

Annual Report and Financial Statements

Year ended 31 July 2016



**Manchester
Metropolitan
University**



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Report of the Board of Governors

Strategic review

The Governors submit the University's annual report and audited consolidated financial statements for the year ended 31 July 2016.

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

37k+
students

**Global
top 3%**
university

**UK's
biggest
riser**
in Complete
University Guide

2nd
most applied
to university
in the UK

Winner of
**Business
School**
of the Year
(Educate North Awards)

50%+
growth in
professors
since 2014

£139.1m
cash and
short-term
investments at
31 July 2016

Winner of
**Diverse
Company**
Award for
Education, 2016

Introduction: Overview of Performance

Over the past year, the University has welcomed many high-profile visitors, including politicians, business leaders and academics. They are drawn to Manchester Metropolitan because of its size, impact, location and achievements, and they leave with a stronger impression of the University's strengths, distinctiveness and ambition. ■



The appointment of Lord Mandelson as the 4th Chancellor of Manchester Metropolitan will enable the University to better position and extend its range of influence, both nationally and internationally. Lord Mandelson shares the University's passion for education and research, and he will be an outstanding advocate for us all.

Our outgoing Chancellor, Dame Dianne Thompson, will remain a firm friend and supporter of the University. Her journey at Manchester Metropolitan was truly remarkable. I can think of no other individual who rose from being a student, to staff member and, ultimately, to Chancellor at the same institution.

The University has sustained robust financial performance over recent years, with the key financial health indicators aligned to the upper quartile for the sector. The outcome of the Referendum on EU membership results in an increase in uncertainty in the short term. However, the University has the ambition, resilience and nimbleness to adapt and thrive in an evolving new landscape.

Extending the numbers of international and postgraduate students will ensure that the University plays its part in enhancing Manchester's reputation as a global city, characterised by innovation, creativity and entrepreneurship. These values define Manchester Metropolitan.

The University has a great deal to look forward to over the next 12 months. We have exciting plans to develop new institutes in sport, fashion and the environment. These will bring together strengths, creative distinctiveness, and enable us to deliver more. By developing our partnerships, nationally and internationally, we will continue to innovate and drive ahead, with our sector-leading approach to degree apprenticeships being a perfect example.

Speaking on behalf of the Board of Governors, I am deeply impressed by the progress made over the last year and the significant opportunities that lie ahead for us as an institution. I am confident that the ambition of the new Strategic Framework will help steer Manchester Metropolitan through the rapidly changing and challenging times ahead, enabling us to flourish regionally, nationally and globally. ■



Vanda Murray

Vanda Murray OBE
Pro-Chancellor and Chair of Board of Governors



Vice-Chancellor's Foreword

Over the past year I have been hugely impressed by the energy, determination and spirit that I know is characteristic of our University community. I feel enormously proud of our numerous achievements, ranging from excellence in education and research to professional service delivery to ensuring that our campus is vibrant, inspiring, attractive and well maintained. ■



We continue to make great strides towards our goal of becoming the best modern university in the UK. In October 2015, The Times Higher World University Rankings placed us in the top 3% of global universities. Later in 2015, we entered their list of the top 150 universities in the world under 50 years old. Earlier this year, we not only climbed 17 places in the Guardian University Guide but were also the fastest rising university in the Complete University Guide.

Every part of our University has remarkable success stories to tell. These include the Business School of the Year award, the selection of two of our sport scholars for the Rio Paralympics, major grants in health and social care, research on long-lasting 3D-printed graphene batteries, and prizes in poetry and creative writing.

Our outstanding campus and landmark buildings have also helped to establish Manchester Metropolitan as a go-to venue for hosting key national events and initiatives.

Sajid Javid, the then Secretary of State for Business, Innovation and Skills, launched a new national £10m degree apprenticeship fund here, we held a week-long programme of public events around Greater Manchester's devolution opportunities, while former Prime Minister Gordon Brown visited the University in June.

We are undoubtedly in

the midst of a period of profound change, nationally and internationally. Britain's decision to leave the EU will present a raft of challenges for us, financial and otherwise. Similarly, proposals in the Government's Higher Education and Research Bill to open up the sector to new providers means we will face even keener competition for students, staff, funding and partnerships. All of this is taking place against a backdrop of continued economic uncertainty in the UK.

But experience has shown that challenges bring with them exciting new opportunities, particularly for those institutions that are agile enough to respond swiftly to a changing landscape. Our ambition remains undented; our commitment to excellence is resolute.

The quality of our research and teaching, the diversity of our provision, the commitment of our staff, the strength of our partnerships, and our unrivalled location in Manchester, all underpinned by our new Strategic Framework, will empower us to rise to the challenges and respond positively to the many opportunities that lie ahead. ■

Professor Malcolm Press
Vice-Chancellor
Manchester Metropolitan
University

Our Approach

We are a great, modern university, in a great global city, here to make an impact on Manchester, our nation and beyond, with a driving ambition to discover and disseminate knowledge, and make higher education as accessible and beneficial to all those with the passion and ability to succeed.

We work closely with our city, with business, the community and our academic peers - locally, nationally and internationally - to be inventive and creative, generate great opportunities, and enable our students, colleagues and everyone whose lives we touch to make an impact. ■

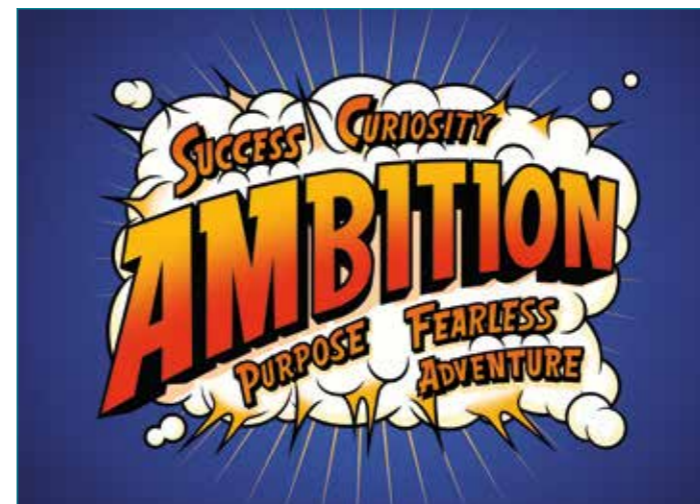
Our strategic themes are the backdrop for our plans and strategies, setting the tone for our approach. We will illustrate them with compelling stories of our achievements, capturing our strengths, firing the imagination of our staff, and inspiring us to ever greater success. Through them, we will demonstrate the ambition, creativity and impact that characterise Manchester Metropolitan University.



Place

A university with all the drive and spirit of a great global city.

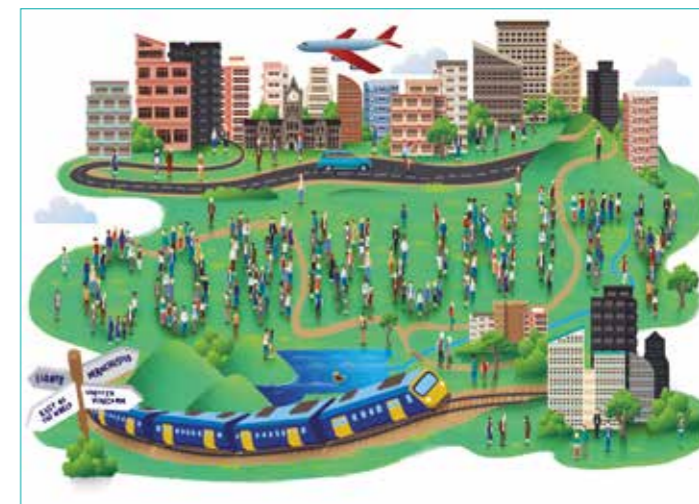
You can feel the energy. In the place. In the buildings. In the students and staff. You can sense the determination to succeed. Manchester Metropolitan is a great modern university, in a great global city, and we share the same drive and spirit to explore, create, invent, re-invent and make the world take notice.



Ambition

Setting the bar higher to make more of an impact.

We are ambitious and happy to shout about it. Ambitious for our students. Ambitious for our staff. For our partners. And for ourselves as an academic institution. We expect a lot from everyone who studies and works here. Set high standards and measure our success by the impacts we make academically, and in business and society.



Community

Making a contribution not just to one community, but to many.

We are an active, energetic and engaged university, putting our thinking and ideas, our research and knowledge to work in the real world. So our staff, students and alumni contribute not only to the Manchester Metropolitan community, but to all the communities and lives we touch.



Sustainability

Working hard now and in the future to help craft a better world.

Higher education exists in an increasingly dynamic, demanding and competitive world, where to stand still is to go backwards. At Manchester Metropolitan, we have a conscious cultural commitment to maintaining our energy levels and continuing to drive up academic and creative standards, achievements in research, and engagement in the community.



Partnership

Reaching out to push the boundaries of the possible.

