

The University for
World-Class Professionals



Manchester
Metropolitan
University

Annual Report and Financial Statements

Year ended 31 July 2015



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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 2015.

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

£350m
ten-year capital
investment
completed

37,000+
students across
two campuses

260,000+
alumni across
the globe

Investors
in People
Gold
award winners

2nd
most applied to
University

Global
top 3%
university

RIBA
regional &
national
awards for
new buildings

£200m
capital
investment
planned

Introduction: Overview of Performance

The 2014/15 academic session has been an **historic year** for the Manchester Metropolitan University as the ten-year campus consolidation programme was completed, and we move towards a challenging external environment with a strong platform to build upon. ■

This academic session has been one of major progress on key strategic areas as we completed our £350 million, ten-year masterplan to consolidate to two campuses in Manchester and Crewe. Alongside this, many of the developments in academic and professional services have delivered improvements in student applications, progression, satisfaction and employability – all key measures of our success.

This has resulted in maintaining a very strong position in applications per enrolment, significant improvements in league table position and strong student recruitment across all faculties.

It has also been a year of change in senior leaders; on behalf of the Board, I wish to thank Professor John Brooks for his ten years as our Vice-Chancellor; the progress made under his leadership has been transformational for the University, and inspirational for the staff and students and our many stakeholders in the city and region. I am delighted to welcome Professor Malcolm Press as our new Vice-Chancellor.

Our research profile and impact, published in December 2014 with the Research Excellence Framework (REF), showed progress in all areas. We achieved 53rd in the REF power rankings, and climbed 12 places in the Times Higher Education table of Research Excellence. More than 200 researchers are ranked world-leading or internationally excellent, a 70% rise in our academics achieving these standards.

The underlying financial health of the University continues to be strong but as we move towards a more competitive external environment, income diversification will be

key, with development in international and postgraduate activities both high level priorities. The University also has clear and ambitious plans to grow research income, with a doubling of grant applications, and multiple knowledge exchange awards in the past year, with some excellent early results. In the latter area, the University is now among the top 10 in the UK.

The strong financial performance has allowed continued investment in the Estates Masterplan with the next phase already underway. New academic buildings for Science and Engineering, a new Arts and Culture centre and an overall investment in the public realm, are key parts of what will be a £200 million capital investment over the next five years.

On behalf of the Board of Governors, I am very impressed by the progress made, and the many opportunities that lie ahead of us. We are positioned very strongly for what are likely to be rapidly changing and increasingly challenging times ahead. ■



Vanda Murray

Vanda Murray OBE
Pro-Chancellor
Manchester Metropolitan
University



In my first annual report as Vice-Chancellor of this great University, I am delighted to report progress in many areas.

This year we completed our ten-year plan to develop one of the best city campuses in the UK, winning multiple, national awards for architectural excellence and building sustainable estates. Our financial performance and management to support our future ambitions remains strong. Progress in key areas includes both our National Student Survey, and student satisfaction along with a 3% rise in graduate employment. Our 2014 Research Excellence Framework results place us on the cusp of the UK's top 50 universities, and in the recent Times Higher global league table, we are now ranked among the world's top 3% of universities.

We are soon to start a review of our strategic framework, one that seeks to develop the key strengths, strategies and assets to support our ambition to be the UK's best modern university. Above all, I am very excited by our opportunities for the future. We are strongly placed at the heart of one of the UK's fastest-growing cities by economic and employment measures, with a highly skilled and increasingly professional workforce, with national and international aspirations.

Strong and influential partnerships are key to helping us succeed in delivering our ambitions, particularly in the Greater Manchester region. These include partnerships with Manchester City Council, the Cheshire Councils, professional sports teams and associations of the region, and with the key professions, along with thousands of regional SMEs.

Strategic collaboration in research and business is also fundamental to supporting

the next phase of our growth; we will be working with more university partners to develop key research strengths; together we are stronger. It is also about developing deeper and more productive partnerships in key markets around the world, including China, Malaysia, India and Brazil, to broaden our reach and influence in learning, teaching and knowledge exchange. Our staff, students and 260,000 alumni give us global reach to enhance the prospects of future generations.

We will all have a key role to play in the development of the Northern Powerhouse. People and knowledge will drive much of the development, through the creation, communication and commercialisation of knowledge. We already train many of the region's accountants and business professionals, teachers and allied health professionals, as well as architects, artists, linguists, retail and computing experts, scientists and engineers. Our award-winning estates place us at the heart of this dynamic city and region, in one of the UK's most vibrant, creative and innovative regions.

Our vision is simple: to create the best modern university in the sector, where students and staff alike are equipped with every resource to excel, and play a full and rewarding role in strengthening Manchester's enviable reputation as a global university city.

I look forward to working with all staff, students, alumni and our partners on the next exciting steps of our development. ■

Malcolm Press

Professor Malcolm Press
Vice-Chancellor
Manchester Metropolitan
University

Vice-Chancellor's Foreword

Our vision is simple: to create the best modern university in the sector, where students and staff alike are equipped with every resource to excel. ■

Our Staff

Investment in our academic and professional services staff is a key priority for the University. This has been a further year of strong progress in the development of our staff as we deliver key strategies to enhance our academic, research and service strengths. ■

Investing in our people

The University received international acclaim for its work, winning Gold Champion of the Year at the international Investors in People Awards 2015 – the only university selected to be a Champion organisation. This award recognises our work in sharing good practice, mentoring and supporting other organisations in achieving excellence in people management and development. The University has also retained its Gold level status, being among the very first organisations worldwide to be assessed through the sixth generation framework.

Engaged Workforce

Manchester Metropolitan became the first university in the country to be certified as one of Britain's Top Employers for 2015. In the annual assessment by the Top Employers Institute, the University's relaxed and friendly environment, approachable and accessible management teams, good work-life balance and wellbeing initiatives were all highly commended.

Staff and Teaching Awards

The University's Staff Awards are now in their third year. These recognise outstanding staff achievements in academic and service delivery for students, fellow colleagues and numerous stakeholders, with over 700 entries submitted by staff. These are held as part of an overall 'Festival of Manchester

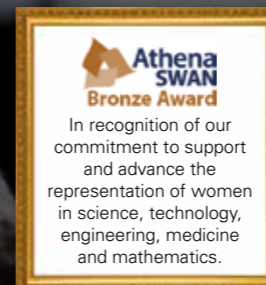
Met', allowing all academic and professional services departments to showcase their work to colleagues. In addition, the University supports the Students' Union in the Annual Teaching Awards, where students vote for excellence in academic and professional support during their studies.

Championing Equality and Diversity

In its first assessment against the Stonewall Workplace Equality Index (WEI) the University surpassed both the overall average and sector average with a score of 88, ranking as the 19th best employer within the sector and the 153rd most LGB-friendly employer overall. Equality and Diversity Champions are now in place in every faculty. The Champions provide valuable insight and leadership to help create and maintain an inclusive culture where equality is practised and diversity is valued, in line with the University's Equality and Diversity Strategy.

Investment in Staff

The University continues to develop staff through professional training, with more than 1,700 staff attending a developmental training course during the academic session. These have focused on specific training to support our strategic aims in enhancing academic and service standards for our students. Visit www2.mmu.ac.uk/humanresources/a-z/reports/ for more information. ■



Our Students

The University has developed an enviable reputation for providing work-ready graduates with the combination of interpersonal, problem solving and technical skills that employers want. ■



Manchester Metropolitan University is one of the UK's largest universities by total student numbers with more than 37,000 current students across undergraduate, postgraduate, research, professional and CPD programmes.

Over 56,000 students applied for an undergraduate course for the 2015/16 academic session; making the Manchester Metropolitan University the second most applied to university for undergraduate places in the UK.

Many are drawn by the fact that over 70 professional bodies and associations work closely with the University to accredit academic programmes and develop professional career pathways. We provide access to one of the widest choices of career options of any UK university.

The University has also developed an enviable reputation for providing work-ready graduates with the combination of interpersonal, problem solving and technical skills

that employers want. In the 2014/15 DLHE, over 92% of our graduates went into work or further study within six months of graduation.

Our students gain valuable work experience through placements and other types of work based learning opportunities with employers. As an example, almost all of our professional programmes in health and education require specified periods of training in relevant organisations.

Jobs4Students, our in-house part-time jobs bureau for students, provides valuable paid work experience on campus, and opportunities are provided by the Students' Union and MMU Futures to take part in volunteering and coaching opportunities to help the local community.

New graduates are provided with high quality paid internships both within the University and with local employers, with an emphasis on encouraging SMEs who may not ordinarily recruit graduates, to do so. ■

70+
professional bodies and associations accredit our qualifications



26%
of our students are from black and minority ethnic groups



800+
courses at undergraduate level



100+
clubs and societies for all activities



58%
of our students come from the North West region



£16.9m
awarded in student support packages in 2014/15

Our Research Achievements 2014/15

Committed to developing research and knowledge that creates the maximum economic, social, cultural and environmental impact. ■

Research Excellence Framework REF2014

REF2014, which measures the quality of research in UK universities, was announced during the academic session. The University has significantly increased the volume of world leading and internationally excellent research. There were improvements across the full range of 13 submission areas.

In the **UK's top 20 universities for research in Sociology**

Top 'new' university for the power of allied health research, **ranking 12th out of 94 universities overall**

Ranked 6th out of 84 universities in the UK for the power of Art and Design research

World-leading research across all areas of Education; **ranked 17th in the UK in the 2016 Complete University Guide**

Research Excellence

This has been a strong academic year of progress across strategic areas of University research including;

- Improvements in all areas of the REF2014
- 15% increase in research funding from central government
- Consolidation of new research strategy with the creation of 12 research centres
- Research funding awards for multiple projects with strategic collaborative partners.

- Electrochemist Professor Craig Banks with Peter Kelly (Science and Engineering) and Toby Heys (Art and Design) have won £500,000 from the EPSRC to develop 3D-printed graphene batteries that could boost efforts to source renewable energy.
- Nicola Whitton (Education) is working with the University of Bristol on a £650,000 Wellcome Trust and Education Endowment Foundation project that explores reward systems in the brain.

