the School of Law have been commissioned by the Equalities and human Rights commission to carry out research into caste which will form potential changes to discrimination law to be drafted by Parliament;
 - v. Climate researchers from the Centre for Aviation, Transport and the Environment (CATE) have released a report which shows the fastest way of mitigating carbon dioxide is by emissions trading programmes. The findings aim to highlight how programmes such as the European Union's Emissions Trading Scheme for aviation will cut gas emissions earlier. The report could now affect discussions at an international United Nations' aviation conference;
 - vi. MMU's Research Institute for Health and Social Change has carried out extensive research in schools in the South West, the Midlands and the North West of England which challenges established practices for working with children with severe learning difficulties which could have 'significant implications' for policy in England. The UK Literacy Association said the research has significant implications for policy and practice in this area";
- Provided approximately 60 paid internships for our graduates to undertake valuable work experience across many departments of the University – many going onto graduate employment following completion;
- The Faculty of Business and Law has designed 'learning pathways' for Co-operative Legal Services, the legal arm of the UK's largest mutual business. In one of the UK's largest such legal apprenticeship schemes, employees will be able to access a career pathway and progress from apprentice to a qualified lawyer;
- The Business School & Student Hub has been recognised as being among Europe's best buildings by the Royal Institute of British Architects, winning the Education category award and being nominated for a national RIBA award in the 'campus' category;

- The University has won the Student Experience Award at the inaugural Guardian University Awards – judges described the project to improve the academic experience, called EQAL, ambitious in its pace and scale, quite exceptional. EQAL has seen MMU transform its undergraduate curriculum, processes and learning technology to improve student learning and satisfaction;
- MMU was named as the UK's greenest university moving from 10th to first place and being the best of 140 universities in the People and Planet League Table. The University scored maximum marks for environmental policy, environmental staff, carbon management, staff and student engagement, sustainability in the curriculum and waste management, with high marks for ethical investments, procurement and fairtrade, and water and energy management;
- We are midway through 99-week construction of our new Birley Fields campus, a £139 million investment in Hulme and one of the largest regeneration schemes in Manchester. We have implemented a wide range of community engagement activities to provide employment opportunities for locals, contribute to an improvement in the social environment, and an on-going programme of community education in education and health;
- Linked to our development at Birley Fields, and working with the University of Manchester, we have continued to support Aspire, a not for profit agency, to help local residents back to work. More than 1,100 people have found work through this initiative;
- The Manchester School of Art has marked its 175th anniversary with 175 events and activities on campus and across the city and region; many of these have been in collaboration with a wide range of organisations and individuals;
- Nursing at Manchester Metropolitan is the best in the country according to students as we were awarded two prestigious prizes at the Student Nursing Times Awards, voted for by students themselves. Winning the main award for Pre-registration Nurse Education Provider of the Year, and also won Partnership of the Year with Stockport NHS;
- We developed a partnership with Manchester Mela for Mother Tongue Other Tongue project - a series of regional competitions, which are split into two parts. "Mother Tongue" will see children who do not have English as a first language write about what a lullaby, poem or song in their native language means to them, while as part of "Other Tongue" pupils will create an original poem in a second language that they are learning at school. Multiple events have promoted this across the UK under the direction of the Poet Laureate, Carol Ann Duffy;
- MMU's Research Institute for Health and Social Change, hosted the first UK research conference about Neurofibromatosis. The condition can cause multiple issues including birth marks or 'café au lait' spots on the skin, freckles in unusual places, neurofibromas (lumps and bumps) on the skin and mild learning difficulties - the conference shared knowledge and support among researchers and geneticists along with talks from people with the condition;
- Parents and retailers will benefit from new research into childrenswear sizing carried out in partnership with MMU; the Shape GB survey, which saw six of the UK's biggest retailers aims to standardise the fit of children's clothes across the country. Hundreds of children aged between four and 17 were scanned by the 3D body scanners in the Clothing Design Technology department at Hollings to create virtual body images. The survey will mean retailers can produce clothes that conform to a standard fit, while parents can be assured that their children's clothes size will not vary from shop to shop;
- At our Cheshire campus we celebrated our 100-year heritage alongside Cheshire East's 175 year commemoration of the establishment of the railway in the town of Crewe; over 50 public events were hosted on campus from sport, art exhibitions and live music performances to business masterclasses which attracted over 1,000 visitors to enjoy the week of celebrations;
- Our Art & Design Degree Shows attracted more than 15,000 visitors in June, while a 'sister' event Out of School allowed 1,000 schoolchildren to exhibit their own artwork in the famous Holden Gallery;
- Run by Cooler Projects in partnership with MMU and Manchester City Council, Manchester is set to become the world's first "carbon literate" city. The Manchester Carbon Literacy Project offers everyone that works, lives or studies in the city a day's free training to help them reduce their emissions on an individual, community and organisational basis;
- Psychologists from MMU Cheshire have been working in the area of spiritual abuse to help counsellors and practitioners to better understand the area and what support should be given;
- Researchers from the School of Engineering helped Altrincham-based Cartwright Group design more efficient trailers for commercial vehicles which drastically reduce drag and save on fuel costs. The use of 3-D modelling on the effects of wind on the trailer, helped the company save thousands on prototype costs. The design It can now be seen on roads up and down the country being hauled by some of the nation's biggest firms, such as ASDA. Predicted three-year turnover at the firm is £18 million thanks to the new design approach;
- MMU teamed up with Virgin Trains to allow 12 students who could not otherwise have afforded to come to University to study a BA (Hons) Business and Management at Crewe while simultaneously working for Virgin in a range of roles;
- MMU's Bridging The Gap scheme which gives young people from special needs schools the opportunity to train and work and help them become more independent, emerged from a partnership with Greater Manchester Probation which is holding a series of practitioner forums to help fill the gap in training created by cuts to public services.

By order of the Board of Governors

M Edge
Chairman

29 November 2013

Corporate Governance

The Manchester Metropolitan University is a higher education corporation established under the Education Reform Act 1988. The University is also an exempt charity under schedule 2 of the Charities Act 2011. The University's framework of governance is established in the Instrument and Articles of Government which are approved by the Privy Council.

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 in the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the Committee of University Chairs (CUC) 'Guide for Members of Higher Education Governing Bodies in the UK', which incorporates the Governance Code of Practice and General Principles.

In accordance with CUC guidance, the University maintains a Register of Interests of Governors and senior managers which is available for inspection on request to the Clerk to the Board of Governors.

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 the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). 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 Financial Memorandum with HEFCE. The Vice-Chancellor is supported by an Executive comprising the Deputy Vice-Chancellors, Directors of Finance, Human Resources and Services and the Registrar.