Education, and particularly higher education, should always be a collaborative process and here at Manchester Metropolitan our world is enriched and our achievements made more effective through partnership at every level.

Our Staff

Our academic and professional services staff are Manchester Metropolitan's greatest asset. This has been an impressive year both in terms of significant further investment in our people and in the number of landmark achievements and awards attained. ■



People management excellence

Manchester Metropolitan is widely recognised for its people management excellence and was this year named among Britain's Top Employers for the second year running by the Top Employers Institute. This builds on last year's double achievements of securing International Gold Champion for Investors in People and being the first university, and among the very first organisations worldwide, to be recognised under the new 6th generation Investors in People standard.

Engage week 2016 offered staff the opportunity to try or share something new, with 225 sessions run on a wide range of topics. The programme has not only offered an engaging opportunity for personal development, it has had a positive impact on health and wellbeing and helped to foster a stronger sense of community amongst staff at all levels.

Excellence in diversity

Our commitment and ground-breaking approach to diversity was recognised at the Excellence in Diversity Awards 2016 where we won the Diverse Company Award for Education. The prestigious awards recognise employers who motivate, inspire and create equal opportunities for their employees.

The University has advanced its commitment to gender equality through the Athena SWAN Charter. We launched a Women's Network on International Women's Day to provide support and networking opportunities for women across all staff groups. We also run women-only awareness sessions in pursuit of our goal to increase the number of female professors at the University.

Manchester Metropolitan is proud to be a Stonewall Champion and has a growing community of LGBT role models. The University celebrated International Day of Transgender Visibility with a vibrant programme of activities to celebrate the lives and achievements of transgender people, and we lead the sector in developing guidance to support trans staff. ■

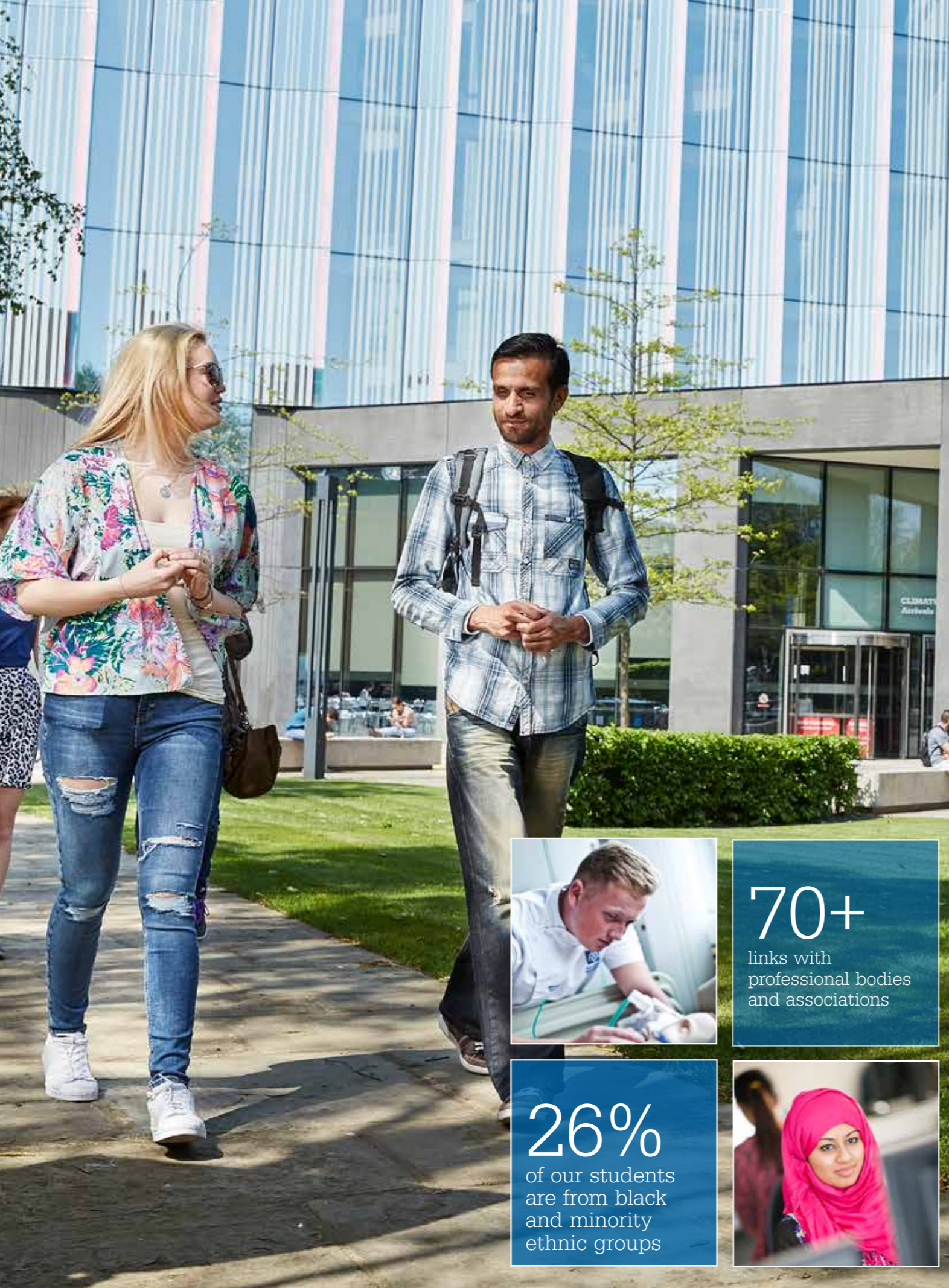
Talented workforce

Manchester Metropolitan invests heavily in nurturing talent, leading an extensive and innovative programme of staff development that includes our flagship Future Research and Knowledge Exchange (RKE) programme. The initiative - which provides up to five years' support to enable researchers to generate significant RKE income, lead research or knowledge exchange activity and teams - was held up as an exemplar of cutting-edge personal development at Vitae's Developing the Next Generation of Research Leaders national event.

Collaboration, innovation and engagement

A strong commitment to sharing good practice and collaboration spans all staff groups. The Summer Festival of Learning and Teaching, encompassing more than 50 events, offered an inspirational month of CPD activities where staff came together to share practice and research.





Our Students

Our outstanding and inspiring new buildings, state-of-the-art facilities and first-class student support package enable us to offer an unrivalled experience to students.



70+
links with professional bodies and associations

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



100+
clubs and societies for all activities

Our students are drawn from over **120** countries



Manchester Metropolitan has grown to become one of the UK's largest universities by total student numbers. Nearly 38,000 students are currently studying on one of our 1,000+ undergraduate, postgraduate, research, professional or CPD programmes.

As well as our impressive size, we are one of the most popular choices of university in the UK. More than 60,000 students applied for an undergraduate course for 2016/17 entry, the second highest figure for any higher education institution in the UK.

These applicants are attracted to Manchester Metropolitan for a variety of reasons. Employability is a fundamental consideration. We work closely with more than 70 professional bodies and associations to accredit our courses and to develop professional pathways. Consequently, we offer access to one of the widest choices of career options of any UK university. We have forged a formidable reputation for producing graduates who are work-ready, equipped with the skills required to hit the ground running in the modern workplace. While they are with us, many students take full advantage of valuable work experience and other work-based learning opportunities arranged with local and national employers.

Our graduates subsequently leave Manchester Metropolitan with the interpersonal, problem-solving and technical skills that today's employers demand. That 93% of graduates * were in work and/or further study ** six months after graduation is testament to the quality of this unique training ground.

Our academic programmes are underpinned by a commitment to widening participation, not only ensuring students of all backgrounds have access to higher education but that they are also given the skills and motivation to engage with all aspects of university life.

Our outstanding and inspiring new buildings, state-of-the-art facilities and first-class student support package – including disability service advisers, student support officers, trained counsellors and language support service for non-native speakers – enable us to offer an unrivalled experience to students.

*all first degree leavers, including those who studied on either a full-time or part-time basis.

**including full-time work, part-time work, full-time study, part-time study and those in both work and further study, calculated as a percentage of those whose destination was known and were available for work.

Our Research Achievements

The quality of our research is articulated through distinctive areas of impact that help us to stand out from the crowd. We are creative, innovative and driven by a curiosity for new ideas. Our confidence is matched by our achievements: we are the top modern university for the power of research in allied healthcare disciplines and we have outstanding research in biomedical science, education, sociology, poetry, and art and design. ■

People are at the heart of our ambitions and we are assembling a team of talented researchers who will enable us to step up to the next level of Research and Knowledge Exchange (RKE) aspirations and performance. We are investing in a high-profile scheme to recruit talented doctoral research students and more established researchers into academic positions. We aim to be a great place to start and pursue a career in research and knowledge exchange.