European Commission Funding

Researchers have won €2.4m from the European Commission's Horizon 2020 programme in 2014/15. Successful projects include:

- Policy modeller Professor Bruce Edmonds (Business and Management) has won almost €800,000 for projects with universities from Norway, Italy and Holland.
- Textile expert David Tyler (Hollings) has won €530,000 to lead a work package in an EU funded project that investigates sustainable textile production.
- Professor Chris Fox is leading a consortium of 17 European universities on the InnoSI project worth €380,000. ■

Specific achievements include:

Knowledge Transfer Partnerships

The University is now among the UK's top 10 universities for the number of Knowledge Transfer Partnerships (KTP), an important Government backed scheme that helps small and medium-sized enterprises to access university innovation and expertise.

Research Strategy

A total of 12 University Research Centres have been established to act as the focus for the delivery of research excellence across the range of disciplines in more than 50 research specialist groups.

Research Funding

Grant applications to funding bodies have continued to increase during 2014/15. Examples include:



More information is available by visiting www2.mmu.ac.uk/research/ref

Our Achievements 2014/15

The University is the **lead sponsor for a new UTC in Warrington**, alongside the planned UTC in Crewe.



The Faculty of Health, Psychology and Social Care was **awarded over £500,000 to support health worker training.**

The Business School was named as a **Centre of Excellence for entrepreneurial teaching.**

Professor Craig Banks's **pioneering research studies** in graphene are among the most cited in the world.



World-class developments in graphene

- Professor Craig Banks's pioneering studies into the electrochemistry of graphene means he has become one of the most cited scientists in the world for his work with over 9,000 citations.
- Professor Banks's work uses the one-atom thick super material as the basis for a new generation of chemical detectors, sensing everything from legal highs to deadly arsenic in water. In addition, the professor is planning to use graphene in biofuel cells, 3D printing and to produce green chemical transformations.

enterprise, from just 50 students engaged in entrepreneurship in the late 1990s, to over 2,000 this year.

- The team was recognised for developing entrepreneurial skills and attributes in their students, and creating the next generation of successful entrepreneurs and professionals.

National Awards at Graduate Fashion Week

- In the Graduate Fashion Week Awards, final year fashion student, Hannah Wallace, won the coveted Gold Award, along with the Creative Catwalk Award and Best of Graduate Fashion Week Award; the first time this has been achieved.

Partnership with Manchester City Women's Football Club

- The four-year partnership, linking a university with a professional women's football club, is highly innovative and among the first of its kind in the UK.
- It will see the Club and University join forces to offer bespoke education programmes designed to upskill students in a footballing environment. University students will also benefit from exclusive access to experience match day event management.



Hannah Wallace won the coveted **Gold Award and Creative Catwalk Award** at the London Graduate Fashion Week.



Major grant for EU mobility programme

- A £2.5 million Erasmus Mundus grant to aid co-operation between European and Latin American universities, was awarded by the European Commission.
- Won by Alberto Paucar-Caceres, Professor of Management Systems in the Business School, and Dr Stella Bullo (Department of Languages), up to 200 undergraduate, postgraduate, PhD, post-doc and academic staff from Latin America and the EU will benefit from physical mobility through the EuroInkaNet project.
- A further 800+ will benefit through physical and virtual-based seminars, workshops, meetings and conferences with thematic workshops generated by consortium-related activities.

Masters in Sports Directorship

- The Business School, in conjunction with Visionary Sports Investment, launched the UK's first university leadership programme specifically for sports professionals and those in the business of sport.
- The initial cohort included sport stars and experienced business people, including former England cricketer, Ashley Giles, and ex-Arsenal and German international goalkeeper, Jens Lehmann, aiming to become the next generation of industry leaders in sports business and management.

Nursing national awards winner

- The University was named as the best place for training at the annual Student Nursing Times Awards for the second time in three years.
- Voted for by students, it is a major achievement and recognition for the teaching and professional staff on the programme.



Ground breaking four-year partnership with **Manchester City Women's Football Club.**



Launched the **UK's first university postgraduate leadership programme for Sports Professionals.**



Nursing named as the **best place in the UK** for training at the annual Student Nursing Times Awards.

Entrepreneurial Award for teaching and learning

- The Business School was named as a Centre of Excellence for entrepreneurial teaching and learning at an awards ceremony at the House of Lords, hosted by the Institute of Enterprise and Entrepreneurs.
- Developed over the past 15 years, it reflects the many years of hard work to nurture a hub of student

NHS funded £500,000 research for health worker training

- The Faculty of Health, Psychology and Social Care was awarded over £500,000 of NHS forerunner funding to help train the region's health workers, using evidence-based education resources for nurses, speech and language therapists and social workers as part of a wide-ranging partnership for the North West.
- These resources range from new ways of working with life-like simulated patients, to tablet computers for speech development in multi-disciplinary projects and research.



Our Achievements 2014/15

Manchester Metropolitan has won more national awards from the prestigious Royal Institute of British Architects (RIBA) than any other university in the past five years.

The Higher Education Design Quality Forum, which is dedicated to promoting high quality design across the sector, praised the innovative and inspiring architecture across the University.

The transformation of the University's estates has also been used as an exemplar case study in the 2015 Universities UK report on *efficiency, effectiveness and value for money*. ■

Full RIBA awards list:

2014 RIBA Client of the Year Award (nominated by Feilden Clegg Bradley Studios for the Business School and Manchester School of Art)

Business School and Student Hub

2013 RIBA North West Award
2013 RIBA National Award

Manchester School of Art

2014 RIBA North West Award
2014 RIBA National Award
2014 RIBA Stirling Prize shortlist

Birley Campus

2015 Highly Commended in the RICS annual awards regeneration category
2015 Brooks building nominated for the British Construction Industry Awards Finalist

Students' Union

2015 RIBA North West Award
2015 RIBA National Award



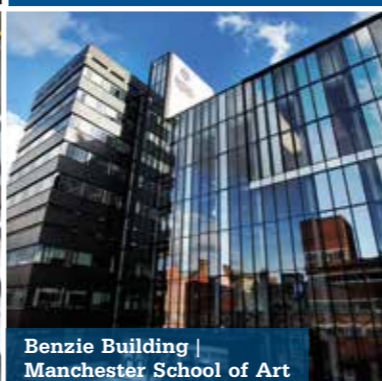
Brooks Building | Faculty of Education and Faculty of Health, Psychology and Social Care



John Dalton Tower | Faculty of Science and Engineering



Students' Union



Benzie Building | Manchester School of Art



Business School and Student Hub



Spanish Steps | Architectural feature in Brooks Building



Manchester School of Art



Exercise and Sports Science Centre | Cheshire Campus



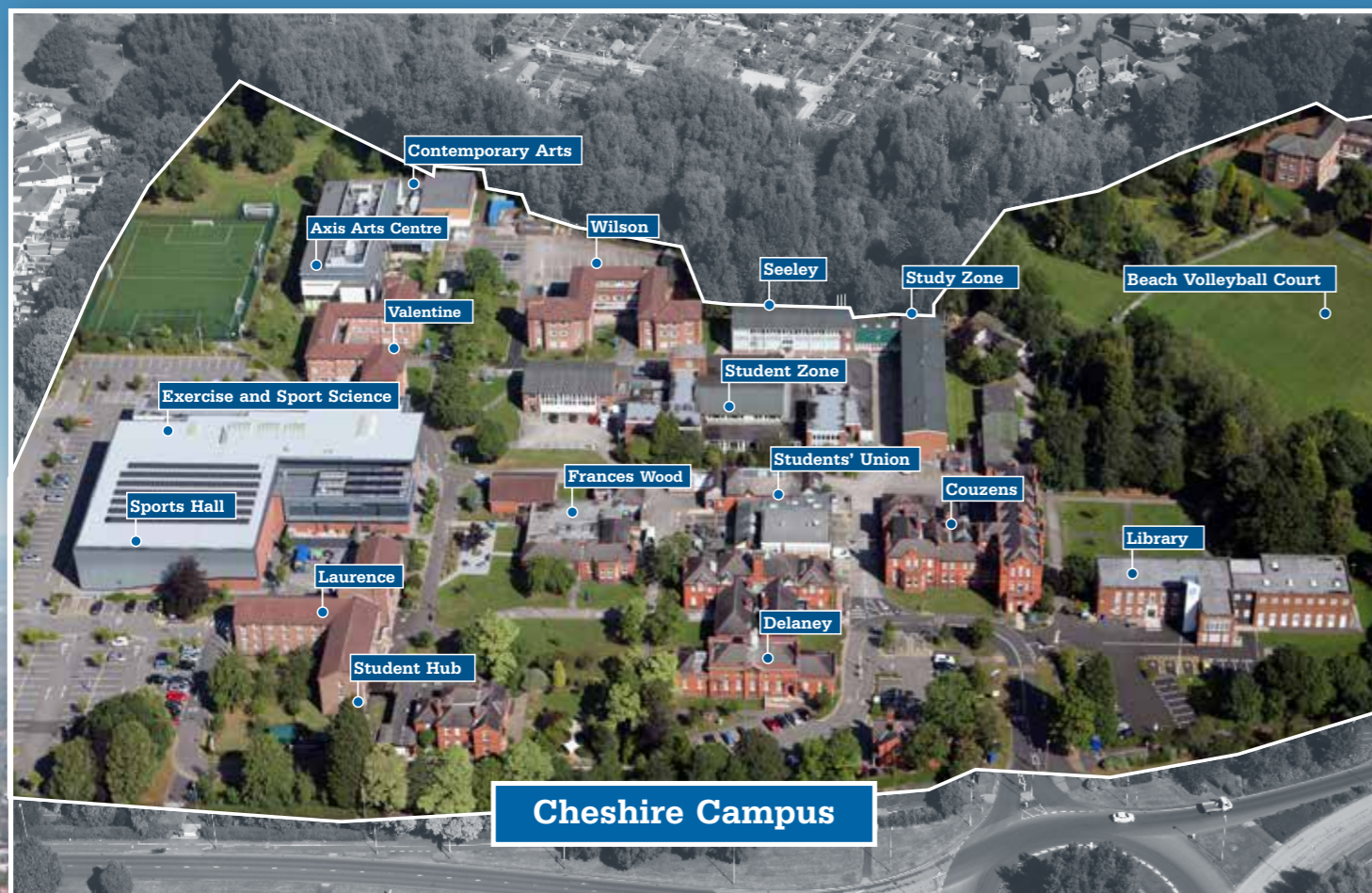
Entrance to Benzie Building



Faculty of Business and Law



Contemporary Arts | Cheshire Campus



Cheshire Campus

One University, Two Campuses, Ten-year, £350 million plan

For the first time in the University's history, it is a two campus institution, with a single, city centre campus in Manchester and a town-based campus in Crewe, Cheshire. ■



Manchester Campus



The transformation of the University's estates was completed in September 2014, with the official opening of the Birley campus by the leader of Manchester City Council, Sir Richard Leese. This marked the culmination of a ten-year, £350 million masterplan developed by the recently retired Vice-Chancellor, Professor John Brooks, to move from seven campuses to two – a city centre campus in Manchester, and a town-based campus in Crewe, Cheshire.