Conduct of Business

The Board of Governors has three Board meetings per year along with two Away Days to consider long-term strategy. The Board has three Committees and three Advisory Groups:

- Audit Committee
- Finance and Human Resources Committee
- Nominations, Governance and Remuneration Committee
- Estates and Services Advisory Group
- Marketing and Recruitment Advisory Group
- Student Experience and Retention Advisory Group

These Committees and Advisory Groups meet regularly and have clearly defined, delegated responsibilities.

The **Audit Committee** is responsible for:

- reviewing the audit issues relating to the draft annual accounts 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.

The Vice-Chancellor and the Director of Finance attend all Audit Committee meetings although they are not members of the Committee. There are also opportunities for the internal and external auditors to meet with the Audit Committee for independent discussions without any of the University's management being present. The Audit Committee met four times during 2012/13.

The **Finance and Human Resources Committee** is responsible for:

- making recommendations to the Board concerning the annual estimates for both capital and recurrent income and expenditure, the effective and efficient use of resources and the safeguarding of the University's assets;
- reviewing management accounts and operating statements;
- determining policies relating to the borrowing of money and the granting of mortgages, charges or other security;
- authorising the establishment of companies and acquiring membership of existing companies;
- reviewing policies and practices concerned with staffing issues such as annual pay awards, staff appraisal, staff development, discipline and grievance, equality and diversity and staff welfare.

The Finance and Human Resources Committee met three times during 2012/13.

The **Nominations, Governance and Remuneration Committee** is responsible for:

- advising the Board on the appointment and reappointment of Governors;
- ensuring arrangements are in place for the induction and ongoing development of Governors;
- ensuring arrangements are in place for monitoring the effectiveness of the Board;
- making decisions on behalf of the Board on the terms of employment and the levels of remuneration of the holders of senior posts as defined in the Articles of Government and expressing a view on behalf of the Board on the general salary structure, remuneration and terms of employment of the University's senior management.

The Nominations, Governance and Remuneration Committee met five times during 2012/13.

The **Estates and Services Advisory Group** is responsible for:

- reviewing the University's estates strategy and the maintenance of its existing assets;
- advising the Board on the acquisition, disposal and best use of land and accommodation for the purposes of the University;
- overseeing the progress of major capital projects;
- monitoring issues in relation to catering, residential, domestic and other services;
- reviewing the University's health and safety policy and its effectiveness.

The Estates and Services Advisory Group met three times during 2012/13.

The **Marketing and Recruitment Advisory Group** is responsible for assisting the University in achieving both greater internal market awareness and improved external market visibility and reputation. The Marketing and Recruitment Advisory Group met three times during 2012/13.

The **Student Experience and Retention Advisory Group** is responsible for supporting the University's achievement of excellence in student experience, retention and success. The Student Experience and Retention Advisory Group met three times during 2012/13.

All of the Board's Committees and Advisory Groups regularly report to the Board, making recommendations as appropriate. In addition, the Audit Committee produces an annual report, which is also sent to HEFCE. The Vice-Chancellor provides an update on University business at each Board meeting and members of the Executive also attend Board meetings to answer any questions that may arise.

In accordance with good practice/CUC guidance, the Board of Governors periodically reviews its own effectiveness. The last review took place in November 2010. A review of the interrelationship between the Board of Governors and Academic Board also took place in June 2011. Recommendations arising from both reviews have been implemented.

Newly appointed Governors are encouraged to participate in an individual induction programme, tailored to their specific needs and experience. In addition, all Governors are kept informed of seminars and conferences for Governors offered by organisations such as the Leadership Foundation for Higher Education.

Internal Control

The University's Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the Instrument and Articles and the Financial Memorandum with the Higher Education Funding Council for England (HEFCE).

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve policies, 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 policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been implemented during the year ended 31 July 2013 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

The University's internal control system is supported by a number of policies which have been approved by the Governing Body. These include a Risk Management Policy, a Bribery Act Compliance Statement and comprehensive Financial Regulations which detail financial controls and procedures.

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

- it meets formally three times during the year to consider the plans and strategic direction of the University;
- it has two Away Days, at which it interrogates the strategy of the University, the Strategic Plan and its implementation;
- it receives regular reports from the Chairman of the Audit Committee concerning internal control, and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects;
- a member of the Executive has responsibility for the promotion and co-ordination of risk management processes and reporting;
- the Audit Committee receives regular reports from the Head of 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;
- a system of key performance and risk indicators has been developed;
- a University-wide Risk Register is maintained;
- the University has arranged for reports on internal control activities to be received from budget holders, departmental heads and project managers;
- a robust risk prioritisation methodology has been established.

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 HEFCE Audit Code of Practice. In addition to being subject to periodic review by the HEFCE Audit Service, the services provided by the internal audit consortium are 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

M Edge
Chairman

29 November 2013

Responsibilities of the Board of Governors

In accordance with Articles of Government made by the Board in exercise of powers conferred by the Education Reform Act 1988, the Board of Governors of the Manchester Metropolitan University is responsible, inter alia, for the oversight of the University's activities and for the effective and efficient use of resources, for the solvency of the Institution and for the safeguarding of its assets. The Board is required by the Act to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the Act and with guidance from the Higher Education Funding Council for England (HEFCE) and other relevant accounting and financial reporting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between HEFCE and the Board of Governors of the University, the Board, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis.

The Board of Governors has taken reasonable steps to:

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

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure;
- a formalised treasury management policy;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the University's system of internal control. Any system of internal financial control can, however, provide only reasonable, but not absolute, assurance against material mis-statement or loss.

The maintenance and integrity of the Manchester Metropolitan University website is the responsibility of the Governing Body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

By order of the Board of Governors

M Edge
Chairman

29 November 2013

Independent Auditors' Report to the Governing Body of the Manchester Metropolitan University

We have audited the group and parent institution financial statements (the "financial statements") of The Manchester Metropolitan University for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Group Historical Cost Surpluses and Deficits, the Statement of Consolidated Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the governing body and auditors

As explained more fully in the Responsibilities of the Board of Governors (set out on pages 20 to 21), the governing body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the governing body as a body in accordance with the institution's Articles of Government and section 124B of the Education Reform Act 1988 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Governors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and institution's affairs as at 31 July 2013 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

Opinion on other matters prescribed in the HEFCE Audit Code 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 institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's articles of government; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

29 November 2013

Notes:

- The maintenance and integrity of the Manchester Metropolitan University website is the responsibility of the governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income and Expenditure Account