Dr. Rob Drummond – Senior Lecturer, Linguistics

Rob exemplifies how the University supports the growth of talented researchers. Rob's research into the impact of multicultural urban youth language on social change was assisted with the award of an RKE Research Accelerator Grant that enabled Rob to find the time and space to win a prestigious two-year Leverhulme Trust project. Over the last year, interest in the impact of Rob's work has spread widely and he has featured on BBC Breakfast TV, Radio 5, the World Service and in the Independent to discuss this and other issues around language and society. Rob has now been identified as an RKE Future Leader and is taking part in an intensive staff development scheme that is designed to embed a culture of research leadership across the University.

Professor Alice Kettle – Professor of Textile Art

Alice's work showcases the ways in which we make a high-quality cultural impact with our research. One of many highlights saw Alice combine the worlds of engineering and art as she was commissioned by Lloyd's Register to create a major new textile at the heart of the Global Technology Centre in Southampton. The piece, named "A Map to the Future", is an 8m by 3m embroidery that fuses the skill of "painting with thread" with digital stitching to create something that has the intensity of a watercolour. The work was given a royal seal of approval when the building was opened by Princess Anne.

Knowledge Transfer Partnerships (KTPs)

KTPs is Europe's leading programme for helping business to access cutting-edge research. KTPs help businesses to grow, they help universities to develop impactful research and around 60% of the graduates involved in the projects are offered permanent jobs with the company.

The University is currently 6th in the UK for the number of "live" projects.

Whilst KTPs are traditionally associated with scientific disciplines, we have expanded our portfolio to include projects in the arts, education, healthcare and the social sciences.

Improving youth justice

Our partnership with Manchester's youth justice services has the potential to make a sustainable impact on the lives of young people. The £120,000 project is improving the link between theory and practice and developing new approaches for engaging with young people. Funded by the Arts & Humanities Research Council and the Economic & Social Research Council, the KTP is led by Graham Smyth, Dr Hannah Smithson and Dr Magdalena Bober.

Big data in the pharmaceutical industry

Manchester Metropolitan and Astellas Pharma Europe are collaborating on a £320,000 project that is helping to identify groups which have the highest unmet medical needs. By analysing 'big data' in the anonymised patient records, the project provides 'real-world' evidence to enable GPs to recommend treatments that will have a dramatic impact on patients' quality of life.

The project is led by Dr. Francis Fatoye from the Research Centre for Health: Disability, Ageing and Wellbeing.



6th in the UK
for Knowledge Transfer Partnerships

(source: Innovate UK)



85%

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

(source: REF2014 data)



17th

for Education research

(source: 2016 Complete University Guide)



Top 20

in the UK for Sociology research

(source: REF2014)



6th in the UK

for the power of Art and Design research

(source: REF2014 data)

The top 'modern' university

for 'power' in allied health research

(source: REF2014 data)

In the past year the value of our RKE awards has risen by 37%

Our Research Achievements

International Funding Success

- We are participating in international projects that have secured in excess of €70 million in funding from the European Commission and other funders.
- We are participating in research and innovation projects funded through the European Union's Seventh Framework and Horizon 2020 project with a value to the University in the region of €4.5 million
- European researchers are using 'Silent Talker', a revolutionary lie detector developed by members of the University's Informatics Research Centre, to improve the operation of border controls.
- Members of the Centre for Business and Society are working with colleagues on initiatives to promote responsible research and innovation, creating roadmaps for large Research and Technology Organisations and creating a dialogue between the biomedical industry, researchers and the public.
- Through a range of European-funded training initiatives we are supporting international researchers to start and establish research careers in the UK in areas as diverse as historical concepts of luxury and modelling of complex social networks; human movement and green chemistry; and land degradation and visualisation of complex biological systems.

£10 million Ambition for Ageing

Dr. Stefan White from the Manchester School of Architecture is working with Southway Housing Trust on a five-year, £10m project to make cities and neighbourhoods more 'Age Friendly'. Ambition for Ageing is funded by the Big Lottery.

Substance use researchers partner charity in ground-breaking study

Professor of Adult Social Care, Sarah Galvani, is leading the first UK study into substance problems in palliative and end-of-life care. She will work alongside a range of charities on the research, which is funded through a £425,000 Big Lottery Grant.

Speech and language aids help children express thoughts and feelings

Dr. Janice Murray is leading an £800,000 three-year National Institute for Health Research project to develop new clinical techniques to improve the way that communication aids are prescribed to children with limited natural speech.

£15 million CityVerve project explores "Internet of Things"

Researchers from the School of Architecture are working alongside engineers and computer scientists to enable Manchester City Region to make 'smart' improvements to its services to residents, using technology such as sensors and data analysis. The CityVerve Project uses the Internet of Things (IoT) to revolutionise transport systems, energy efficiency and community engagement.

British Art Show Success for Eileen Simpson

Work by a Manchester School of Art lecturer is currently on show in one of the country's most prestigious international contemporary art exhibitions. Eileen Simpson has collaborated with Ben White for the British Art Show with a piece, titled Auditory Learning, which features eight modified turntables playing a new composition assembled from notes taken from popular chart hit singles from 1962.

Poet leads national commemorations into IRA bomb

Award-winning Professor of Poetry Michael Symmons Roberts hosted an important Radio 4 show 20 years on from the IRA bomb that destroyed a large section of Manchester's city centre in June 1996. Professor Symmons Roberts explored the massive and rapid regeneration of the city following the explosion on the national radio show.

Louisa identified as a New Generation Thinker

Dr Louisa Uchum Egbunike, a specialist in Nigerian literature, has been named as one of the BBC's New Generation

Thinkers. She is one of just 10 academics selected each year to be part of this highly prestigious project, backed by the BBC and the Arts and Humanities Research Council. Louisa will work with a team from the BBC to produce a documentary for broadcast.

University aviation experts play key role in combating climate change

Aviation emissions expertise from two Manchester Metropolitan scientists has been instrumental in developing the first ever global CO₂ emissions standard for aircraft to combat climate change. Working alongside industry partners and regulators, Professor David Lee and Dr Bethan Owen from the University's Centre for Aviation provided expertise for the new standard, which won praise from UN Secretary General Ban Ki-moon and is estimated to save 650 million tonnes of CO₂ by 2040.

Transforming UK high streets

Researchers from the Institute of Place Management are using Big Data to improve consumer experiences of the retail environment. Professor Cathy Parker is leading Manchester Metropolitan's contribution to the £550,000 Innovate UK-funded project. The research builds on the impact of previous ground-breaking work which found that local decision making, rather than the Internet, is the major factor in the decline of high streets.

Postgraduate research boost to Team GB's medal chances

PhD student Ian Britton is the performance analyst for the GB wheelchair rugby team and supported them during the Rio Paralympics. Ian provides films and expert feedback that enables coaches to analyse "turnovers" – the point in a match where one team wins possession of the ball from the other. Ian's interest in performance analysis was sparked after studying a module for his undergraduate degree in Coaching and Sports Development.

Sustainable design

Professor Martyn Evans is participating in a £570,000 AHRC-funded investigation into the link between design and sustainable innovation. The research has resulted in the first holistic overview of how design can lead to behaviour change and provides an important basis for the transformation of sustainable practice by public and private sector bodies and particularly small-to-medium-sized enterprises. ■



£4.5m
awarded in
international
research projects in
past year



40%
of our research
outputs involve
international partners



750
global partners in
last three years

BUSINESS  **SCHOOL** of the  **YEAR**

BUSINESS  **SCHOOL** **TOP 5** % in the **World**

After gaining international AACSB accreditation, the hallmark of excellence in business education.

Our Achievements 2015/16

Manchester Metropolitan and its staff, students and alumni have enjoyed an extraordinary year of success. Here are just some of the landmark achievements we celebrated together. ■

WORLD RANKED YOUNG UNIVERSITY

Ranked in the world's top 150 universities under 50 years old



Professor Dame Carol Ann Duffy

named an **Honorary Fellow** of the **British Academy**

Top honour for leading poet

The Poet Laureate and Creative Director of the Manchester Writing School, Professor Dame Carol Ann Duffy, has been named an Honorary Fellow of the British Academy.

Carol Ann, Professor of Contemporary Poetry at Manchester Metropolitan, was recognised by the Academy for her outstanding contributions to the creative subjects.

She has spearheaded a number of flagship projects, including the Manchester Children's Book Festival and the Mother Tongue Other Tongue poetry competition, as well as winning numerous literary awards such as the Costa Prize and the PEN/Pinter Prize.

Business School celebrates double success

Manchester Metropolitan University Business School (MMUBS) celebrated a double success with two prestigious awards.

MMUBS joined an elite group made up of the top 5% business schools in the world after gaining international AACSB accreditation, the hallmark of excellence in business education.

MMUBS also fought off stiff competition to be named the Business School of the Year in the North at the Educate North Awards, which celebrate, recognise and share best practice and excellence in the education sector in the region.

Lecturer in a class of her own

Senior lecturer Fiona McEwen was named lecturer of the year at the leading accountancy training industry awards.

Fiona, from the Department of Accounting, Finance and Economics (AFE), was honoured with a PQ Magazine award, the UK's leading publication for part-qualified accountants.