33,000 students in more than 40 specialist subject areas at undergraduate, postgraduate and research levels and an outstanding university library over five floors with more than 750,000 books and journals, along with numerous social learning spaces across all faculty buildings. Moving from five campus locations to a single integrated-campus in central Manchester, has yielded many benefits; it has significantly enhanced the connectivity of the academic and professional services, supporting the overall financial and environmental sustainability.

The transformational impact of the investment in estates and facilities is keenly felt across many areas. The city region's civic and business leaders are now fully engaged in the University's agenda; prospective and current students are attracted by world-class environments to develop their careers, and staff motivations and development have never been higher.

In Crewe, more than £16 million was invested in the Cheshire campus through the ten-year plan, which hosts over 4,000 students benefiting from dedicated sports and exercise science, and contemporary arts departments, among many unique subject combinations not provided in Manchester. It offers a lively, friendly and welcoming campus, an alternative to the big city atmosphere of Manchester.

Collaborative partners, community and stakeholders are all assured of the University's commitment in collaborating on mutually beneficial projects to deliver tangible improvements in sports, health, wellbeing, arts and culture, as well as economic and employment prospects. There is now an integrated city centre campus in Manchester with seven faculties and over

The next phase of masterplanning is already underway, and the University is planning to invest over £200 million in buildings, infrastructure and facilities, that will focus on several buildings, along with the public realm and connecting spaces. ■



Superb new learning and teaching environment for more than 6,500 staff and students.



Student volunteers for local projects and events.



967 new student bedrooms in townhouses and apartments, among the most environmentally friendly student accommodation in the UK.



Improved public transport through a Green Travel Plan, including creation of pedestrian and cycle routes.



Facilities available for community use, including drama and dance studio, multi-purpose hall with retractable seating for 200, treatment rooms, cafés and informal meeting spaces.



New retail units providing boost to local economy.

Community Engagement and Regeneration

Every day we engage with thousands of people through interactions between staff and students, with our key partners and community organisations.

Engagement at community, business, regional and international levels is core to our mission and values.

The engagement work in Hulme at our new faculty buildings, showcases our commitment to community engagement and regeneration. ■



Birley is the University's new world-class centre for Education and Health Professionals. It is a key development not only for the University but also for the residents and businesses of Hulme.

It has been cited as an exemplar project of regeneration, sustainability and community engagement by HEFCE, quickly becoming a beacon for raising both immediate and long-term aspirations in the community and wider area.

Community engagement

Community is at the very heart of the campus. The two faculties have already built strong links with local schools, colleges, community groups and organisations to ensure the new campus is a place local people can be proud of, share in and enjoy. The spacious ground floor provides facilities for shared community use. There is significant investment in landscaping and public access to the campus, improving the social environment, in what was a derelict brownfield site for over 20 years.

Environmental sustainability

In terms of environmental and sustainability credentials, the

campus is an outstanding project. The design itself sought to retain as many existing mature trees as possible and relocate good specimens where this was not possible; a large number of new trees were also planted.

Features include:

- The campus aspires towards the three zeros: zero carbon, zero water and zero waste.
- The academic building has achieved BREEAM excellent and the student accommodation has been accredited outstanding.
- Landscaping to support biodiversity and urban ecology, with more than 300 trees planted across the site and open access for members of the public.
- The main academic building is highly innovative, using a displacement air system with aerofoils located over the atria on the roof and heat recovery during winter months.
- Grey water is recycled through many areas of the building and accommodation.
- During the construction of the site, more than 99% of all site rubbish was recycled. ■



Collaborative Partnerships

The University is fully committed to working with like-minded and prestigious partners in pursuit of its strategic priorities. ■

Partnerships offer new opportunities for high quality research, scholarship and enterprise on a local, regional, national and international scale. As well as contributing to institutional sustainability and diversity of income, they extend the University's international reach, particularly into the global academic community of world-leading research. They inform curricula that link to employers and create graduates with high employability and social mobility, thereby enhancing the University's contribution, not only to the social and economic development of the region, but also to the creation of world-class professionals worldwide.

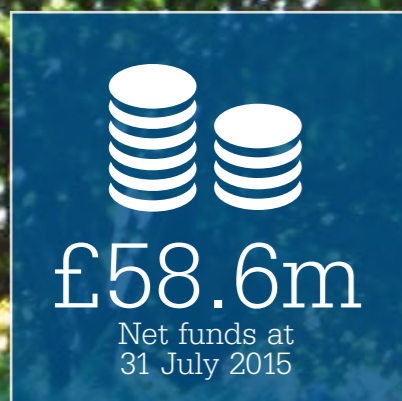
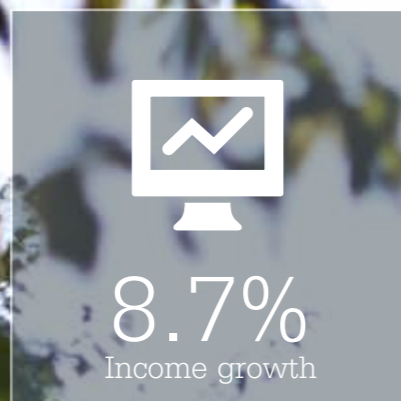
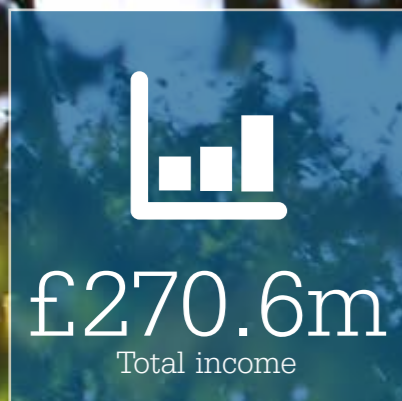
Locally, a strategic partnership with Manchester City FC facilitates a range of projects in research and community regeneration and is a major step towards the development of the University's sports provision generally. MCFC's sister clubs in New York and Melbourne, both of which have active links to local universities, offer further opportunities to expand University partnerships overseas.

The strategic partnership with The Manchester College adds strength to the University's engagement with the community and provides a comprehensive range of educational opportunities to the people of Manchester. It will widen access and respond to the skills agenda of the city by creating enhanced progression routes for all learners in Greater Manchester, including employees.

Nationally, the Business School's Foundation Degrees delivered in partnership with McDonalds and Tesco have run for several years and its programmes with HMRC have been nominated for a Times Higher Award in 2015. Employees from blue chip companies are enrolled on the Degree Level Apprenticeship in Legal Studies.

Further afield, the School of Law has validated programmes at the University of Hong Kong's School of Professional and Continuing Education (HKU SPACE) for almost 25 years. There are currently almost 500 students enrolled, which generates not only income but also an extensive University alumni in the Hong Kong Law sector. ■





Financial Performance and Sustainability

The University continues to deliver robust financial performance with key financial health performance indicators at (or above) the sector upper quartile, building upon strong financial management in recent years. ■



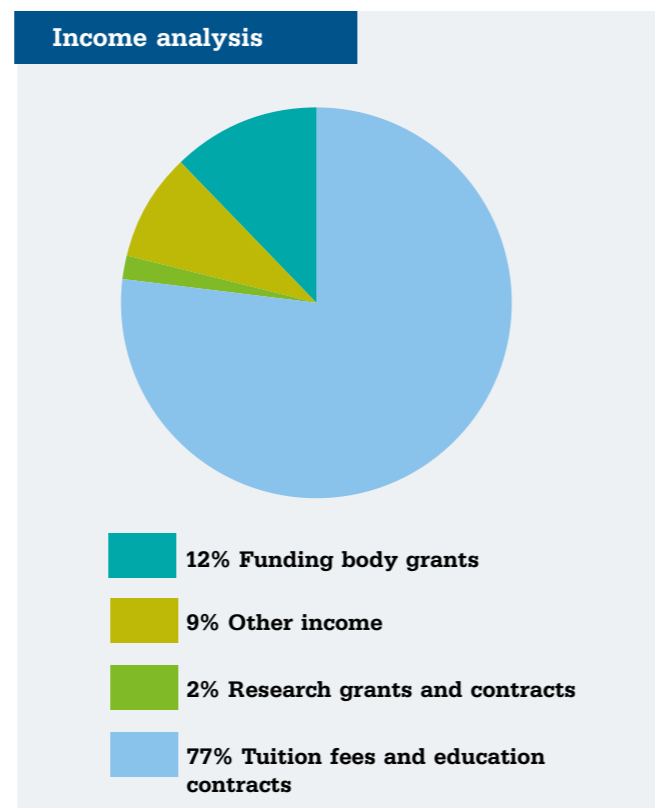
Income and Expenditure

Results for the Year	2014/15 £000	2013/14 £000	Variance £000
Income	270,639	248,986	21,653
Expenditure	(248,388)	(234,615)	(13,773)
Underlying operating surplus	22,251	14,371	7,880
Exceptional items: Accelerated depreciation	(7,319)	0	(7,319)
Surplus after depreciation of tangible fixed assets at valuation and before tax and certain exceptionals	14,932	14,371	561
Exceptional items: relating to assets held for sale	8,560	(9,060)	17,620
Surplus on continuing operations after depreciation of tangible fixed assets and exceptional items	23,492	5,311	18,181
Surplus for the year retained within general reserves	23,354	5,498	17,856

Balance Sheet

Results for the Year	2014/15 £000	2013/14 £000	Variance £000
Tangible fixed assets	461,905	441,337	20,568
Net funds	58,615	21,609	37,006
Cash generated from operating activities	38,090	14,505	23,585
Total reserves	321,326	292,858	28,468