For the year ended 31 July 2013

	Note	Total 2012/13 £000	Total 2011/12 £000
Income			
Funding body grants	2	69,653	96,318
Tuition fees and education contracts	3	138,940	113,943
Research grants and contracts	4	4,931	5,163
Other income	5	25,689	27,983
Endowment and investment income	6	1,889	1,998
		<hr/>	<hr/>
Total Income		241,102	245,405
Expenditure			
Staff costs	7	138,012	134,935
Other operating expenses	8	72,187	76,462
Depreciation	11	6,046	5,814
Interest and other finance costs	9	4,671	1,999
		<hr/>	<hr/>
Total expenditure	10	220,916	219,210
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation but before tax and exceptional items		20,186	26,195
Exceptional items: continuing operations			
Accelerated depreciation charge	11	(18,574)	(12,064)
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, tax and exceptional items		1,612	14,131
Deficit / (Surplus) for the year transferred to accumulated income in endowment funds	18	237	(16)
		<hr/>	<hr/>
Surplus for the year retained within general reserves	20	1,849	14,115
		<hr/> <hr/>	<hr/> <hr/>

The consolidated income and expenditure of the University, its subsidiaries and associated undertakings relate wholly to continuing operations.

Statement of Group Historical Cost Surpluses and Deficits

For the year ended 31 July 2013

	Note	Total 2012/13 £000	Total 2011/12 £000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		1,612	14,131
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	19	7,898	12,278
Historical cost surplus for the year after taxation		9,510	26,409

Statement of Consolidated Total Recognised Gains and Losses

For the year ended 31 July 2013

		2012/13 £000	2011/12 £000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		1,612	14,131
Actuarial gain/(loss) in respect of pension scheme	16	27,547	(37,322)
Change in value of assets	19	2,618	(27,679)
New endowments	18	4	326
Total recognised gains/(losses) relating to the year (including endowments)		31,781	(50,544)

Reconciliation of Reserves

		2012/13 £000	2011/12 £000
Opening reserves and endowments		269,543	320,087
Total recognised gains/(losses) for the year		31,781	(50,544)
Closing reserves and endowments		301,324	269,543

Balance Sheets

as at 31 July 2013

	Note	Consolidated		University	
		2013 £000	2012 £000	2013 £000	2012 £000
Fixed assets					
Tangible assets	11	391,111	346,643	391,111	346,643
Investments	12	1,765	1,770	1,765	1,770
Total fixed assets		392,876	348,413	392,876	348,413
Endowment assets	18	1,093	1,326	1,093	1,326
Current assets					
Stocks		126	141	126	141
Debtors	13	10,006	8,145	10,006	8,148
Investments in short-term deposits		41,630	101,075	41,630	101,075
Cash at bank and in hand		75,785	37,227	75,785	37,227
Total current assets		127,547	146,588	127,547	146,591
Creditors: amounts falling due within one year	14	(44,778)	(35,935)	(44,799)	(35,935)
Net current assets		82,769	110,653	82,748	110,656
Total assets less current liabilities		476,738	460,392	476,717	460,395
Creditors: amounts falling due after more than one year	15	(40,821)	(35,062)	(40,821)	(35,062)
Provisions for liabilities and charges - enhanced pensions	16	(10,989)	(13,429)	(10,989)	(13,429)
NET ASSETS EXCLUDING PENSION LIABILITY		424,928	411,901	424,907	411,904
Provisions for liabilities and charges - FRS 17 pension liability	16	(54,304)	(75,800)	(54,304)	(75,800)
NET ASSETS INCLUDING PENSION LIABILITY		370,624	336,101	370,603	336,104

Balance Sheets

as at 31 July 2013 (continued)

	Note	Consolidated		University	
		2013 £000	2012 £000	2013 £000	2012 £000
Deferred capital grants	17	69,300	66,558	69,300	66,558
Permanent endowments	18	109	116	109	116
Expendable endowments	18	984	1,210	984	1,210
Total endowments		1,093	1,326	1,093	1,326
Income and expenditure account (excluding FRS 17 pension liability)		261,172	245,374	261,151	245,377
Pension liability (FRS 17)	16	(54,304)	(75,800)	(54,304)	(75,800)
Income and expenditure account (including pension liabilities)	20	206,868	169,574	206,847	169,577
Revaluation reserve	19	93,363	98,643	93,363	98,643
Total reserves		300,231	268,217	300,210	268,220
TOTAL FUNDS		370,624	336,101	370,603	336,104

The financial statements on pages 24 to 54 were approved by the Board of Governors on 29 November 2013 and signed on its behalf by:-

M EDGE
Chairman

PROF J BROOKS
Vice-Chancellor

J CUNNINGHAM
Director of Finance

Consolidated Cash Flow Statement

for the year ended 31 July 2013

	Note	2012/13 £000	2011/12 £000
Net cash inflow from operating activities	23	29,130	28,440
Returns on investments and servicing of finance	24	(78)	295
Capital expenditure and financial investment	25	(56,630)	(30,657)
Management of liquid resources			
- represented by decrease/(increase) in short-term deposits		59,445	(23,569)
Financing	26	6,458	34,952
Increase in cash in the year (including endowment assets)		38,325	9,461
Reconciliation of net cash flow to movement in net funds			
Increase in cash for year		38,325	9,461
(Decrease)/increase in short term deposits		(59,445)	23,569
New loan		(6,500)	(35,000)
Repayment of debt		42	48
Movement in net funds in the year		(27,578)	(1,922)
Net funds at 1 August 2012		104,524	106,446
Net funds at 31 July 2013	27	76,946	104,524

Notes to the Financial Statements

31 July 2013

1. Statement of principal accounting policies

In accordance with FRS 18, these accounting policies have been reviewed by the Board of Governors and are considered to be appropriate to the University's activities.

i) Basis of preparation and accounting

The financial statements have been prepared under the historical cost convention, except in respect of certain fixed assets which are included at valuation, and in accordance with both the *Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions 2007* and applicable Accounting Standards in the United Kingdom. The financial statements are prepared on a going concern basis and accounting policies have been applied consistently from one year to the next.

ii) Basis of consolidation

In accordance with FRS 2, the financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year to 31 July 2013. The University's share of income and expenditure of any material associated undertakings is recognised in the University's income and expenditure account. Associated undertakings are those in which the group has a significant, but not dominant, influence over their commercial and financial policy decisions. The University has no material associate undertaking in the year. Any Inter-group sales and profits are eliminated on consolidation. Uniform group accounting policies have been used for the consolidated financial statements.

In accordance with FRS 2, the Manchester Metropolitan Students' Union is not consolidated because the University has no representative on the Union Executive Committee and consequently exercises no significant control or influence over policy decisions of the Union. The relationship with the Students' Union extends only to the provision of grant funding to the Union each financial year. This treatment is consistent with other institutions in the Higher Education sector.

iii) Recognition of income

Funding council block grants are accounted for in the year to which they relate.