One of the first universities in the UK to offer degree apprenticeships

Award recognises youthful ambition

Manchester Metropolitan University was recognised as one of the best young universities in the world for the first time.

The University earned a place in the respected Times Higher Education's 150 Under 50 rankings.

Manchester Metropolitan University is the UK's biggest riser in the Complete University Guide (CUG) 2017 rankings.

The University climbed 16 places - the largest rise of any university in this year's table - establishing Manchester Metropolitan as one of the best in the region.

Minister applauds University's trailblazer for apprenticeships

The then Secretary of State for Innovation and Skills praised the pioneering degree apprenticeship programmes at Manchester Metropolitan after launching a new nationwide £10 million degree apprenticeship fund.

Sajid Javid MP found out about the impact of the flagship scheme when he met apprentices and employers at the University's Business School.

Manchester Metropolitan was one of the first universities in the UK to offer degree apprenticeships.

Our Degree Apprenticeship in Digital and Technology Solutions is delivered in partnership with leading industry partners that include Barclays, AstraZeneca, Lloyds and Thales alongside a range of small and medium-sized businesses in the region. Apprentices span a broad age spectrum, from 18 to 45. Owing to the programme's success, the University now also offers the Chartered Manager Degree Apprenticeship, and continues to deliver apprenticeships in Chemical Science and Legal Services. ■



**RECORD
BREAKING**
.....
**14 Gold
Medals**
Dame Sarah Storey

Our Achievements 2015/16

Filmmaking graduate
Thomas Payton-Greene
WINNER
of the film category at the 2016
Deutsche Bank Awards for
Creative Enterprise

Paralympic selection leads to cycle of success

Two of our talented students were selected for the Rio Paralympics. Between them they went on to win a clutch of medals, set new world records and earn a place in the history books.

Physiotherapy student Kadeena Cox, who has multiple sclerosis, achieved gold in the women's C4-5 500m cycling time trial, setting a new world record in the process.

Kadeena also secured a bronze in the 100m T38, becoming the first Paralympian to win medals in two different sports at the same Games since 1988.

Sport scholar Helen Scott, 26, a tandem pilot to the visually impaired cyclist Sophie Thornhill, bettered her London 2012 silver and bronze with a gold in the Women's B kilo, earning her a new Paralympic record. She and Sophie also picked up a bronze in the 3km individual pursuit.

The University also celebrated road and track cyclist Dame Sarah Storey's record-breaking 14th gold Paralympic medal after providing specialist training support.

Top ten ranking for School of Architecture

Manchester School of Architecture has been named as one of the top ten places to study architecture in the world.

The School, a collaboration between Manchester Metropolitan and The University of Manchester, is one of just three UK institutions to make the top ten in the QS Top Universities 2016 rankings for the subject, along with University College London and the University of Cambridge.

University makes huge strides in student experience survey

Manchester Metropolitan has jumped 15 places in this year's Times Higher Education (THE) Student Experience Survey – marking the second successive rise up the table.

Students were asked to rate the University's performance across a number of key areas, including the quality of staff and lectures, extra-curricular activities and support and welfare.

Mastering the art of winning

A student from Manchester School of Art has won a £20,000 national art prize.

Rebecca Halliwell-Sutton also picked up studio space for 12 months at BALTIC 39, Newcastle, for winning the Woon Foundation Art and Sculpture Prize.

Designing a dress to impress

Fashion Design Technology student Eppyar Hunt was the winner of the national Jigsaw Award organised by the British Fashion Council.

Eppyar designed an iconic silk dress that will go into production and feature in Jigsaw store windows.

Creative filmmaker enjoys the limelight

Filmmaking graduate Thomas Payton-Greene was announced as the winner of the film category at the 2016 Deutsche Bank Awards for Creative Enterprise.

Thomas' film proposal, Samaanata, is a social impact documentary about the root causes of gender-based violence. It will be shot in India and screened alongside workshops and panel debates to incite long-term social change in both India and the UK.

He received a prize of £10,000 plus year-long business mentoring from a Deutsche Bank executive and two days of business training to launch his career. ■

**National
Art Prize**
£20,000

To a student from
Manchester School of Art

Manchester School of Architecture
**TOP TEN
IN THE WORLD**
to study architecture



Our Engagement

Engagement has always been an integral and successful part of the Manchester Metropolitan University story.

From public access to research, knowledge exchange, facilities, widening participation and student engagement, our offer is extensive. ■

Birley is the University's flagship community campus. Cited by the Higher Education Funding Council for England (HEFCE) as an exemplar of regeneration, sustainability and community engagement, it is fast becoming a beacon for raising aspirations in both the local community and the wider area.

Community engagement

In October 2015, the University delivered a large-scale community event to showcase our positive engagement work and to reach out to members of the community who would not consider Birley, and the university more widely, as accessible to them.

A 12-month programme of activity followed that was shaped and delivered in partnership with the community. This included ten community events that together reached over 1,600 visitors. For a number of these events we sought to maximise our reach by collaborating with other flagship engagement activities, including a poetry event with the Manchester Children's Book Festival and a world family picnic with Manchester European City of Science 2016.

We have actively encouraged local community use of our outstanding facilities at Birley and take up continues to rise. Since October 2015, more than 1,800 members of the local community have accessed these facilities for meetings or events and we have provided more than 300 hours of free usage to local groups and third sector organisations.

In addition to activity led by the community engagement programme, the two faculties at Brooks have organised over 25 public events during 2015/16. The Manchester Metropolitan Environment Team, working in partnership with Hulme Community Garden Centre, staff, students and local volunteers, have planted a community orchard and developed two

community woodland areas at Manchester Campus-Birley. The community spaces have led to the delivery of a community outreach programme, including volunteering days, skills workshops and harvesting events.

Environmental Sustainability

The campus is an outstanding showcase of the University's environmental and sustainability credentials. Some of the highlights of the past year include:

- We were the first UK university to achieve the new International Environmental Management System standard ISO 14001:2015.
- We have remained in the top three universities for our environmental performance in the People and Planet University League.
- We achieved 'Go Ultra Low' status in 2016, recognising the introduction of low emission fleet vehicles. Our operational fleet now contains 13 low emission vehicles, equating to 43% of our fleet.
- We have reduced our carbon emissions by 23% since 2005/06 despite an increase in residential space and longer opening hours.
- 66 of our students became Carbon Literate certified, meaning they understand climate change, can encourage behaviour change in others and take steps to reduce their own carbon footprint.
- We increased waste recycling by more than 6% in 2015/16 over the previous year after introducing food recycling in our catering kitchens and halls of residence.
- Alongside the Faculty of Science and Engineering, we have supported the development of the Waste to Resource Innovation Centre to deliver research and consultancy work with industry, worth in excess of £400K over four years and supporting two PhD programmes. ■

We are celebrating the 25th anniversary of a partnership between our School of Law and HKU Space.

Our Partners

Manchester Metropolitan actively pursues and nurtures strategic partnerships that open up new possibilities for leading-edge research, scholarship and enterprise on a local, national and international level. These partnerships bring multiple benefits to the University. Not only do they unlock new revenue streams, they extend the University's reach into the global research community, shape academic programmes in line with industry needs and enhance the employability and social mobility of our students. ■

Manchester City FC

Our 10-year strategic partnership with Manchester City FC continues to flourish, through a range of research projects and impactful community engagement initiatives.

We are supporting MCFC with studies into a range of areas, including the future of retail, innovative practices in architectural design, and innovation in sport science. We have also worked with players to promote language skills in schools. Our partnership also brings opportunities for our students to develop their learning through guest lectures, student projects, volunteering, and work experience as well as intern and employment opportunities.

Visionary Sports Investment

The University has an emerging partnership with Visionary Sports Investment (VSI) with whom we launched a UK first - a Master's in Sport Directorship.

The degree - backed by an exclusive advisory board of sporting and business alumni drawn from the England and Wales Cricket Board, the Professional Footballers' Association and the Institute of Directors - is aimed at people who are looking to take the next step in the industry as Directors of Sport.

First City University College, Malaysia

We are working in partnership with the First City University College, Malaysia, to develop three new Undergraduate Dual Awards in Graphic Design, Interior Architecture and Design and Furniture Product and Design. The programmes will be considered for approval during 2016/17, for student intake in September 2017.