Financial Performance and Sustainability



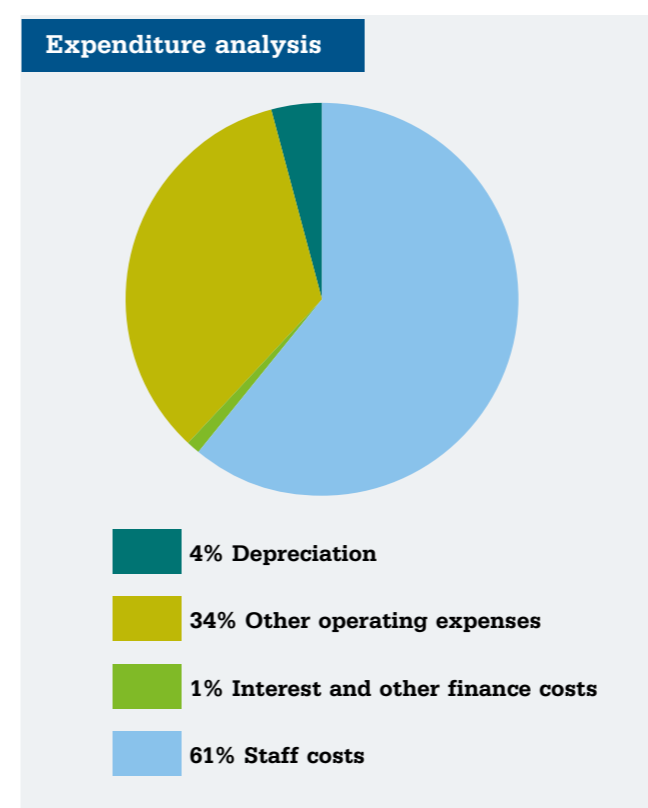
Income - Year on year growth £21.7m (8.7%)

Growth in tuition fee income of £33.4m, 19.0%, in the year to £209.3m, recognises the popularity of the University in the Home Student recruitment market, with applications per place of 5.7:1 for the 2014 admissions cycle. The material increase in income reflects both the shift in funding from Funding body grants to tuition fee, and this strong demand.

The reduction in Funding body grants by £17.5m, 35.9%, to £31.3m, is consistent with the sector trends, and demonstrates the shift in funding to tuition fees that has been taking place since 2012.

The growth in other income is primarily a result of the investment in additional student residences, with the opening of the new Birley student accommodation in 2014.

Research grants and contracts income shows a year on year improvement of £2.0m, (49.6%), to £6.1m in 2014/15. While the increase is largely driven by increases in volume of research grants, the positive outcome of the REF in the current financial year draws particular attention to the quality of research and researchers at the University.



Expenditure - Year on year growth £13.8m (5.9%)

Staff costs of £151.1m in the year, (an increase of £8.3m year on year), equates to 55.8% of income, compared with 57.4% in the prior year. The increase in employment costs being the result of the University's continued investment in student facing academic and support staff, and pay inflation arising from national pay settlements and pension contribution changes.

Other Operating Expenses include internally funded bursaries and the University's Student Support Package, and totals £16.9m in the 14/15 financial year.

The Student Support Package is awarded to provide widening access and participation opportunities to students from lower income families.

Exceptional items

The sale of our Hollings and Gaskell sites, as part of the University's campus consolidation strategy, has resulted in £8.6m of exceptional profit for the University, and generated cash receipts of £10.8m which will help fund the next phase of our capital and estate investment at both Manchester and Crewe.

Accelerated depreciation of £7.3m on the Mabel Tylecote building has been recognised in the year. The existing building is to be demolished to allow for the creation of a new Art and Culture facility that will include a new theatre, a public gallery as well as academic and social learning space.

Financial Performance and Sustainability

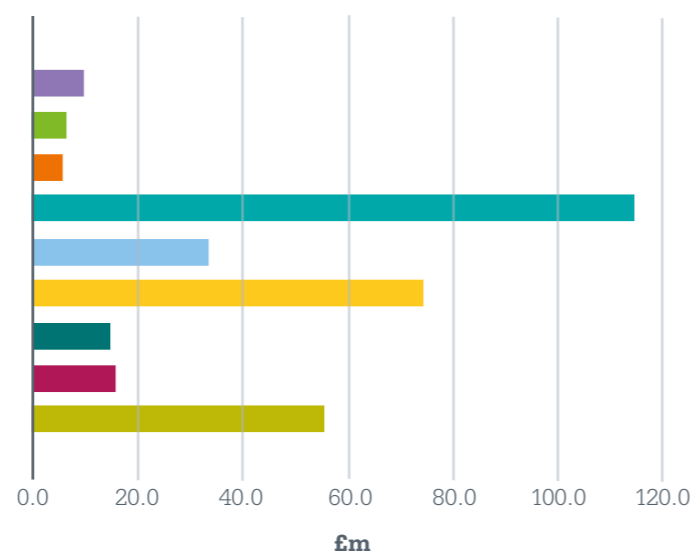
Fixed assets - Year on year growth £20.6m (4.7%)

Additions in the year of £13.5m were factored into the completion of the University's £350.0m campus consolidation programme. This culminated in the opening of the Birley Fields Campus in September 2014 at a total cost of £109.7m (2014/15: £8.1m), and the opening of the new Students' Union on which £10.1m was invested including £2.4m in 2014/15.

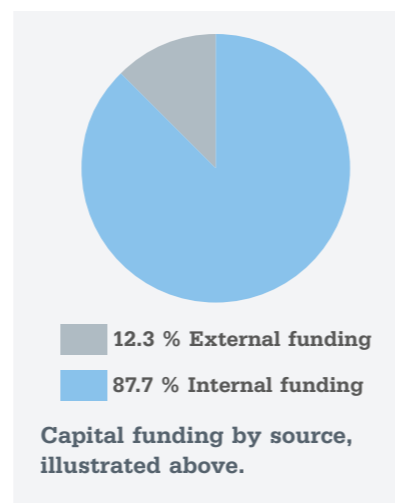
Ongoing cyclical refurbishment of all existing facilities has been prioritised with the completion of phase 3 of the new Kenneth Green Library at a total spend of £1.5m of which £1.2m was spent in the 2014/15 year.

An interim revaluation of land and buildings in the year resulted in an uplift of £24.6m, partially offset by annual depreciation of £10.2m and exceptional accelerated depreciation of £7.3m.

The breakdown of this capital investment programme, by building/faculty.



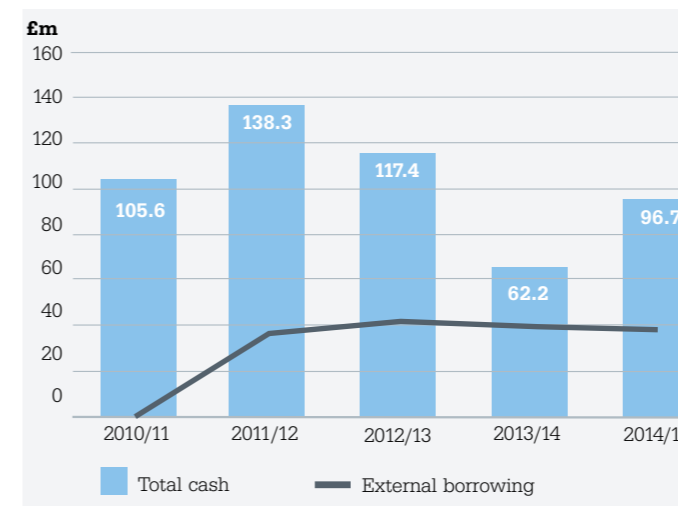
- Students' Union
- All Saints - Hollings
- All Saints - Library
- Birley Fields
- Art and Design
- Business School
- Law School
- Cheshire Campus
- Science and Engineering



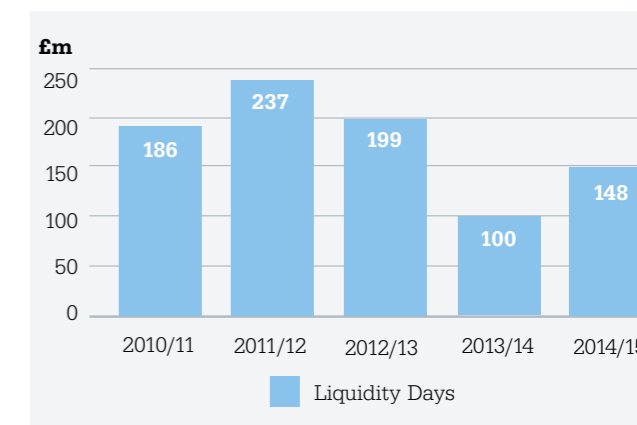
Net funds

Cash resources stand at a healthy £96.7m at 31 July 2015, with year on year growth driven in large part by the strong operating performance and capital receipts. External borrowing has reduced by £2.4m year on year as a result of scheduled capital repayments.

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



The University aims to generate healthy operating cash flow levels (2014/15: £38.1m) to fund a further infrastructure investment of circa £200.0m over the next five years whilst still maintaining financial KPTs. The graph below charts net liquidity days over the past five years; a period in which 87.7% of a £350.0m capital programme was self-funded.



Total reserves

Total reserves continue to grow, currently at £321.3m (2013/14: £292.9m) attesting to solid financial health the University has generated and maintained year on year. Coupling the reserve position, positive net cash and healthy surplus demonstrates the financially sustainable way in which the University is managed and will allow continued investment in students, staff, the local community and for the wider public benefit.

FRS 17 pension liability

The valuation of the Greater Manchester Pension Fund on a FRS 17 accounting basis as at 31 July 2015, has given rise to a net deficit of £107.8m (2013/14

deficit £87.4m), reflecting a year on year movement of £20.4m. This valuation movement reflects the inherent volatility of the pension valuation, and the significant sensitivities around key

assumptions. In particular, the negative movement in 2014/15 primarily reflects a lower discount rate that has been applied to determine the present value of Pension liabilities.

A summary of the key FRS 17 sensitivities is as follows:

Change in assumption at 31 July 2015	Approximate % increase to Liability	Approximate monetary value £m
0.5% decrease in real discount rate	11%	40.1
1% increase in member life expectancy	3%	11.1
0.5% increase in salary increase rate	3%	13.3
0.5% increase in the pension increase rate	7%	26.0

Key Performance Targets (KPTs)

To ensure this level of financial sustainability is maintained, a revised basket of KPTs have been developed which focus on operating performance, liquidity, and borrowing.