Tuition fee income (including Educational contracts) is stated gross and credited to the income and expenditure account over the years 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. Scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Notes to the Financial Statements

31 July 2013

iv) Pension schemes

(a) **Teachers' Pensions Scheme ('TPS') and the Greater Manchester Local Government Pension Scheme ('GMPF')**

Retirement benefits to employees of the University are provided by the TPS and the GMPF. These are defined benefit schemes which are externally funded and contracted out of the Second State Pension (S2P). A small number of staff remain in other pension schemes.

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the University in such a way 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. The TPS is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The GMPF is accounted for in line with FRS 17. The assets of the GMPF are measured using closing market values. GMPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. The scheme is reviewed by qualified actuaries every three years.

(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 a provision for liabilities and charges in the balance sheet and is reviewed by qualified actuaries every three years. Each year there is a charge against the provision for payments to pensioners and credit to the provision for net return on assets.

v) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

vi) Leases

Rentals under operating leases are charged to the income and expenditure account in the year in which the expenditure is incurred.

If the University enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a fixed asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such leases, net of finance charges, are included in other liabilities. Rentals payable are apportioned in accordance with SSAP21 between the finance element, which is charged to the income and expenditure account, and the capital element, which reduces the outstanding obligation for future instalments.

Notes to the Financial Statements

31 July 2013

vii) Tangible fixed assets

(a) Capitalisation

Tangible 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,
- irrespective of their individual cost, form part of the initial equipping of a new building, or
- where assets are financed by lease agreements that give rights approximating to ownership, the assets are treated as if they have been purchased outright regardless of the value of the individual items which relate to the finance lease.

The initial measurement of cost only includes expenditure directly incurred in bringing an asset into working condition for its intended use.

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 tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

(b) Valuation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. However, freehold and long leasehold land and buildings are included in the balance sheet at valuation. The basis of valuation is depreciated replacement cost. Buildings identified as surplus to requirements are valued at open market value. A valuation was undertaken as at 31 July 2013 by Eddisons, Chartered Surveyors. Valuations take place every five years.

Any increase in value arising on the revaluation of tangible assets is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

(c) Heritage assets

Works of art and other valuable artefacts (heritage assets) have been capitalised and recognised at a value based on a valuation carried out by Bonhams during the financial year 2012/13.

Heritage assets are not depreciated since their economic life and high residual value mean that any depreciation would not be material.

(d) Depreciation

Land is not depreciated. Other tangible assets are depreciated on a straight-line basis over their useful life as follows:

Freehold buildings	60 years
Subsequent additions	10 years
Leasehold properties	Period of lease (but maximum of 60 years)
Plant and machinery	4 years
Fixtures and fittings and equipment	5 years for computer equipment otherwise 10 years

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

Notes to the Financial Statements

31 July 2013

(e) **Capital grants**

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

(f) **Repairs and maintenance**

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The Institution has a planned maintenance programme, which is reviewed on an annual basis.

viii) **Investments**

Investments in subsidiary undertakings are shown at the lower of cost or net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets. Endowment assets represent a number of minor bequests, mainly for the establishment of prize funds, which have been made to the University over time. They are held as cash or in local authority stocks and are included at cost, which does not vary materially from market value.

ix) **Stocks**

Stocks consist solely of cleaning materials, consumables, food and bar stocks. They are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

x) **Accounting for charitable donations**

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or, if before receipt there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

- 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.
- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.
- 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.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

Notes to the Financial Statements

31 July 2013

xi) Provisions

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

xii) Cash flows and liquid resources

Cash flows comprise increase or decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty.

Liquid resources comprise assets held as a readily disposable store of value. They are sums on short-term deposits with recognised banks and building societies held as part of the Institution's treasury management activities.

xiii) Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income and 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 tangible fixed assets is included in their cost.

The University's subsidiary companies are subject to corporation tax and value added tax in the same way as any commercial organisation.

xiv) Agency arrangements

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

2. Funding body grants

	2012/13 £000	2011/12 £000
Recurrent grant:		
Higher Education Funding Council	58,777	80,562
National College for Teaching and Leadership	4,863	11,288
Education Funding Agency	1,097	966
Specific grants:		
Higher Education Funding Council	3,156	2,436
Deferred capital grants released in year:		
— Buildings	(note 17) 1,583	889
— Equipment	(note 17) 177	177
	69,653	96,318

Notes to the Financial Statements

31 July 2013

3. Tuition fees and education contracts

	2012/13 £000	2011/12 £000
Full-time students	108,768	82,122
Full-time students charged overseas fees	12,067	13,143
Part-time fees	5,447	5,343
Short course fees	957	1,116
Education contracts - NHS	9,159	8,946
Education contracts - other	2,542	3,273
	<u>138,940</u>	<u>113,943</u>

4. Research grants and contracts

	2012/13 £000	2011/12 £000
Grants	3,130	2,368
Contracts	1,801	2,795
	<u>4,931</u>	<u>5,163</u>

5. Other income

	2012/13 £000	2011/12 £000
Residences, catering and conferences	10,903	13,942
Other services rendered	5,554	9,731
Released from deferred capital grants	23	23
Other income	9,209	4,287
	<u>25,689</u>	<u>27,983</u>

Included within other income in 2012/13 is a £5,310,000 gift of land, relating to the Birley Fields site.

6. Endowment and investment income

	2012/13 £000	2011/12 £000
Income from short-term deposits	1,884	1,923
Income from expendable endowments	5	73
Income from permanent endowments	-	2
	<u>1,889</u>	<u>1,998</u>

Notes to the Financial Statements

31 July 2013

7. Staff

	2012/13	2011/12
	£000	£000
Wages and salaries	111,816	110,710
Social Security costs	8,965	8,706
Other pension costs	(note 28) 17,231	15,519
	(note 10) 138,012	134,935
Emoluments of the Vice-Chancellor	251	248
Benefits in kind	3	1
	254	249
Pension contributions:	31	30

The Vice-Chancellor's pension contributions to the Teachers' Pension Scheme are paid at the same rates as for other academic staff.