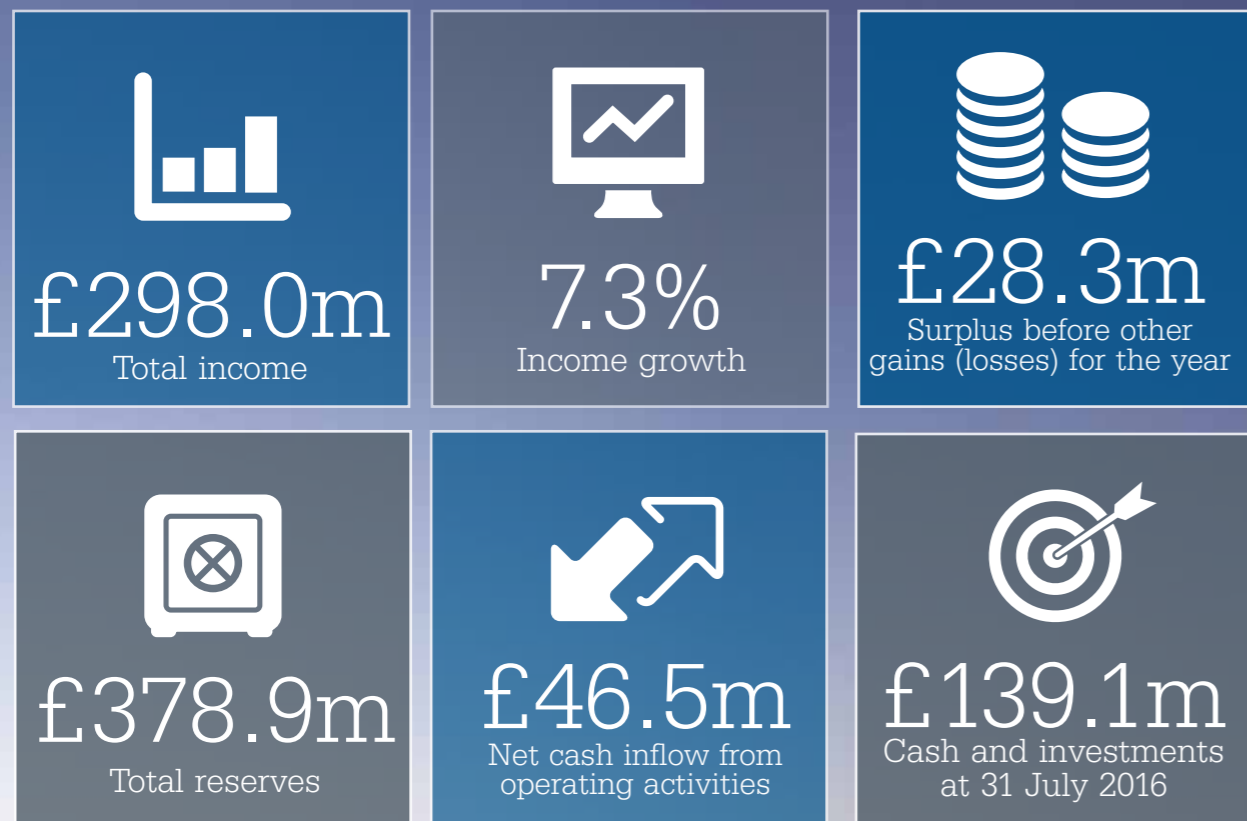


College of African Wildlife Management, Tanzania

The University's long-standing partnership with the College has resulted in an impressive body of staff and student research. Undergraduate and postgraduate students in the Division of Biology and Conservation Ecology have the opportunity to undertake fieldwork or project work in Africa. Discussions are also underway over the development of a new collaborative MSc programme in African Wildlife and Ecology Management, thought to be the first UK award of its type. Fundamentally, the partnership will enable postgraduate students to access research facilities in some of the most high-profile and prestigious wildlife sites in the world, including the Serengeti National Park and the Ngorongoro Crater.

Hong Kong University SPACE

The partnership between HKU SPACE and the School of Law for the joint delivery of the Graduate Diploma in Law and LLB (Hons) English and Hong Kong Law dates back more than 25 years and continues to develop. A new LLM for Joint Delivery was recently approved and, from January 2017, two of our existing awards - BA (Hons) Retail Management and Marketing and MSc Digital Marketing Communications - will be delivered by Manchester Metropolitan staff at HKU Space, supported by the learning resources of the University's Moodle platform. ■



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

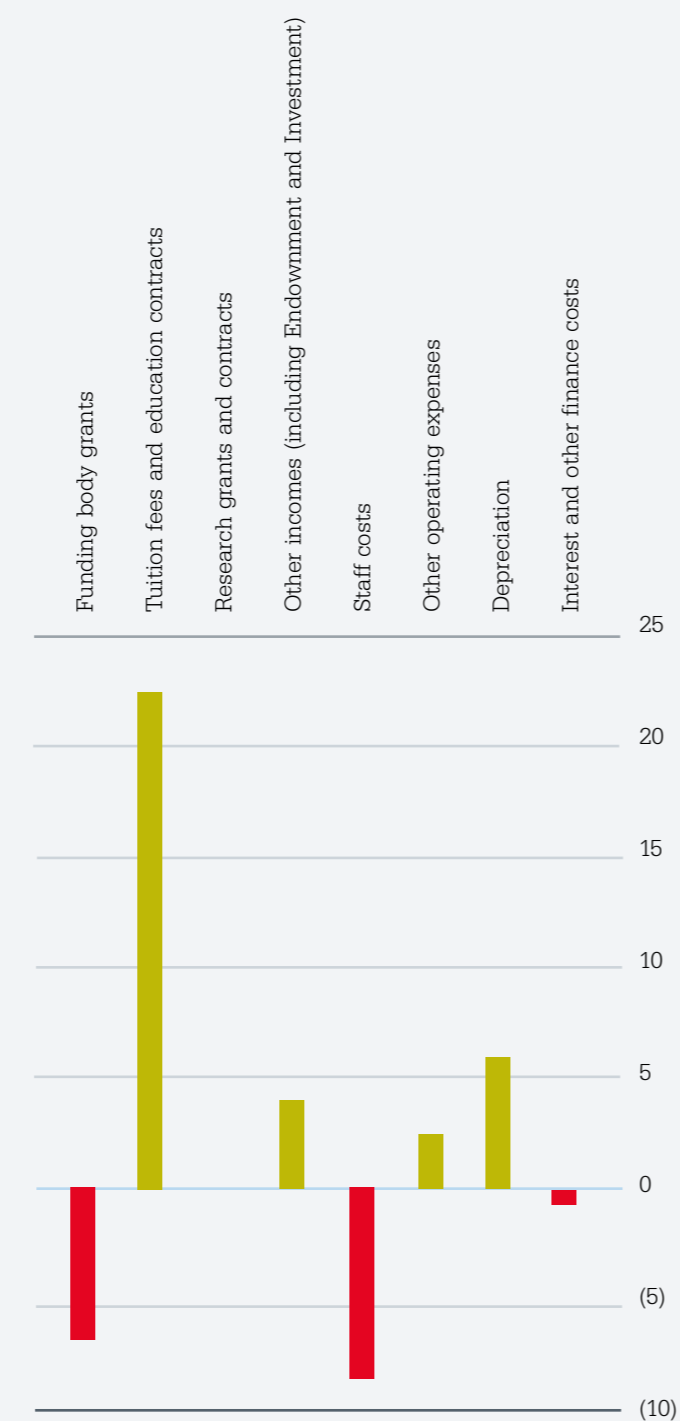
Results for the Year	2015/16 £000	2014/15 £000	Variance £000
Income	297,976	277,831	20,145
Expenditure	(269,697)	(267,825)	(1,872)
Surplus before gains/(losses)	28,279	10,006	18,273
Gain on disposal of fixed assets	10,360	8,560	1,800
Share of operating deficit in joint venture	(31)	(5)	(26)
Share of operating surplus in associate	14	19	(5)
Surplus before tax	38,622	18,580	20,042

Balance Sheet

Results for the Year	2015/16 £000	2014/15 £000	Variance £000
Fixed assets	440,932	451,047	(10,115)
Cash and short-term investments	139,125	97,676	41,449
Cash generated from operating activities	46,509	38,893	7,616
Total reserves	378,918	359,432	19,486

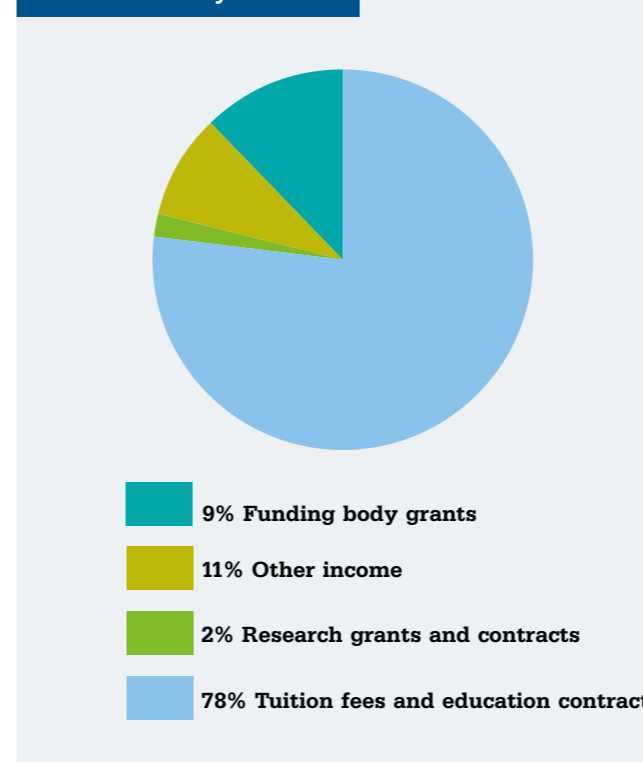
Financial Performance and Sustainability