KPTs detailed below:

KPT	Target	2014/15	2013/14
Underlying operating surplus as a % of total income	(i) 6% (5 year average)	(i) 9.4%	(i) 9.7%
	(ii) >3% in any one year	(ii) 8.2%	(ii) 5.8%
Net liquidity	>75 days	148 days	100 days
External borrowing as a % of total income	<20.0%	14.4%	16.7%
Historical cost surplus as a % of total income	N/A	11.2%	4.7%
Net cash flow from operating activities as a % of total income	>10.0%	14.1%	5.8%
Staff costs as a % of total income	<58%	55.8%	57.4%

Risks

The sector is facing significant financial pressures. Income growth is likely to be more challenging with student fees for UK/EU students reducing in real terms or, at best, inflation capped; UK visa and immigration rules are likely to place stricter requirements on international students, and competition between universities and with alternative providers is set to intensify.



Cost pressures on the staffing base, particularly with respect to pension liabilities and known changes in national insurance, will add to the challenges around financial sustainability. In an environment where institutions need to continue to invest to remain competitive, cost management, resource prioritisation and ongoing business improvement and efficiency will be vital.

The University is better placed than most HEIs in the sector, having achieved all its Key Financial KPTs in recent years, having grown without undue reliance upon debt, and having being placed at (or above) the upper quartile in terms of the recognised measures of financial health and sustainability. However, it will be important to continue to have the headroom within which to strategically invest in capacity building, and in the continued development and enhancement of the Academic plan and the student experience.

A new strategic framework will be developed in 2015/16, which will place an increased focus upon excellence and quality in both the University's academic and professional activity. This will involve enhancements to the strategic planning process to ensure an holistic approach that will focus upon:

- Strengths and priorities of the University and its Faculties
- Quality, performance and delivery
- Strategic alignment
- Robust and credible plans and targets
- Durable efficiencies and business improvements across the institution

Key priorities include the planned diversification and expansion of activity in respect of international, research and knowledge exchange; continued improvements in academic progression, and the development of strategic collaborations and partnerships. ■

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) Higher Education Code of Governance. As part of this commitment to Public Life and best practice the University, the Board of Governors and the University's Executive have given due regard to the Charity Commission's general and supplementary guidance on the public benefit.

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. A list of Governors and senior managers who served during the financial year, and until the date the financial statements were formally approved, can be found on pages 74 to 75.

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 Memorandum of Assurance and Accountability between HEFCE and Institutions. 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 Memorandum of Assurance and Accountability between HEFCE and Institutions. The Vice-Chancellor is supported by an Executive comprising the Deputy Vice-Chancellors, Directors of Finance, Human Resources and Services and the Registrar.

Corporate Governance

Conduct of Business

The Board of Governors has four Board meetings per year along with one Away Day to consider long-term strategy. The Board has a number of Committees to help it discharge its business effectively. These are currently as follows:

- Audit Committee
- Finance and Resources Committee (throughout 2014/15 termed the Finance and Human Resources Committee)
- Nominations, Governance and Remuneration Committee

Up until the end of the 2014/15 academic year, the Board also had three Advisory Groups as follows:

- Estates and Services Advisory Group
- Marketing and Recruitment Advisory Group
- Student Experience and Retention Advisory Group

These Committees/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 financial statements prior to submission to the Board of Governors, monitoring compliance with statutory requirements, accounting standards and best practices for financial reporting;

- agreeing with the internal and external auditors the range of the respective audits and reviews and discussing with the auditors and with management any matters arising from the audits and agreeing appropriate action; and
- 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 2014/15.

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; and
- 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 2014/15.

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; and
- 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 2014/15.

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; and
- reviewing the University's health and safety policy and its effectiveness.

The Estates and Services Advisory Group met three times during 2014/15.

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 2014/15.

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 2014/15.

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 reviews took place in November 2010 and August 2015. A review of the interrelationship between the Board of Governors and Academic Board also took place in June 2011. Recommendations arising from the 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 Memorandum of Assurance and Accountability with 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 in place during the year ended 31 July 2015 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 four times during the year to consider the plans and

Corporate Governance

strategic direction of the University;

- it has an Away Day, 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; and
- a robust risk prioritisation methodology has been established.

The Governing Body's

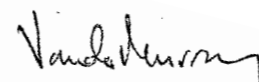
review of the effectiveness of the system of internal control is informed by Internal Audit which operates to standards defined in the HEFCE Audit Code of Practice. In addition to being subject to periodic review by the HEFCE Audit Service, the services provided by the internal audit consortium are kept 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.

This statement covers the full financial year, and up to the date of approval of the annual report and financial statements. ■

On behalf of the Board of Governors



**Vanda Murray OBE
Pro-Chancellor
27 November 2015**



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 and other relevant accounting and financial reporting standards. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability 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;
- the methods and principles in the Statement of Recommended Practice (SORP) for further and higher education institutions are observed;
- judgements and estimates are made that are reasonable and prudent;
- applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 Memorandum of Assurance and Accountability 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; and
- 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; and
- 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 misstatement 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. ■

On behalf of the Board of Governors

Vanda Murray OBE
Pro-Chancellor
27 November 2015

Independent Auditors' Report to the Governing Body of The Manchester Metropolitan University (the "institution")



Our opinion

In our opinion The Manchester Metropolitan University's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2015 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.

What we have audited

The financial statements comprise:

- the consolidated and parent institution Balance sheets as at 31 July 2015;
- the Consolidated income and expenditure account for the year then ended;
- the Statement of consolidated total recognised gains and losses for the year then ended;

- the Statement of consolidated historical cost surpluses and deficits for the year then ended;
- the Reconciliation of consolidated reserves for the year then ended;
- the Consolidated cash flow statement for the year then ended;
- the Reconciliation of the net cash flow to movement in net funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Governing Body has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

Opinions on other matters prescribed in the HEFCE Audit Code of Practices 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 Memorandum of Assurance and Accountability, and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required 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. We have no exceptions to report from this responsibility.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Governing Body and auditors

As explained more fully in the Responsibilities of the Board of Governors set out on pages 38 and 39, 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 ISAs (UK & 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 institution's Articles of Government and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK &

Ireland)"). 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 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.

We primarily focus our work in these areas by assessing the Governing Body judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors Manchester
27 November 2015

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 the financial statements may differ from legislation in other jurisdictions. ■

Consolidated Income and Expenditure Account

for the year ended
31 July 2015

	Note	Total 2014/15 £000	Total 2013/14 £000
Income			
Funding body grants	2	31,326	48,844
Tuition fees and education contracts	3	209,306	175,926
Research grants and contracts	4	6,106	4,082
Other income	5	22,836	19,391
Endowment and investment income	6	1,065	743
		—	—
Total income		270,639	248,986
Expenditure			
Staff costs	7	151,138	142,827
Other operating expenses	8	85,192	82,224
Normal depreciation	11	10,167	7,369
Exceptional accelerated depreciation	11	7,319	-
		—	—
Total depreciation	11	17,486	7,369
Interest and other finance costs	9	1,891	2,195
		—	—
Total expenditure		255,707	234,615
		—	—
Surplus after depreciation of tangible fixed assets at valuation and before tax and certain exceptional items		14,932	14,371
Taxation	10	(148)	-
		—	—
Surplus after depreciation of tangible fixed assets at valuation and tax		14,784	14,371
Exceptional items: continuing operations			
Accelerated release of deferred capital grants		-	3,121
Accelerated depreciation on assets held for sale		-	(12,181)
Profit on disposal of assets held for sale – Gaskell and Hollings		8,560	-
		—	—
Surplus after depreciation of tangible fixed assets at valuation, tax and exceptional items		23,344	5,311
Transfer from accumulated income within endowment funds	18	10	187
		—	—
Surplus for the year retained within general reserves	20	23,354	5,498
		—	—

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

Statement of Consolidated Historical Cost Surpluses and Deficits

for the year ended
31 July 2015

	Note	Total 2014/15 £000	Total 2013/14 £000
Surplus after depreciation of tangible fixed assets at valuation and exceptional items and before tax		23,492	5,311
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	19	4,820	6,482
Realisation of property revaluation gains	19	2,195	-
		—	—
Historical cost surplus for the year before tax		30,507	11,793
		—	—
Historical cost surplus for the year		30,359	11,793
		—	—

Statement of Consolidation Total Recognised Gains and Losses

for the year ended
31 July 2015

	2014/15 £000	2013/14 £000
Surplus after depreciation of tangible fixed assets at valuation, tax and exceptional items	23,344	5,311
Actuarial loss in respect of pension scheme	16 (19,457)	(31,353)
Unrealised surplus on revaluation of fixed assets	19 24,571	18,482
New endowments	18 113	7
Total recognised gains/(losses) relating to the year (including endowments)	28,571	(7,553)

Consolidated Cash Flow Statement

for the year ended
31 July 2015

	Note	2014/15 £000	2013/14 £000
Net cash inflow from operating activities	23	38,090	14,505
Returns on investments and servicing of finance	24	(1,255)	(1,232)
Capital expenditure and financial investment	25	171	(68,610)
Management of liquid resources - represented by (increase) / decrease in short-term deposits	27	(35,403)	16,630
Financing	26	(2,432)	(69)
Decrease in cash in the year (including endowment assets)		(829)	(38,776)

Reconciliation of Consolidated Reserves

for the year ended
31 July 2015

	2014/15 £000	2013/14 £000
Opening reserves and endowments	293,771	301,324
Total recognised gains/(losses) for the year	28,571	(7,553)
Closing reserves and endowments	322,342	293,771

Reconciliation of Net Cash Flow to Movement in Net Funds

for the year ended
31 July 2015

	Note	2014/15 £000	2013/14 £000
Decrease in cash for year		(829)	(38,776)
Increase / (decrease) in short-term deposits		35,403	(16,630)
New loan		(193)	(724)
Repayment of debt		2,625	793
Movement in net funds in the year		37,006	(55,337)
Net funds at 1 August		21,609	76,946
Net funds at 31 July	27	58,615	21,609