Average staff numbers by major category:

Academic full-time	1,440	1,429
Academic part-time	434	497
Support staff	2,041	1,916
Casual staff	389	265
	4,304	4,107

Remuneration of higher paid staff, including employer's pension contributions and benefits in kind:-

£100,000 - £109,999	8	6
£110,000 - £119,999	2	2
£120,000 - £129,999	3	2
£130,000 - £139,999	1	-
£140,000 - £149,999	1	3
£160,000 - £169,999	-	1
£270,000 - £279,999	-	1
£280,000 - £289,999	1	-

Compensation for loss of office payable to senior post holder:

Compensation payable	-	142
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Notes to the Financial Statements

31 July 2013

8. Other operating expenses

	2012/13	2011/12
	£000	£000
Residences, catering and conference operating expenses	9,084	8,072
Bursaries	12,072	11,657
Consumables and laboratory expenditure	1,889	1,918
Books and periodicals	2,704	2,946
Heat, light, water and power	5,366	4,690
Repairs and general maintenance	4,226	4,821
Revaluation loss	-	2,431
	35,341	36,535
Other expenses	36,846	39,927
	72,187	76,462
	(note 10)	

Included within other operating expenses:

	2012/13	2011/12
	£000	£000
Operating lease rentals:		
— Plant and machinery	685	436
— Property lease rentals	6,353	6,137
External auditors' remuneration	58	54
External auditors' remuneration for non-audit services	2	4

No governor (all of whom are trustees to the University's charitable status) has received remuneration from the group during the year (2011/12 - £11,000).

The total expenses paid to or on behalf of 3 trustees was £3,000 (2011/12 - £4,000 to 3 trustees). This represents travel and subsistence expenses incurred in attending committee meetings and charity events in their official capacity.

Notes to the Financial Statements

31 July 2013

9. Interest and other finance costs

		2012/13	2011/12
		£000	£000
Loans not wholly repayable within five years		1,967	1,703
Net charge on pension scheme	(note 16)	2,704	296
	(note 10)	4,671	1,999

10. Analysis of total expenditure by activity

	Staff costs	Depreciation	Other	Interest	2012/13	2011/12
	£000	£000	operating	and other	Total	Total
			expenses	finance costs	£000	£000
			£000	£000		
Academic departments	88,253	1,396	18,450	-	108,099	104,319
Academic services	15,530	792	11,320	-	27,642	22,517
Research grants and contracts	2,328	-	1,297	-	3,625	4,342
Residences, catering and conferences	2,841	501	9,084	-	12,426	11,395
Premises	8,699	3,217	11,408	1,967	25,291	27,236
Administration	15,413	140	18,384	-	33,937	40,096
Other expenses	4,948	-	2,244	2,704	9,896	9,305
	<u>138,012</u>	<u>6,046</u>	<u>72,187</u>	<u>4,671</u>	<u>220,916</u>	<u>219,210</u>
Total per Income and Expenditure account	138,012	6,046	72,187	4,671	220,916	219,210

Notes to the Financial Statements

31 July 2013

11. Tangible assets

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Assets in the course of construction	Heritage assets	Total
CONSOLIDATED AND UNIVERSITY	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 August 2012	344,069	250	173	11,104	29,190	3,865	388,651
Additions	-	5,310	-	313	60,847	-	66,470
Transfers	34,453	-	-	1,215	(35,668)	-	-
Surplus on revaluation	2,178	-	-	-	-	440	2,618
Disposals	-	-	-	-	-	-	-
At 31 July 2013	380,700	5,560	173	12,632	54,369	4,305	457,739
Consisting of Valuation:							
As at 1 August 2012	-	5,560	-	-	-	-	5,560
As at 1 August 2013	380,700	-	-	-	-	4,305	385,005
Cost	-	-	173	12,632	54,369	-	67,174
	380,700	5,560	173	12,632	54,369	4,305	457,739
Accumulated Depreciation							
At 1 August 2012	37,181	-	167	4,660	-	-	42,008
Charge for the year	23,513	-	6	1,101	-	-	24,620
Written back on revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 July 2013	60,694	-	173	5,761	-	-	66,628
Net book value							
At 31 July 2013	320,006	5,560	-	6,871	54,369	4,305	391,111
At 31 July 2012	306,888	250	6	6,444	29,190	3,865	346,643

The value of land included in freehold and leasehold land and buildings at 31 July 2013 was £32,543,000 (2012: £30,365,000)

Included above are fixtures and fittings held by the University under finance leases with a net book value of nil at 31 July 2013 (2012: £64,000). The depreciation charge on these assets was £64,000 (2012: £127,000) for the year.

Included in the land and buildings depreciation charge of £23,513,000 (2012: £16,938,000) is an amount of £18,574,000 (2012: £12,064,000) for accelerated depreciation. This charge relates to buildings that are no longer in use by the University and therefore the depreciation charge has been accelerated to reflect the absence of any further remaining economic life of the buildings.

A valuation of land and buildings which are surplus to requirements and any additions, was undertaken by Eddisons Chartered Surveyors on 31 July 2013, in accordance with the RICS Appraisal and Valuation Standards. Buildings in use by the University are valued using the Depreciated Replacement Cost methodology whilst the remaining estate is valued either at market value or in use value. When valued at market value, the value has been based on similar properties that have been disposed of in the recent past.

Notes to the Financial Statements

31 July 2013

The heritage assets consist of a specialised book collection together with chattels held in the Fine Art/Special Collection of artefacts which have been donated or bequeathed to the University over a number of years. The University conserves these assets in order to enable use of the assets for teaching and research and access to the assets for engagement with members of the public. Further information on the University's policies regarding conservation, preservation, management and disposal of heritage assets can be found on the University's website: <http://www.specialcollections.mmu.ac.uk/>

The books have been valued at £2,346,000 (2012: £2,270,000) and the chattels at £1,959,000 (2012: £1,595,000). This valuation was undertaken by Bonham's in 2012/13.

12. Investments

	Consolidated		University	
	2013 £000	2012 £000	2013 £000	2012 £000
Loans to related parties:				
Sugden Sports Trust	1,687	1,687	1,687	1,687
Other investments:				
Manchester Science Parks Limited	32	32	32	32
CVCP Properties plc	46	46	46	46
Microarray Limited	-	5	-	5
	1,765	1,770	1,765	1,770

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

Subsidiary Companies

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

Name	Principal activity	Share Capital	Status
Uni-Rec Limited	Debt collection services	£1	100% owned
Manmet Limited	Dormant	£1	100% owned

Loan to Sugden Sports Trust

The loan to the Sugden Sports Trust has been provided to facilitate the building of a sports centre for the use of students and staff of the University (see Note 30). The loan comprises cash contributions to meet the construction cost together with certain equipment transferred to the trust. Under the terms of the agreement with the trustees, the loan is repayable in full on 31 December 2017 and bears interest at the rate of 6.5% per annum.

The Corridor, Manchester

The University has a 20% (2012 - 20%) interest in The Corridor, Manchester which was incorporated on 2 July 2007. The University, together with the University of Manchester, Manchester City Council, the Central Manchester University Hospitals NHS Foundation Trust and Bruntwood Limited collectively provide the funding for The Corridor, Manchester (see note 30).