The key movement in income and expenditure as follows:



Key Income and Expenditure Movements Compared to Prior Year - £m

Income analysis



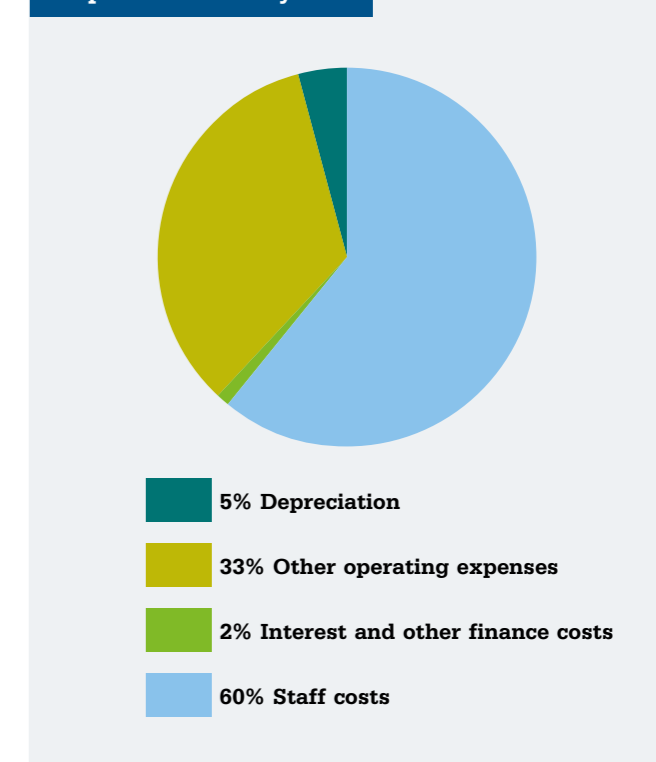
Income - Year-on-year growth £20.1m (7.3%)

Growth in tuition fee income of £23.5m, 11.2%, in the year to £233.0m, recognises the popularity of the University in the student recruitment market. The material increase in income reflects both the shift in funding from Funding Body grants to tuition fee, and strong demand.

The reduction in funding body grants by £6.6m, 20.3%, to £26.1m, 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 by £3.0m, 10.5%, is primarily a result of an increase in residences income.

Research grants and contract income (excluding Research and Development Expenditure Credit (RDEC)) shows a year-on-year improvement of £0.7m, (12.6%), to £6.1m in 2015/16. While the increase is largely driven by an uplift in the volume of research grants, the potential for further growth will be enabled by ongoing investment in recruiting high-performing research staff, enhancing the quality and number of researchers at the University.

Expenditure analysis



Expenditure - Year-on-year growth £1.9m (0.7%)

Staff costs of £160.3m in the year (an increase of £8.0m year on year) equates to 53.8% of income, compared with 54.8% in the prior year. The increase in employment costs being the result of the University's continued investment in student-facing academic and high-profile research staff, and pay inflation arising from national pay settlements and pension contribution changes.

Other Operating Expenses includes internally funded bursaries and the University's Student Support Package, and totals £11.2m in the 2015/16 financial year. This sector-leading Student Support Package is awarded to provide widening access and participation

opportunities to students from lower income families.

Additional planned investment in IT software and hardware of £1.2m compared to 2014/15 was allocated to help transform the facilities available for students and staff. Maintenance cost increased by £1.3m on the prior year, helping to ensure that the estate is continuing to adapt to accommodate the future needs of students and staff, whilst improving the environmental sustainability and impact of the University.

Financial Performance and Sustainability

Other gains

The sale of our Didsbury site, as part of the University's campus consolidation strategy, has resulted in £10.4m of exceptional profit for the University, and generated initial cash receipts of £4.6m in 2015/16. An anticipated £14.8m (£9.9m for part A, and £4.9m for the subsequent part B of the development) of further staged payments are planned to follow over the next three years, as the development of the Didsbury site progresses. This will help to fund the next phase of our capital and estate investment.

Fixed assets - Year-on-year reduction £10.1m (2.2%)

During the year the University acquired the Platt Lane sporting facility for £3.1m, whilst disposing of part of the Didsbury campus (£4.0m), and accelerating the depreciation on some Cheshire Campus residences facilities (£1.7m) which are no longer in use by the University.

The Estates Strategy, and underpinning masterplan, is now in the process of being updated to ensure alignment with the emerging academic priorities established by the new Strategic Framework. The University is particularly conscious of the need for its built environment to remain fit for purpose, affordable and adaptive to the University's future needs, and within the context of a potentially fast changing HE sector landscape.

A finalised Estates Masterplan programme to 2026 (informed by the current review and update of the Estates Strategy) will progress through the University's Governance process, with Board consideration anticipated late Autumn 2016. A funding/financing strategy is being developed in parallel over the next six months. Much will depend upon the scale, pace and mix of Estate investment activity in determining the optimal funding strategy for the University. However, the University's financial strength ensures that there is a good range of options available to fully fund, without taking undue and significant risk.

Trade and other receivables - Year-on-year growth £9.9m (98.0%)

Payment for the sale of the Didsbury part A site is received in instalments, with an amount of £9.9m recognised within Trade and other receivables to reflect the future instalments associated with the ongoing development of the Didsbury site.

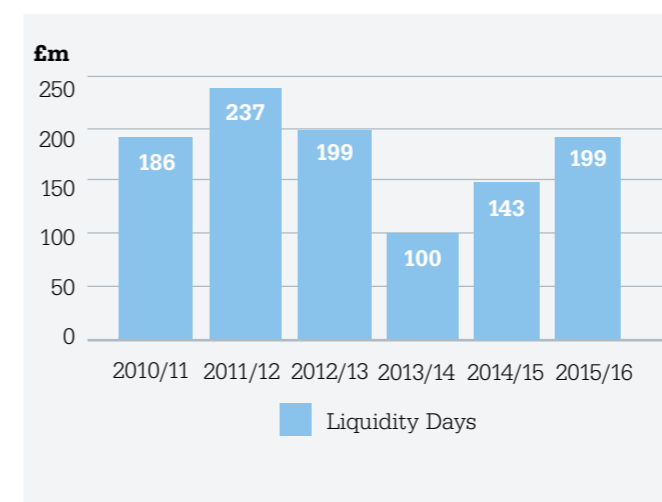
Total reserves

Total reserves continue to grow, currently at £378.9m (2014/15: £359.4m), 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 this will allow continued investment in students, staff and facilities in support of its strategic priorities and goals and its continued development.

Net cash

The University aims to generate healthy operating cash flow levels (2015/16: £46.5m) to fund the future long-term investments, whilst still maintaining financial KPTs.

The graph below charts net liquidity days over the past 6 years; a period in which 87.7% of a £350m capital programme was self-funded. Net liquidity days has increased from 143 days in 2014/15 to 199 days in 2015/16.



Cash resources (investments and cash and cash equivalents) stand at a healthy £139.1m at 31 July 2016, with year-on-year growth driven in large part by the strong operating performance and capital receipts. External borrowing has reduced by £2.8m year on year as a result of scheduled capital repayments.

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



IAS 19 pension liability

The valuation of the Greater Manchester Pension Fund on an IAS 19 accounting basis as at 31 July 2016 has given rise to a net deficit of £132.9m (2014/15 deficit £107.8m),

reflecting a year-on-year movement of £25.1m. 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 IAS 19 sensitivities is as follows:

Change in assumption at 31 July 2016	Approximate % increase to liability	Approximate monetary value £m
0.5% decrease in the real discount rate	11%	48,173
1% increase in member life expectancy	3%	12,872
0.5% increase in salary increase rate	3%	14,078
0.5% increase in the pension increase rate	8%	33,036

Key Performance Targets (KPTs)

A refreshed set of Key Performance Indicators (KPIs) and targets have been developed, to better enable the University to track its progress against the themes and priorities that are enshrined within the new Strategic Framework. These KPIs have particularly focused on the strategic priorities for delivering our mission in the areas of Education, Research and Knowledge Exchange and Institutional Sustainability.