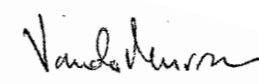
Balance Sheets

for the year ended
31 July 2015

	Note	Consolidated		University	
		2015 £000	2014 £000	2015 £000	2014 £000
Fixed assets					
Tangible assets	11	461,905	441,337	461,905	441,337
Investments	12	1,793	1,765	1,793	1,765
Total fixed assets		463,698	443,102	463,698	443,102
Endowment assets	18	1,016	913	1,016	913
Current assets					
Stocks		174	135	174	135
Debtors	13	9,597	9,496	9,597	9,496
Assets held for sale		16,835	19,030	16,835	19,030
Investments in short-term deposits	27	60,403	25,000	60,403	25,000
Cash at bank and in hand	27	36,257	37,189	36,257	37,189
Total current assets		123,266	90,850	123,266	90,850
Creditors: amounts falling due within one year	14	(40,767)	(37,181)	(40,767)	(37,217)
Net current assets		82,499	53,669	82,499	53,633
Total assets less current liabilities		547,213	497,684	547,213	497,648
Creditors: amounts falling due after more than one year	15	(36,132)	(38,868)	(36,132)	(38,868)
Provisions for liabilities and charges - enhanced pensions	16	(13,030)	(11,181)	(13,030)	(11,181)
NET ASSETS EXCLUDING PENSION LIABILITY		498,051	447,635	498,051	447,599
Provisions for liabilities and charges – FRS 17 pension liability	16	(107,786)	(87,385)	(107,786)	(87,385)
NET ASSETS INCLUDING PENSION LIABILITY		390,265	360,250	390,265	360,214

	Note	Consolidated		University	
Deferred capital grants	17	67,923	66,479	67,923	66,479
Endowments					
Expendable	18	912	808	912	808
Permanent	18	104	105	104	105
Total endowments		1,016	913	1,016	913
Reserves					
Income and expenditure account excluding FRS 17 pension reserve		306,193	274,880	306,193	274,844
Pension reserve (FRS 17)	16	(107,786)	(87,385)	(107,786)	(87,385)
Income and expenditure account (including pension reserve)	20	198,407	187,495	198,407	187,459
Revaluation reserve	19	122,919	105,363	122,919	105,363
Total reserves		321,326	292,858	321,326	292,822
TOTAL FUNDS		390,265	360,250	390,265	360,214

The financial statements on pages 42 to 75 were approved by the Board of Governors on 27 November 2015 and signed on its behalf by:-



Vanda Murray OBE
Pro-Chancellor



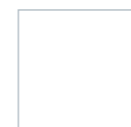
Professor Malcolm Press
Vice-Chancellor



John Cunningham
Director of Finance

Notes to the Financial Statements

for the year ended
31 July 2015



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 2015. 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.

With regard to SSAP 25 "Segmental reporting", the Manchester Metropolitan University believes that segmental disclosure by class of business and geographical segment is not required by the University, due to the

nature of the University's current activities all being aligned to the same class of business and geographical market.

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. The remaining increase in liability value is shown as an enhancement and is recognised as part of operating surplus.

(c) USS Pension Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

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

Notes to the Financial Statements

for the year ended
31 July 2015

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.

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. The last full valuation was undertaken as at 31 July 2012 by Eddisons, Chartered Surveyors with interim valuations completed as at 31 July 2013, 31 July 2014 and 31 July 2015. Full 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.

(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.

(g) Assets held for resale

Tangible fixed assets surplus to requirements are held at the lower of cost and net realisable value.

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.

Notes to the Financial Statements

for the year ended
31 July 2015

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.

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 increases 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 CTA 2009 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.

	2014/15 £000	2013/14 £000
2. Funding body grants		
Recurrent grant:		
Higher Education Funding Council	24,284	40,288
National College for Teaching and Leadership	1,983	2,931
Skills Funding Agency	842	809
Specific grants:		
Higher Education Funding Council	2,741	3,425
Deferred capital grants released in year:		
Buildings	(note 17) 1,335	1,214
Equipment	(note 17) 141	177
	31,326	48,844
3. Tuition fees and education contracts		
	2014/15 £000	2013/14 £000
Full-time students	175,944	144,072
Full-time students charged overseas fees	12,991	12,691
Part-time fees	6,455	6,145
Short course fees	939	709
Education contracts - NHS	10,319	9,286
Education contracts - other	2,658	3,023
	209,306	175,926
4. Research grants and contracts		
	2014/15 £000	2013/14 £000
Research Councils	1,767	1,520
UK-based charities	382	150
Other research grants and contracts	3,281	2,412
	5,430	4,082
Research and Development Expenditure Credit (RDEC)	676	-
	6,106	4,082
5. Other income		
	2014/15 £000	2013/14 £000
Residences, catering and conferences	13,876	10,880
Other services rendered	4,679	4,856
Released from deferred capital grants	(note 17) 7	23
Other income	4,274	3,632
	22,836	19,391

Notes to the Financial Statements

for the year ended
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6. Endowment and investment income

	2014/15 £000	2013/14 £000
Income from short-term deposits	633	739
Income from expendable endowments (note 18)	3	4
Net gain on pension scheme (note 16)	429	-
	<u>1,065</u>	<u>743</u>

7. Staff costs

	2014/15 £000	2013/14 £000
Wages and salaries	119,392	114,142
Social security costs	9,489	9,082
Other pension costs (note 28)	22,257	19,603
	<u>151,138</u>	<u>142,827</u>

On the 31 May 2015 the Vice-Chancellor, Professor J. Brooks, retired from his post and was succeeded by Professor M. Press. The emoluments received by both Vice-Chancellors in the financial year ending 31 July 2015 are disclosed separately below:

Professor J. Brooks (1 August 2014 – 31 May 2015)

	2014/15 £000	2013/14 £000
Emoluments of the Vice-Chancellor	189	221
Performance Related Pay	40	38
Benefits in kind (Health Insurance)	1	2
	<u>230</u>	<u>261</u>
Pension contributions:	26	31
Total Emoluments	<u>256</u>	<u>292</u>

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

Professor M. Press (1 June 2015 – 31 July 2015)

	2014/15 £000	2013/14 £000
Emoluments of the Vice-Chancellor	41	-
Contribution to Relocation Costs	14	-
	<u>55</u>	<u>-</u>

The Vice Chancellor does not contribute to any pension schemes through the University.

7. Staff costs (continued)

	2014/15	2013/14
Average staff numbers by major category:		
Academic full-time	1,437	1,434
Academic part-time	454	436
Support staff	2,077	2,048
Casual staff	559	470
	<u>4,527</u>	<u>4,388</u>

Remuneration of other higher paid staff, including benefits in kind but excluding employer's pension contributions:

£100,000 - £109,999	1	1
£110,000 - £119,999	-	2
£120,000 - £129,999	1	2
£140,000 - £149,999	1	-
£150,000 - £159,999	1	-

8. Other operating expenses

	2014/15 £000	2013/14 £000
Residences, catering and conference operating expenses	11,702	12,203
Bursaries	10,935	13,625
Consumables and laboratory expenditure	2,568	2,485
Books and periodicals	3,440	2,793
Heat, light, water and power	5,712	5,112
Repairs and general maintenance	8,035	6,673
	<u>42,392</u>	<u>42,891</u>
Other expenses	42,800	39,333
	<u>85,192</u>	<u>82,224</u>

Included within other operating expenses:

	2014/15 £000	2013/14 £000
Operating lease rentals:		
Land and buildings	6,316	5,961
Other	1,214	865
External auditors' remuneration for audit services:		
University – Audit services	54	53
University – Non-audit services	13	6
Subsidiary	-	3

No governor (all of whom are trustees to the University's charitable status) has received remuneration from the group during the year (2013/14: £ nil).

The total expenses paid to or on behalf of 9 trustees was £10,000 (2013/14: £5,000 to 6 trustees).

This represents travel and subsistence expenses incurred in attending committee meetings and charity events in their official capacity.

Notes to the Financial Statements

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9. Interest and other finance costs

	2014/15 £000	2013/14 £000
Loans not wholly repayable within five years	1,891	1,975
Net charge on pension scheme	-	220
	<u>1,891</u>	<u>2,195</u>

10. Taxation

	2014/15 £000	2013/14 £000
Current tax		
UK corporation tax on surplus for the year	140	-
Adjustment in respect of previous years	8	-
	<u>148</u>	<u>-</u>
Total current tax		

The tax for the period is lower (2014: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 July 2015 of 20.66% (2014: 22.33%). As referenced within our statement of accounting policies, the University is an exempt Charity for the purposes of corporation tax. However, in the year the University has recognised within research grants and contracts income in relation to an RDEC tax reclaim, which is chargeable for corporation tax purposes. Guidance was released within the financial year which allowed Universities to claim with reference to this tax legislation and as such income has been recognised with the following tax charges incurred, based on the prevailing blended corporation tax rate for the relevant claim period:

Period	Tax rate	Income £000	Tax charge £000
1 April 2013 – 31 July 2013	23.66%	108	26
1 August 2013 – 31 July 2014	22.33%	276	62
1 August 2014 – 31 July 2015	20.66%	292	60

11. Tangible assets

CONSOLIDATED AND UNIVERSITY	Freehold land and buildings £000	Leasehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Heritage assets £000	Total £000
Cost or valuation							
At 1 August 2014	329,757	5,560	173	14,387	109,655	4,305	463,837
Additions	-	-	-	1,025	12,476	-	13,501
Transfers	111,052	-	-	10,299	(121,351)	-	-
Surplus on revaluation	19,867	2,989	-	-	-	-	22,856
Disposals	-	-	-	-	(18)	-	(18)
	<u>460,676</u>	<u>8,549</u>	<u>173</u>	<u>25,711</u>	<u>762</u>	<u>4,305</u>	<u>500,176</u>
At 31 July 2015							
Consisting of valuation							
As at 31 July 2013	-	-	-	-	-	4,305	4,305
As at 31 July 2015	460,676	8,549	-	-	-	-	469,225
Cost	-	-	173	25,711	762	-	26,646
	<u>460,676</u>	<u>8,549</u>	<u>173</u>	<u>25,711</u>	<u>762</u>	<u>4,305</u>	<u>500,176</u>
Accumulated depreciation							
At 1 August 2014	15,342	-	173	6,985	-	-	22,500
Normal depreciation charge for the year	7,828	-	-	2,339	-	-	10,167
Written back on revaluation	(1,715)	-	-	-	-	-	(1,715)
Accelerated depreciation charge for the year	7,319	-	-	-	-	-	7,319
	<u>28,774</u>	<u>-</u>	<u>173</u>	<u>9,324</u>	<u>-</u>	<u>-</u>	<u>38,271</u>
At 31 July 2015							
Net book value at 31 July 2015	431,902	8,549	-	16,387	762	4,305	461,905
At 31 July 2014	314,415	5,560	-	7,402	109,655	4,305	441,337

The value of land included in freehold and leasehold land and buildings at 31 July 2015 was £25,428,000 (2014: £21,131,000).