Microarray Limited

The University had a 23.5% (2012 – 23.5%) interest Microarray Limited, which was incorporated on 17 March 1999. The full interest in the company was sold on 26 October 2012.

Notes to the Financial Statements

31 July 2013

13. Debtors

	Consolidated		University	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade and sundry debtors	8,026	6,092	8,026	6,092
Amounts due from associated companies	20	31	20	31
Amounts due from subsidiary companies	-	-	-	3
Prepayments and accrued income	1,960	2,022	1,960	2,022
	<u>10,006</u>	<u>8,145</u>	<u>10,006</u>	<u>8,148</u>

14. Creditors: amounts falling due within one year

	Consolidated		University	
	2013 £000	2012 £000	2013 £000	2012 £000
Obligations under debt finance:				
Unsecured loan	741	42	741	42
Other creditors:				
Trade and other creditors	35,105	24,539	35,126	24,539
Deferred income	4,267	6,797	4,267	6,797
Income tax, National Insurance and Superannuation	4,665	4,557	4,665	4,557
	<u>44,778</u>	<u>35,935</u>	<u>44,799</u>	<u>35,935</u>

Notes to the Financial Statements

31 July 2013

15. Creditors: Amounts falling due after more than one year

	Consolidated and University	
	2012	2011
	£000	£000
Unsecured loans:		
Due within one year	741	42
Due between one and two years	2,396	742
Due between two and five years	8,100	4,221
Due after five years	30,325	30,099
	41,562	35,104
Due within one year	(note 14) 741	42
Due after more than one year	40,821	35,062
	2013	2012
	£000	£000
Unsecured loans summary:		
Barclays Bank PLC	35,000	35,000
HEFCE	6,500	-
Salix Finance Ltd	62	104
	41,562	35,104

Included above is a £35,000,000 unsecured loan from Barclays Bank plc 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 commencing in March 2014. The final instalment is due in December 2038.

During the year, the University obtained a £6,500,000 interest free loan from HEFCE, which is repayable by equal quarterly instalments of £325,000 commencing in November 2014. The final instalment is due in August 2019.

The University has three instalments of £21,000 to pay on an interest free loan from Salix Finance Ltd (an independent, not for profit company, funded by various government bodies). The instalments are due every six months with the final instalment due in September 2014.

Notes to the Financial Statements

31 July 2013

16. Provisions for liabilities and charges

	Consolidated and University		
	FRS 17 pension liability £000	Enhanced pensions £000	Total £000
At 1 August 2012	75,800	13,429	89,229
Movement in year:			
Current service cost	8,552	-	8,552
Employer's contributions	(6,700)	-	(6,700)
Payments to pensioners	-	(1,024)	(1,024)
Impact of settlements and curtailments	31	-	31
Past service cost	48	-	48
Net charge	1,979	725	2,704
Actuarial gain (see note 28)	(25,406)	(2,141)	(27,547)
	<hr/>	<hr/>	<hr/>
At 31 July 2013	54,304	10,989	65,293
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The FRS 17 pension liability relates to staff who are members of the Greater Manchester Pension Fund (see note 28).

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 and is reviewed by qualified actuaries every three years, was last undertaken by Hymans Robertson LLP at 31 July 2013. Each year there is a charge against the provision for payments to pensioners and credit to the provision for net return on assets.

Notes to the Financial Statements

31 July 2013

17. Deferred capital grants

	Consolidated and University		
	Funding council £000	Other grants £000	Total £000
At 1 August 2012			
Buildings	63,148	1,164	64,312
Equipment	2,246	-	2,246
Total	65,394	1,164	66,558
Grants receivable			
Buildings	4,525	-	4,525
Total	4,525	-	4,525
Released to income and expenditure account			
Buildings	1,583	23	1,606
Equipment	177	-	177
Total	1,760	23	1,783
At 31 July 2013			
Buildings	66,090	1,141	67,231
Equipment	2,069	-	2,069
Total	68,159	1,141	69,300

Notes to the Financial Statements

31 July 2013

18. Endowment assets and reserves

	Restricted permanent £000	Restricted expendable £000	Unrestricted expendable £000	Consolidated and University	
				2013 total £000	2012 total £000
At 1 August 2012					
Capital	75	1,015	171	1,261	935
Accumulated income	41	23	1	65	49
	<u>116</u>	<u>1,038</u>	<u>172</u>	<u>1,326</u>	<u>984</u>
New endowments	-	4	-	4	463
Investment income	-	5	-	5	75
Expenditure	(7)	(235)	-	(242)	(59)
Transfer	-	-	-	-	(137)
	<u>109</u>	<u>812</u>	<u>172</u>	<u>1,093</u>	<u>1,326</u>
At 31 July 2013	109	812	172	1,093	1,326
Represented by:					
Capital	75	1,019	171	1,265	1,261
Accumulated income	34	(207)	1	(172)	65
	<u>109</u>	<u>812</u>	<u>172</u>	<u>1,093</u>	<u>1,326</u>
Analyses by type of purpose:					
Research Support	-	700	-	700	925
Prize Funds	109	112	-	221	229
General	-	-	172	172	172
	<u>109</u>	<u>812</u>	<u>172</u>	<u>1,093</u>	<u>1,326</u>

Major endowments:

Restricted expendable endowments include one major individual fund, the Margaret Beaker Fund resulted from an endowment given for the purpose of research in the field of applied image engineering. The movement on this fund for the year was as follows:

	Consolidated and University £000
At 1 August 2012	925
Investment income	5
Expenditure	(230)
	<u>700</u>
At 31 July 2013	700

Notes to the Financial Statements

31 July 2013

19. Revaluation reserve

	Consolidated and University	
	£000	£000
At 1 August 2012		98,643
Release in respect of assets transferred on incorporation	(7,898)	
Transfer to income and expenditure account		(7,898)
Revaluation		2,618
		<u>93,363</u>
At 31 July 2013		<u>93,363</u>

20. Income and expenditure account

	Consolidated and University	
	£000	£000
At 1 August 2012	169,574	169,577
Surplus retained for the year	1,849	1,825
Net actuarial gain (note 28)	27,547	27,547
Release from revaluation reserve (note 19)	7,898	7,898
	<u>206,868</u>	<u>206,847</u>
At 31 July 2013	<u>206,868</u>	<u>206,847</u>

21. Lease obligations

The University is committed to make the following operating lease payments in the next financial year, analysed by lease expiration date:

	Consolidated and University	
	2013	2012
	£000	£000
Land and buildings:		
Within one year	-	34
Between one and two years	38	18
Between two and five years	2,203	-
Greater than five years	3,874	5,743
Plant and equipment:		
Within one year	152	-
Between one and two years	329	399
Between two and five years	328	-
Greater than five years	193	-
	<u>7,117</u>	<u>6,194</u>
	<u>7,117</u>	<u>6,194</u>