In respect of Institutional Sustainability, targets have been established for:

- Financial Sustainability
- Environmental Sustainability
- International Demand
- Income Diversity

A basket of indicators are set out within the supporting (enabling) University Financial Strategy. These indicators focus on operating performance, liquidity, diversity of income streams, contribution from activities, cash flow and borrowing. The super 'Key Performance Target' (KPT) is to generate on a rolling six-year average (two years actual and four years forecast), net cash flow from operating activities of

some 10% of annual income. This cash flow metric is a rolling average to remove the inherent volatility from looking at this measure based on just one single year of performance, and is weighted to look at forward trends and outlook rather than historic performance. The target of 10% is based on a level of resource generation that is deemed appropriate to:

- Support working capital needs
- Provide a defence against unforeseen circumstances
- Support inward investment
- Engage in strategic opportunities on a risk-informed basis

KPT	Target	2015/16	2014/15
Surplus as a % of total income	(i) 6% (5 year average)	(i) 7.6%	(i) 8.4%
	(ii) >3% in any one year	(ii) 9.5%	(ii) 3.6%
Net liquidity (days)	>75 days	199 days	143 days
External borrowing as % of total income	<20.0%	12.4%	14.4%
Net cash inflow from operating activities as a % of total income	(i) Annual basis	(i) 15.6%	(i) 14.0%
	(ii) 6-year average* basis (>10.0%)	(ii) 12.7%	(ii) 12.8%
Staff costs as a % of total income	<57%	53.8%	54.8%

* The 6-year average during the period 2009/10 to 2013/14 is reported using performance under UKGAAP, and 2014/15 to 2015/16 under FRS102.

Risks

There are a number of risks and challenges for the sector that threaten ongoing real-term income growth. The UK's decision to leave the European Union represents a significant external threat to universities. There is the potential for an exit to impact adversely on the ability to attract funds for EU Research programmes, to reduce opportunities for inward investment and materially affect the free movement of staff and students. The sector, via Universities UK (UUK), is being very proactive and engaged with the UK Government with a narrative around how universities can contribute to a better 'post-Brexit world'. The University is not, relative to the sector, unduly reliant upon EU funds and tuition fees at present; however, the University has ambitions and plans around growth in its income streams from non-UK sources.



The Higher Education and Research Bill is currently progressing through Parliament. The Bill will introduce a Teaching Excellence Framework (TEF), and will permit inflation-linked fee increases from 2017 onwards. It will also prescribe regulatory and governance changes for universities, and open up the market further to new higher education providers.

Within the context of the challenging external environment, the University has already embarked upon plans to grow and diversify its income to support its academic ambitions, and to reduce its current reliance upon Home and EU full-time undergraduate income. There has been recent success in growing income streams from non-traditional routes in areas of distance/online learning and degree apprenticeships. In respect of non-UK income, the University plans, from a relatively low base, to add to international student numbers, and is confident of being able to increase its market share notwithstanding the competitive environment.

An undergraduate portfolio review is underway that will allow the University to ascertain areas of strength that can be grown and areas where contraction and disinvestment might be necessary. A strategic review is also underway to assess options to improve the academic and

financial sustainability of the University's Cheshire campus; this review is expected to conclude during the 2016/17 financial year.

Key to growing reputation will be strong performance in the three metrics that will inform the TEF, namely student progression, student satisfaction and graduate prospects. The University is placing significant focus on those areas, informed by a Strategic Framework, that is shaping our ambition and instilling a strong level of confidence that the University can thrive.

Cost pressures, particularly in the staff cost base taking into account national pay rises, incremental progression and investment, requires the University to continue to prioritise and drive value for money. The University has had a good record of delivering efficiency from its campus consolidation, centralisation of a number of Faculty support functions, and development of its procurement function; however, opportunities remain to generate synergies, enhance productivity and deliver cost savings.

In conclusion, the University is well placed to respond to the sector risks and challenges, it has genuine opportunities to grow and diversify its income base, and has a healthy financial position from which to invest for growth and to adapt and disinvest where appropriate. ■

Corporate Governance

The Manchester Metropolitan University is a higher education corporation established under the provisions of the Education Reform Act 1988. The University is also an exempt charity under schedule 3 of the Charities Act 2011, with the Higher Education Funding Council of England (HEFCE) acting as its principal regulator.



Members of the University's Board of Governors are the Charity Trustees and are responsible for ensuring compliance with charity law. The charitable purpose of the University, as defined in the Charities Act 2011, is the advancement of education for the public benefit.

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. In adopting the HE Code of Governance, the University has reviewed its governance practices and is satisfied that it fully complies with the seven primary elements contained in the Code.

As part of the commitment to Public Life and best practice, the University's Trustees/Governors have regard to and comply with the Charity Commission's general and supplementary guidance on the public benefit in exercising their powers and duties.

Register of Interests

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 78 to 79.

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 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

Corporate Governance

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 a University Executive Group comprising the Deputy Vice-Chancellor, Pro-Vice-Chancellors, the Registrar, Directors of Finance, Human Resources and Services, and the Faculty Pro-Vice-Chancellors.

Conduct of Business

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

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

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

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

The **Audit Committee** is responsible for:

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

The Vice-Chancellor,

Deputy 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 2015/16.

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

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

The Finance and Resources Committee met three times during 2015/16.

The **Nominations and**

Governance 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.

The Nominations and Governance Committee met two times during 2015/16.

The **Remuneration Committee** is responsible for:

- 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 Remuneration Committee met once during 2015/16.

The Nominations and Governance Committee and the Remuneration Committee replaced the Nominations, Governance and Remuneration Committee at the start of 2016. The Nominations, Governance and Remuneration Committee met two times during 2015/16.

All of the Board's Committees

regularly report to the Board, making recommendations as appropriate. In addition, the Audit Committee produces an annual report, which is also sent to HEFCE. The Vice-Chancellor provides an update on University business and sector issues at each Board meeting and members of the University Executive Group also attend Board meetings 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. The next effectiveness review is scheduled to take place in 2016/17.

Newly appointed Governors 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 2016 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 that 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.

Corporate Governance

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

- The Board meets formally five times during the year to consider the plans, strategic direction and performance of the University.
- The Board receives regular reports from the Chair 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.
- 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 member of the Executive has responsibility for the promotion and co-ordination of risk management processes and reporting.
- A university-wide Risk Register is maintained and reviewed regularly by the University Executive Group, Audit Committee and Board of Governors.
- The University's risk management process ensures that the University's Risk Register is fully aligned to the strategic goals set out in the University's Strategic Framework.
- A robust risk prioritisation methodology has been established which ensures that all risks are identified with focus on

the most important risks facing the University.

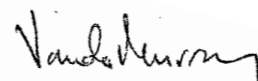
- The University has arranged for reports on internal control activities to be received from budget holders, departmental heads and project managers.

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.

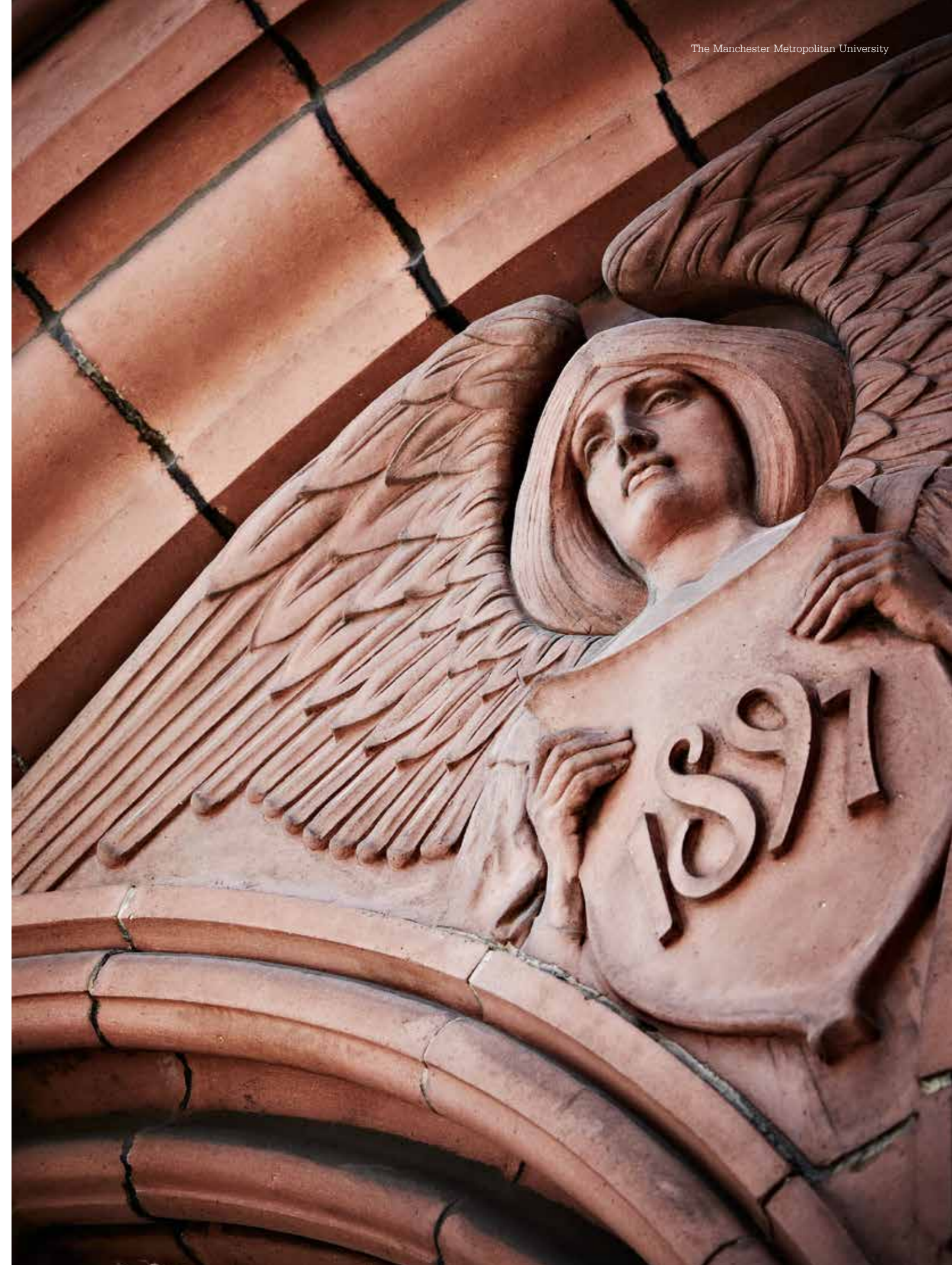
The most recent Internal Audit annual opinion concluded that the University's internal controls and arrangements for governance, risk management and securing value for money were effective.