Included in the land and buildings depreciation charge of £15,050,000 (2014: £18,326,000) is an amount of £7,319,000 (2014: £12,181,000) 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. An interim valuation was undertaken by Eddisons.

Notes to the Financial Statements

for the year ended
31 July 2015

11. Tangible assets (continued)

Chartered Surveyors on 31 July 2015, which gave rise to a £24,571,000 increase in the overall value of the estate during 2014/15 (2013/14: £18,482,000).

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.

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 (2014: £2,346,000) and the chattels at £1,959,000 (2014: £1,959,000). This valuation was undertaken by Bonham's in 2012/13.

12. Investments

	Consolidated and University	
	2015 £000	2014 £000
Loans to related parties:		
Sugden Sports Trust	1,687	1,687
Other investments:		
Manchester Science Parks Limited	32	32
CVCP Properties plc	46	46
ABD Limited	28	-
	<u>1,793</u>	<u>1,765</u>

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

12. Investments (continued)

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

Name	Principal Activity	Share Capital	Status
Uni-Rec Limited	Dormant	£1	100% owned
Manmet Limited	Dormant	£1	100% owned
MMU Enterprises Limited	Dormant	£4	100% owned
Manchester Law School Limited	Dormant	£2	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% (2014 - 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).

13. Debtors

	Consolidated and University	
	2015 £000	2014 £000
Trade and sundry debtors	4,593	5,830
Amounts due from associated companies	20	20
Prepayments and accrued income	4,984	3,646
	<u>9,597</u>	<u>9,496</u>

Contingent Asset

Prior to the 31 July 2015, the University had exchanged contracts for the sale of the remaining assets held for sale. A deposit of £100,000 is being held by solicitors Eversheds LLP, and deposits of £298,000 are being held by solicitors Addleshaw Goddard LLP until the sales complete. In 2014 an amount of £575,000 was held by solicitors Mills & Reeve LLP. This was subsequently released on completion of sale of the Gaskell site on the 30 September 2014.

14. Creditors: amounts falling due within one year

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Obligations under debt finance:				
Unsecured loan	2,929	2,625	2,929	2,625
Other creditors:				
Trade and other creditors	26,322	24,648	26,322	24,648
Social security and other taxation	5,601	4,973	5,601	4,973
Amounts due to subsidiary company	-	-	-	36
Deferred income	5,915	4,935	5,915	4,935
	<u>40,767</u>	<u>37,181</u>	<u>40,767</u>	<u>37,217</u>

Notes to the Financial Statements

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

	Consolidated and University	
	2015 £000	2014 £000
Unsecured loans:		
Due within one year	2,929	2,625
Due between one and two years	2,929	2,929
Due between two and five years	7,303	8,313
Due after five years	25,900	27,626
	39,061	41,493
Due within one year	(note 14) (2,929)	(2,625)
Due after more than one year	36,132	38,868
	2015	2014
	£000	£000
Unsecured loans summary:		
Barclays Bank PLC	32,900	34,300
HEFCE	5,525	6,500
Salix Finance Ltd	636	693
	39,061	41,493

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, which commenced from March 2014. The final instalment is due in December 2038.

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

In 2013/14 The University received an interest free loan from Salix Finance Ltd (an independent, not for profit company, funded by various government bodies) of £418,000. The loan is repayable in equal instalments every six months of £52,000, which commenced in March 2014. The final instalment is due in September 2017.

During 2013/14 the University obtained a £306,000 interest free loan from the HEFCE Revolving Green Fund, which is repayable by equal instalments every six months. Repayment commenced in November 2014 with the final instalment due in May 2018. An additional loan, with the same terms, of £193,000, was received in 2014/15. This element of the loan is repayable in equal instalments on a bi-annual basis, with repayments which commenced in November 2014. The final instalment is also due in May 2018.

16. Provisions for liabilities and charges

	Consolidated and University		
	FRS 17 pension liability £000	Enhanced pensions £000	Total £000
At 1 August 2014	87,385	11,181	98,566
Movement in year:			
Current service cost	10,421	-	10,421
Employer's contributions	(8,711)	-	(8,711)
Payments to pensioners	-	(1,033)	(1,033)
Impact of settlements and curtailments	47	-	47
Past service cost	130	-	130
Net (gain)/charge	(943)	514	(429)
Actuarial loss (see note 28)	19,457	-	19,457
Enhancement	-	2,368	2,368
	107,786	13,030	120,816

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. A review was last undertaken by Hymans Robertson LLP at 31 July 2015. Each year there is a charge against the provision for payments to pensioners and credit to the provision for net return on assets. Any enhancement is recognised as part of operating surplus.

17. Deferred capital grants

	Consolidated and University		
	Funding council £000	Other grants £000	Total £000
At 1 August 2014			
Buildings	65,923	308	66,231
Equipment	248	-	248
Total	66,171	308	66,479
Grants receivable			
Buildings	2,927	-	2,927
Total	2,927	-	2,927
Released to income and expenditure account			
Buildings	(1,335)	(7)	(1,342)
Equipment	(141)	-	(141)
Total	(1,476)	(7)	(1,483)
At 31 July 2015			
Buildings	67,515	301	67,816
Equipment	107	-	107
Total	67,622	301	67,923

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18. Endowment assets and endowment funds

	Consolidated and University			2015 total £000	2014 total £000
	Restricted permanent £000	Restricted expendable £000	Unrestricted expendable £000		
At 1 August 2014					
Capital	75	1,026	171	1,272	1,265
Accumulated income	30	(390)	1	(359)	(172)
	105	636	172	913	1,093
New endowments	-	113	-	113	7
Investment income	-	3	-	3	4
Expenditure	(1)	(12)	-	(13)	(191)
At 31 July 2015	104	740	172	1,016	913
Represented by:					
Capital	75	1,139	171	1,385	1,274
Accumulated income	29	(399)	1	(369)	(361)
	104	740	172	1,016	913
Analyses by type of purpose:					
Research support	-	526	-	526	531
Prize funds	104	214	-	318	210
General	-	-	172	172	172
	104	740	172	1,016	913

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 2014	531
Investment income	3
Expenditure	(8)
At 31 July 2015	526

19. Revaluation reserve

	Consolidated and University £000
At 1 August 2014	105,363
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	(4,820)
Realisation of property revaluation gains	(2,195)
Revaluation for the year	(note 11) 24,571
At 31 July 2015	122,919

20. Income and expenditure account

	Consolidated £000	University £000
At 1 August 2014	187,495	187,459
Surplus retained for the year	23,354	23,390
Net actuarial loss on pension scheme	(note 28) (19,457)	(19,457)
Transfer from revaluation reserve	(note 19) 7,015	7,015
At 31 July 2015	198,407	198,407
Pension reserve (FRS 17)	107,786	107,786
Income and expenditure account excluding FRS 17 pension reserve	306,193	306,193

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 2015 £000	2014 £000
Land and buildings:		
Within one year	2	-
Between one and two years	-	39
Between two and five years	2,368	2,267
Greater than five years	3,248	4,060
Plant and equipment:		
Within one year	372	73
Between one and two years	-	666
Between two and five years	197	176
Greater than five years	166	193
	6,353	7,474

22. Capital commitments

	Consolidated and University 2015 £000	2014 £000
Commitments contracted at 31 July 2015	4,681	12,553
Authorised but not contracted at 31 July 2015	8,151	16,931

Notes to the Financial Statements

for the year ended
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23. Reconciliation of consolidated surplus after depreciation of tangible fixed assets at valuation to net cash inflow from operating activities

	2014/15 £000	2013/14 £000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, tax and exceptional items	23,344	5,311
Depreciation	(note 11) 17,486	19,550
Deferred capital grants released to income	(note 17) (1,483)	(4,535)
Interest receivable	(note 6) (633)	(739)
Endowment income	(note 6) (3)	(4)
New endowments	(note 18) 113	7
Interest payable	(note 9) 1,891	1,975
(Increase)/decrease in debtors	(note 13) (101)	510
Increase in stock	(39)	(9)
Increase/(decrease) in creditors	3,282	(9,481)
Increase in provisions	2,793	1,920
Profit on sale of non-current assets	(8,560)	-
Net cash inflow from operating activities	38,090	14,505

24. Returns on investments and servicing of finance

	2014/15 £000	2013/14 £000
Income from short-term investments	(note 6) 633	739
Endowment interest received	(note 6) 3	4
Interest paid	(note 9) (1,891)	(1,975)
	(1,255)	(1,232)

25. Capital expenditure and financial investment

	2014/15 £000	2013/14 £000
Payments made to acquire fixed assets	(note 11) (13,501)	(70,324)
Disposal of fixed assets	(note 11) 18	-
Acquisition of investments	(note 12) (28)	-
Sale of non-current assets	10,755	-
Deferred capital grants receivable	(note 17) 2,927	1,714
	171	(68,610)

26. Analysis of changes in consolidated financing during the year

	Loans £000
Balance at 1 August 2013	41,562
New loan	724
Capital repayments	(793)
Balance at 31 July 2014	41,493
New loan	(note 27) 193
Capital repayments	(note 27) (2,625)
Balance at 31 July 2015	39,061

27. Analysis of changes in net funds

	As at 1 August 2014 £000	Cash flows £000	Other changes £000	As at 31 July 2015 £000
Cash at bank and in hand:				
Endowment assets	(note 18) 913	103	-	1,016
Other	37,189	(932)	-	36,257
	38,102	(829)	-	37,273
Short-term deposits	25,000	35,403	-	60,403
Debt due within one year	(note 15) (2,625)	2,625	(2,929)	(2,929)
Debt due after one year	(note 15) (38,868)	(193)	2,929	(36,132)
	21,609	37,006	-	58,615

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 2015.