Notes to the Financial Statements

31 July 2013

22. Capital commitments

	Consolidated and University	
	2013	2012
	£000	£000
Commitments contracted at 31 July 2013	79,469	16,199
Authorised but not contracted at 31 July 2013	19,721	108,459

23. Reconciliation of consolidated surplus after depreciation of assets at valuation to net cash from operating activities

	2012/13	2011/12
	£000	£000
Surplus after depreciation of assets at valuation before tax	1,612	14,131
Depreciation	(note 11) 24,620	17,878
Land Gift	(note 5) (5,310)	-
Deferred capital grants released to income	(note 17) (1,783)	(1,089)
Interest receivable	(note 6) (1,884)	(1,923)
Endowment income	(note 6) (5)	(75)
Loss on property revaluation through I&E	-	2,431
New endowments	4	326
Interest payable	(note 9) 1,967	1,703
(Increase)/decrease in debtors	(1,861)	633
Decrease/(increase) in stock	15	(18)
Increase/(decrease) in creditors	8,144	(6,598)
Increase in provisions	3,611	1,041
Net cash inflow from operating activities	29,130	28,440

24. Returns on investments and servicing of finance

	2012/13	2011/12
	£000	£000
Income from short term investments	(note 6) 1,884	1,923
Endowment interest received	(note 6) 5	75
Interest paid	(note 9) (1,967)	(1,703)
	(78)	295

Notes to the Financial Statements

31 July 2013

25. Capital expenditure and financial investment

		2012/13	2011/12
		£000	£000
Tangible assets acquired	(note 11)	(66,470)	(31,425)
Land Gift	(note 5)	5,310	-
Investments disposed		5	-
Deferred capital grants receivable	(note 17)	4,525	768
		<u>(56,630)</u>	<u>(30,657)</u>

26. Analysis of changes in consolidated financing during the year

	Mortgages, loans and finance leases
	£000
Balance at 1 August 2011	152
New loan	35,000
Capital repayments	(48)
	<u>35,104</u>
Balance at 31 July 2012	35,104
New loan	6,500
Capital repayments	(42)
	<u>41,652</u>
Balance at 31 July 2013	41,652

27. Analysis of changes in net funds

	As at 1 August 2012 £000	Cash flows £000	Other changes £000	As at 31 July 2013 £000
Cash at bank and in hand:				
Endowment assets	1,326	(233)	-	1,093
Other	37,227	38,558	-	75,785
	<u>38,553</u>	<u>38,325</u>	<u>-</u>	<u>76,878</u>
Short term deposits	101,075	(59,445)	-	41,630
Debt due within one year	(42)	42	(741)	(741)
Debt due after one year	(35,062)	(6,500)	741	(40,821)
	<u>104,524</u>	<u>(27,578)</u>	<u>-</u>	<u>76,946</u>

Notes to the Financial Statements

31 July 2013

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 and the Teachers' Pension Scheme ("TPS") which is administered by the Teachers' Pension Agency. The schemes are defined benefit schemes and are contracted out of the State Earnings-Related Pension Scheme. The GMPF is externally funded and the TPS is notionally funded. The GMPF and the TPS are valued every three and five years respectively by actuaries using a prospective benefits valuation method, the rates of contribution payable being determined by the pension fund on the advice of the actuaries.

Under the definitions set out in FRS 17, the GMPF is a multi-employer defined benefit pension scheme. 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 2013.

Greater Manchester Pension Fund

Composition of the scheme

A full actuarial valuation was carried out at 31 March 2010 and updated to 31 July 2013 by a qualified independent actuary. The major assumptions used by the actuary were:

	2013	2012
	%	%
Rate of increase in salaries	4.6	4.0
Rate of increase in pensions in payment	2.8	2.2
Discount rate	4.6	4.1
Inflation assumption	2.8	2.2

Contribution rates are as follows:

	%
From 1 April 2012 to 31 March 2013	17.1
From 1 April 2013 to 31 March 2014	17.9

The increases in contribution rates may reduce the deficit.

The assumed life expectations on retirement at age 65 are:

	Males	Females
	years	years
Current pensioners	20.1	22.9
Future pensioners	22.5	25.0

The assets in the scheme attributable to the University and the expected rate of return were:-

	Long term	Assets	Long term	Assets	Long term	Assets
	rate of return	value at	rate of return	value at	rate of return	value at
	per annum	2013	per annum	2012	per annum	2011
	2013	£000	2012	£000	2011	£000
	%		%		%	
Equities	6.5	168,935	5.5	127,992	7.0	127,606
Bonds	3.7	42,234	3.3	40,725	4.6	35,655
Property	4.6	14,078	3.7	9,696	5.1	9,383
Cash	3.4	9,385	2.8	15,514	4.0	15,013
Total		234,632		193,927		187,657

Notes to the Financial Statements

31 July 2013

The following amounts at 31 July 2013 and 31 July 2012 were measured in accordance with the requirements of FRS 17:-

Analysis of the amount shown in the balance sheet

	2013	2012
	£000	£000
The University's estimated asset share	234,632	193,927
Present value of the University's scheme liabilities	(288,936)	(269,727)
	<hr/>	<hr/>
Net pension liability	(54,304)	(75,800)
	<hr/> <hr/>	<hr/> <hr/>

Analysis of the amount charged to staff costs within surplus after depreciation of assets at valuation

	2012/13	2011/12
	£000	£000
Current service cost	8,552	6,865
Past service cost	48	220
Settlements and curtailments	31	196
	<hr/>	<hr/>
Total operating charge	8,631	7,281
	<hr/> <hr/>	<hr/> <hr/>

Analysis of the amount credited to interest and other finance costs

	2012/13	2011/12
	£000	£000
Expected return on pension scheme assets	9,153	11,675
Interest on pension scheme liabilities	(11,132)	(11,971)
	<hr/>	<hr/>
Net charge	(1,979)	(296)
	<hr/> <hr/>	<hr/> <hr/>

Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

	2012/13	2011/12
	£000	£000
Actual return less expected return on pension scheme Assets	29,866	(6,759)
Actual return less expected return on pension scheme liabilities	-	(2,475)
Changes in assumptions underlying the present value of the scheme liabilities	(4,460)	(28,088)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in STRGL	25,406	(37,322)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