Greater Manchester Pension Fund

Composition of the scheme

A full actuarial valuation was carried out at 31 March 2013 and updated to 31 July 2015 by a qualified independent actuary. The major assumptions used by the actuary were:

	2015 %	2014 %
Rate of increase in salaries	3.8	3.8
Rate of increase in pensions in payment	2.6	2.7
Discount rate	3.6	4.0
Expected return on assets	3.6	5.8

Notes to the Financial Statements

for the year ended
31 July 2015

28. Pension schemes (continued)

Contribution rates are as follows:

	%
From 1 April 2014 to 31 March 2015	19.1
From 1 April 2015 to 31 March 2016	20.3
From 1 April 2016 to 31 March 2017	21.4
From 1 April 2017 to 31 March 2018	22.5

The increases in contribution rates may reduce the deficit.

The assumed life expectations on retirement at age 65 are:

	Males years	Females years
Current pensioners	21.4	24.0
Future pensioners	24.0	26.6

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

	Long-term rate of return per annum 2015 %	Assets value at 2015 £000	Long-term rate of return per annum 2014 %	Assets value at 2014 £000	Long-term rate of return per annum 2013 %	Assets value at 2013 £000
Equities	3.6	185,418	6.6	172,086	6.5	168,935
Bonds	3.6	47,007	3.6	43,627	3.7	42,234
Property	3.6	18,281	4.7	14,542	4.6	14,078
Cash	3.6	10,446	3.6	12,119	3.4	9,385
Total		261,152		242,374		234,632

The following amounts at 31 July 2015 and 31 July 2014 were measured in accordance with the requirements of FRS 17:

Analysis of the amount shown in the balance sheet

	2015 £000	2014 £000
The University's estimated asset share	261,152	242,374
Present value of the University's scheme liabilities	(368,938)	(329,759)
Net pension liability	(107,786)	(87,385)

28. Pension schemes (continued)

	2014/15 £000	2013/14 £000
Analysis of the amount charged to staff costs		
Current service cost	10,421	9,499
Past service cost	130	125
Settlements and curtailments	47	110
Total operating charge	10,598	9,734
Analysis of the amount credited to interest and other finance costs		
Expected return on pension scheme assets	14,202	13,679
Interest on pension scheme liabilities	(13,259)	(13,391)
Net gain	943	288
Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	2,507	(8,735)
Changes in assumptions underlying the present value of the scheme liabilities	(21,964)	(22,618)
Actuarial loss recognised in STRGL	(19,457)	(31,353)
Movement in deficit in the year		
Deficit in scheme at 1 August 2014	(87,385)	(54,304)
Movement in the year:		
Current service costs	(10,421)	(9,499)
Contributions	8,711	7,718
Past service costs	(130)	(125)
Net gain on assets	943	288
Impact of settlements and curtailments	(47)	(110)
Actuarial loss	(19,457)	(31,353)
Deficit in the scheme at 31 July 2015	(107,786)	(87,385)
Analysis of movement in the present value of scheme liabilities		
At 1 August 2014	329,759	288,936
Current service costs	10,421	9,499
Interest cost	13,259	13,391
Contributions by members	3,032	2,745
Actuarial loss	21,964	22,618
Past service costs	130	125
Loss on curtailments	47	110
Estimated benefits paid	(9,674)	(7,665)
At 31 July 2015	368,938	329,759

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28. Pension schemes (continued)

Analysis of movement in market value of the scheme assets

	2014/15 £000	2013/14 £000
At 1 August 2014	242,374	234,632
Expected return on assets	14,202	13,679
Contributions by members	3,032	2,745
Contributions by employer	8,711	7,718
Actuarial gain/(loss)	2,507	(8,735)
Estimated benefits paid	(9,674)	(7,665)
	—	—
At 31 July 2015	261,152	242,374
	—	—

History of experience gains and losses

	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000
Present value of scheme liabilities	(368,938)	(329,759)	(288,936)	(269,727)	(224,590)
Fair value of scheme assets	261,152	242,374	234,632	193,927	187,657
	—	—	—	—	—
Deficit in the scheme	(107,786)	(87,385)	(54,304)	(75,800)	(36,933)
	—	—	—	—	—
Difference between the expected and actual return on scheme assets	2,507	(8,735)	29,866	(6,759)	5,699
Percentage of scheme assets	1.0%	(3.6%)	12.7%	(3.5%)	3.0%
Experience gains/(losses) on scheme liabilities	130	125	48	220	98
Percentage of the present value of the scheme liabilities	0.0%	0.0%	0.0%	0.1%	0.0%
Actuarial (losses)/gains recognised in statement of total recognised gains and losses	(19,457)	(31,353)	25,406	(37,322)	19,401
Percentage of the present value of the scheme liabilities	(5.3%)	(9.5%)	8.8%	(13.8%)	8.6%

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a £77,437,000 loss (2014: £57,980,000 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 2016 will be approximately £9,289,000.

The actual return on scheme assets in the year was a £16,709,000 gain (2014: £4,944,000 gain).

28. Pension schemes (continued)

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 (as amended), and the Teachers' Pensions Regulations 2014 (as amended). 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 3.0%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 2004 - 31 March 2012. The GA's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The assumed rate of return is 3.0% in excess of prices. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

As from 1 April 2015, and

as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 20.4%, and the supplementary contribution rate was assessed to be 5.6% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 26.0%, which translated into an average employee contribution rate of 9.6% and employer contribution rate of 16.4% payable. The cost-sharing agreement also introduced a 10.9% cap on employer contributions payable. It has been agreed that these revised contributions will be implemented from 1 September 2015.

From 1 September 2015, the employer contribution rate will increase to 16.4%. From 1 April 2015, the TPS is in the process of being reformed, with a different benefit structure for a number of members. These changes have been allowed for in the contribution rate set out above.

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.

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28. Pension schemes (continued)

The USS Pension Scheme

Contingent assets and liabilities

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

Pension costs

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16%

(2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £801,000 (2014: £673,000). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation, it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions

was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and then 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

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

Male members' mortality
S1NA ["light"] YoB tables
– No age rating

Female members' mortality
S1NA ["light"] YoB tables
– rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures. For the March 2015 figures the long-term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

Cheshire Pension Fund

A small number of former employees (15) (2014: 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:

	2014/15	2013/14
Teachers' Pension Scheme: contributions paid	£000	£000
Local government pension scheme: charge	8,473	8,308
USS Pension Scheme: contributions paid	10,598	9,734
Other pension schemes: contributions paid	801	673
Enhanced pension enhancement	17	177
	2,368	711
	22,257	19,603

At 31 July 2015 there was a total pension creditor of £2,363,000 (2014: £2,246,000), which was paid on 6 August 2015.

Notes to the Financial Statements

for the year ended
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29. Access funds and external bursaries

	2014/15 £000	2013/14 £000
Balance brought forward at 1 August 2014	526	365
Funding council grants and bursaries	5,697	6,011
	6,223	6,376
Disbursed to students	(5,917)	(5,850)
Balance remaining at 31 July 2015	306	526

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	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Income receivable from related party	6	4	111	111
Expenditure payable to related party	50	50	175	175
Amount owed by related party	-	-	1,687	1,687
Amount owed to related party	404	435	58	58

30. Related party transactions (continued)

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 Assistant Finance Director of Exchequer and Procurement Services, General Counsel and the Strategic Lead for Sport, 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. The University pays annual membership fees to The Corridor, but also assists in the administration of the accounting function. 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.

Related parties disclosures have been made in the University's Register of Interests compiled by the Governors and senior staff of the University. Due to the nature of the University's operations, and the members of the Board of Governors being drawn from local, public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors or a member of the senior staff may have an interest. All such transactions, are conducted at arm's length

and in accordance with the University's Financial Regulations and normal procurement procedures.

These financial statements include the following transactions with related parties. No information has been listed for organisations where the income or expenditure is not deemed to be material to either party in the financial year.

J. Cunningham is a director on the UNIAC Management Board to whom the University paid £198,000 (2014: £197,000) for the provision of internal audit services.

Senior Officers

Chancellor

Dame D Thompson DBE

Pro-Chancellor

V Murray OBE BA (Hons) DESEM FCIM

Vice-Chancellor

Professor J S Brooks BSc PhD DSc CEng CPhys FInstP
(to 31 May 2015)

Professor M Press BSc PhD
(from 1 June 2015)

Deputy Vice-Chancellor for Student Success

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

Deputy Vice-Chancellor for Strategic Planning and Research

Professor J N Ezingeard IngDip Msc PhD FRSA

Director of Finance

J Cunningham BA (Hons) FCCA

Director of Human Resources

G Hemus MA LLB DPA DPM FCIPD
(to 31 October 2014)

A Bowles BA MBA FCIPD
(from 18 May 2015)

Registrar

Professor K Moore BSc PhD

Director of Services

M Heaney BA DipLib MCLIP FHEA FRSA
(to 31 December 2014)

P Kingsmore BA MBA PgDip FIMechE FIHEEM
(from 1 June 2015)

Director of Marketing, Communications and Development

G Hughes BSc (Econ) MA MCIM

Pro-Vice-Chancellors, Provost and Deans of Faculty

Manchester School of Art

Professor D Crow BA (Hons) MA

Faculty of Business and Law

Professor R Ashford BA PhD BEd FCIM MIPR MAM
(to 31 August 2014)

Professor R Humphreys
(from 1 September 2014 to 31 May 2015) (Acting)

Professor J Clarke BA ACA PGCHE
(from 1 June 2015)

Cheshire Campus

Professor N Fowler PhD FHEA
(to 31 March 2015) (Acting)

Professor J Haddock-Fraser BA (Hons)
Oxon MSc MBA PhD
(from 1 April 2015)

Faculty of Education

Professor K Faulks BA PGCE PhD
(from 18 August 2014)

Health, Psychology and Social Care

Professor V K Ramprogus RGN RMN BA MSc PhD
(to 31 December 2014)

Professor C Horrocks
(5 January 2015 to 5 July 2015) (Acting)

Professor A Chambers MCSP FHEA Med EdD
(from 6 July 2015)

Hollings

C Renfrew BA(Hons) MA CertEd FRSA

Humanities, Languages and Social Science

Dr S Handley BA PhD

Science and Engineering

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