31 July 2013

Movement in deficit in the year

	2012/13	2011/12
	£000	£000
Deficit in scheme at 1 August 2012	(75,800)	(36,933)
Movement in the year:		
Current service costs	(8,552)	(6,865)
Contributions	6,700	6,032
Past service costs	(48)	(220)
Net charge on assets	(1,979)	(296)
Impact of settlements and curtailments	(31)	(196)
Actuarial gain/(loss)	25,406	(37,322)
	<hr/>	<hr/>
Deficit in the scheme at 31 July 2013	(54,304)	(75,800)
	<hr/> <hr/>	<hr/> <hr/>

Analysis of movement in the present value of scheme liabilities

	2012/13	2011/12
	£000	£000
At 1 August 2012	269,727	224,590
Current service costs	8,552	6,865
Interest cost	11,132	11,971
Contributions by members	2,550	2,427
Actuarial gain	4,460	30,563
Past service costs	48	220
Loss on curtailments	31	196
Estimated benefits paid	(7,564)	(7,105)
	<hr/>	<hr/>
At 31 July 2013	288,936	269,727
	<hr/> <hr/>	<hr/> <hr/>

Analysis of movement in market value of the scheme assets

	2012/13	2011/12
	£000	£000
At 1 August 2012	193,927	187,657
Expected return on assets	9,153	11,675
Contributions by members	2,550	2,427
Contributions by employer	6,700	6,032
Actuarial gain / (loss)	29,866	(6,759)
Estimated benefits paid	(7,564)	(7,105)
	<hr/>	<hr/>
At 31 July 2013	234,632	193,927
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

31 July 2013

History of experience gains and losses

	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000
Difference between the expected and actual return on scheme assets:	29,866	(6,759)	5,699	13,081	(12,749)
Value of assets	234,632	193,927	187,657	168,647	142,495
Percentage of scheme assets	12.7%	(3.5%)	3.0%	7.8%	(8.9%)
Experience gains/(losses) on scheme liabilities:	48	220	98	154	-
Present value of liabilities	288,936	269,727	224,950	223,036	205,576
Percentage of the present value of the scheme liabilities	0.0%	0.1%	0.0%	0.1%	0.0%
Actuarial losses recognised in statement of total recognised gains and losses	25,406	(37,322)	19,401	13,938	(35,449)
Present value of liabilities	288,936	269,727	224,950	223,036	205,576
Percentage of the present value of the scheme liabilities	8.8%	(13.8%)	8.6%	6.2%	(17.2%)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a £26,625,000 loss, (2012: £52,031,000 loss).

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

The estimate for the contribution for the defined benefit scheme for the year to 31 July 2014 will be approximately £7,351,000 (2012: £6,312,000).

The actual return on scheme assets in the year was a £39,019,000 gain, (2012: £4,916,000 gain).

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. 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 teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Notes to the Financial Statements

31 July 2013

Valuation of the Teachers' Pension Scheme

Not less than every four years, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies which, if it were paid over the entire active service of these teachers and lecturers, would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced - effective for the first time from the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate will range between 6.4% and 11.2%, depending on a member's full time equivalent salary. Further changes to the employee contribution rates will be applied in 2014/15.

Actuarial scheme valuations are dependent on assumptions about the future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the proposed final agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions of FRS 17, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme and, accordingly, the scheme is treated as a defined contribution scheme.

Cheshire Pension Fund

A small number of former employees (16) 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 is:

	2012/13	2011/12
	£000	£000
Teachers' Pension Scheme: contributions paid	7,918	7,860
Local government pension scheme: charge	8,631	7,281
Other pension schemes: contributions paid	682	378
	17,231	15,519

At 31 July 2013 there was a pension creditor of £2,062,000 (2012: £1,826,000), which was paid on 6 August 2013.

Notes to the Financial Statements

31 July 2013

29. Access funds and external bursaries

	2012/13	2011/12
	£000	£000
Balance brought forward at 1 August 2012	179	1,172
Funding council grants and bursaries	6,396	2,159
	6,575	3,331
Disbursed to students	(6,210)	(3,152)
Balance remaining at 31 July 2013	365	179

Funding council grants and bursaries are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

30. Related party transactions

	The Corridor, Manchester		Sugden Sports Trust	
	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000
Income receivable from related party	2	-	111	111
Expenditure payable to related party	50	50	173	174
Amount owed by related party	-	-	1,687	1,687
Amount owed to related party	202	56	58	60

The Sugden Sports Trust was established by the Manchester Metropolitan University and the University of Manchester to provide facilities for sporting activities for students and staff of both universities. Both universities have provided loans to the Trust to construct a sports facility (the Sugden Sports Centre). Interest is charged on these loans and the centre is leased back to the Universities. The Trust may be wound up in 2035 unless the period is extended by mutual agreement and the proceeds are to be divided equally between the two Universities. The University's Deputy Financial Director and the Assistant Financial Director (Systems), act as trustees along with three representatives of the senior staff at the University of Manchester.

Convagent Limited is a company engaged in the development of business related software and the Manchester Metropolitan University has a 20% interest in the company. The Company has not traded since 31 December 2006 and, therefore, there are no figures included within this note.

The Corridor, Manchester is a company whose principal activity is to maximise the economic potential of the City South area by harnessing the investment currently being made by key institutions (Universities, the Health Trust and the Private Sector); by stimulating future improvement and growth at key locations within the areas; and by capturing economic benefit from this investment for disadvantaged local residents in the wards surrounding the area in the city as a whole. It is a company registered in England and is limited by guarantee, the five members and guarantors being Manchester City Council, the Manchester Metropolitan University, the University of Manchester, the Central Manchester University Hospitals NHS Foundation Trust, and Bruntwood Limited.

The following disclosures have been made in the University's Register of Interests compiled by the governors and senior staff of the University.

Elisabeth Taylor's husband is a partner of Addleshaw Goddard to whom the University paid £316,662 (2012 - £613,271) during 2012/13 and the amount outstanding as of the 31 July 2013 was £12,775 (2012 - £4,517).

Ruth Jenkins, Head of Library Services at the Manchester Metropolitan University, is a member of the NoWAL (North West Academic Libraries Consortium) Board, to whom the University paid £4,940 (2012 - nil) during 2012/13.

John Cunningham is a director on the UNIAC Management Board to whom the University paid £135,780 (2012: £174,992), and received £8,462 (2012: £8,654) in rent from UNIAC during 2012/13.

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Pro-Chancellor

Alan Benzie FCA

Vice-Chancellor

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Deputy Vice-Chancellor for Student Experience

Professor K Bonnett BA MA

to 31 December 2012

Deputy Vice-Chancellor for Student Success

Dr M Guzkowska QVRM TD AKC MSc MBA D.Phil FRGS FRSA

(from 1 June 2013)

Deputy Vice-Chancellor for Strategic Planning

Professor G Kelleher BSc(Econ) PhD FBCS CITP

to 14 July 2013

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