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. ■

On behalf of the Board of Governors



Vanda Murray OBE
Pro-Chancellor and Chair
of the Board of Governor
25 November 2016



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;
- 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;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative

departments;

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

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the University's system of internal control. Any system of internal financial control can, however, provide only reasonable, but not absolute, assurance against material 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 and Chair
of Board of Governors
25 November 2016**

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



We have audited the financial statements of The Manchester Metropolitan University for the year ended 31 July 2016 (set out on pages 44 to 77). The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Governing Body, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Responsibilities of the Board of Governors Statement set out on page 40 to 41, the Governing Body is responsible for the preparation of financial statements which give a

true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2016 and of the Group's and University's income and expenditure, gains and losses, changes in reserves and Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and

managed in accordance with relevant legislation;

- income has been applied in accordance with the University's articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements have been met. ■

Clare Partridge
For and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
Leeds
28 November 2016



Consolidated Statement of Comprehensive Income and Expenditure

for the year ended
31 July 2016

	Notes	Consolidated £'000	2015/16 University £'000	Consolidated £'000	2014/15 University £'000
Income					
Tuition fees and education contracts	1	232,972	232,972	209,508	209,508
Funding body grants	2	26,135	26,135	32,777	32,777
Research grants and contracts	3	6,113	6,113	6,106	6,106
Other income	4	31,703	31,703	28,683	28,719
Investment income	5	992	992	636	636
Donations and endowments	6	61	61	121	121
Total income		297,976	297,976	277,831	277,867
Expenditure					
Staff costs	7	160,281	160,281	152,270	152,270
Other operating expenses		89,228	89,228	90,368	90,368
Depreciation	11	12,174	12,174	11,869	11,869
Accelerated depreciation	11	1,720	1,720	7,298	7,298
Interest and other finance costs	8	6,294	6,294	6,020	6,020
Total expenditure	9	269,697	269,697	267,825	267,825
Surplus before other gains/(losses)		28,279	28,279	10,006	10,042
Gain on disposal of assets held for sale		10,360	10,360	8,560	8,560
Share of operating deficit in joint venture	14	(31)	-	(5)	-
Share of operating surplus in associate	15	14	-	19	-
Surplus before tax		38,622	38,639	18,580	18,602
Taxation	10	-	-	(148)	(148)
Surplus for the year		38,622	38,639	18,432	18,454
Actuarial loss in respect of pension schemes	28	(19,136)	(19,136)	(14,984)	(14,984)
Total comprehensive income for the year		19,486	19,503	3,448	3,470
Represented by:					
Endowment comprehensive (expenditure)/income for the year		(59)	(59)	89	89
Restricted comprehensive income for the year		1	1	4	4
Unrestricted comprehensive income for the year		19,544	19,561	3,355	3,377
		19,486	19,503	3,448	3,470

Consolidated and University Statement of Changes in Reserves

for the year ended
31 July 2016

Consolidated	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2014	629	56	249,934	105,365	355,984
Surplus from the income and expenditure statement	89	13	18,330	-	18,432
Other comprehensive income	-	-	(14,984)	-	(14,984)
Transfers between revaluation and income and expenditure reserve	-	-	7,283	(7,283)	-
Release of restricted funds spent in year	-	(9)	9	-	-
Total comprehensive income for the year	89	4	10,638	(7,283)	3,448
Balance at 1 August 2015	718	60	260,572	98,082	359,432
Surplus/(deficit) from the income and expenditure statement	(59)	17	38,664	-	38,622
Other comprehensive income	-	-	(19,136)	-	(19,136)
Transfers between revaluation and income and expenditure reserve	-	-	6,024	(6,024)	-
Release of restricted funds spent in year	-	(16)	16	-	-
Total comprehensive income for the year	(59)	1	25,568	(6,024)	19,486
Balance at 31 July 2016	659	61	286,140	92,058	378,918
University					
Consolidated	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2014	629	56	249,591	105,365	355,641
Surplus from the income and expenditure statement	89	13	18,352	-	18,454
Other comprehensive income	-	-	(14,984)	-	(14,984)
Transfers between revaluation and income and expenditure reserve	-	-	7,283	(7,283)	-
Release of restricted funds spent in year	-	(9)	9	-	-
Total comprehensive income for the year	89	4	10,660	(7,283)	3,470
Balance at 1 August 2015	718	60	260,251	98,082	359,111
Surplus/(deficit) from the income and expenditure statement	(59)	17	38,681	-	38,639
Other comprehensive income	-	-	(19,136)	-	(19,136)
Transfers between revaluation and income and expenditure reserve	-	-	6,024	(6,024)	-
Release of restricted funds spent in year	-	(16)	16	-	-
Total comprehensive income for the year	(59)	1	25,585	(6,024)	19,503
Balance at 31 July 2016	659	61	285,836	92,058	378,614

Consolidated and University Balance Sheet

for the year ended
31 July 2016

	Notes	2016 Consolidated £'000	2016 University £'000	2015 Consolidated £'000	2015 University £'000
Non-current assets					
Fixed assets	11	440,932	440,932	451,047	451,047
Heritage assets	11/12	4,305	4,305	4,305	4,305
Investments	13	106	1,793	106	1,793
Investment in joint venture	14	1,875	-	1,906	-
Investments in associate	15	116	-	102	-
		447,334	447,030	457,466	457,145
Current assets					
Stock		158	158	174	174
Trade and other receivables	16	19,953	19,953	10,077	10,077
Investments	17	85,000	85,000	35,403	35,403
Cash and cash equivalents	23	54,125	54,125	62,273	62,273
		159,236	159,236	107,927	107,927
Less: Creditors: amounts falling due within one year	18	(46,761)	(46,761)	(46,731)	(46,731)
Net current assets		112,475	112,475	61,196	61,196
Total assets less current liabilities		559,809	559,505	518,662	518,341
Creditors: amounts falling due after more than one year	19	(33,834)	(33,834)	(36,728)	(36,728)
Provisions					
Pension provisions	20	(147,057)	(147,057)	(122,502)	(122,502)
Total net assets		378,918	378,614	359,432	359,111

Restricted Reserves

Income and expenditure reserve - endowment reserve	21	659	659	718	718
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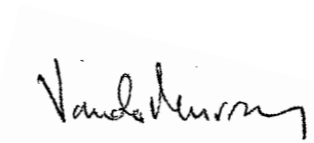
Unrestricted Reserves

Income and expenditure reserve - restricted reserve	22	61	61	60	60
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Income and expenditure reserve - unrestricted		286,140	285,836	260,572	260,251
Revaluation reserve		92,058	92,058	98,082	98,082

Total Reserves		378,918	378,614	359,432	359,111
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The financial statements on pages 44 to 77 were approved by the Board of Governors on 25 November 2016 and signed on its behalf by:



Vanda Murray OBE
Pro-Chancellor and Chair of the Board of Governors



Professor Malcolm Press
Vice-Chancellor



John Cunningham
Director of Finance

Consolidated Statement of Cash Flows

for the year ended
31 July 2016

	Notes	2015/16 £'000	2014/15 £'000
Cash flow from operating activities			
Surplus for the year		38,622	18,432
Adjustment for non-cash items			
Depreciation	11	13,894	19,167
Decrease/(increase) in stock		16	(39)
(Increase)/decrease in trade and other receivables	16	(37)	29
(Decrease)/increase in creditors	18	(777)	3,364
Increase in pension provision	20	5,419	8,203
Share of operating deficit in joint venture	14	31	5
Share of operating surplus in associate	15	(14)	(19)
Adjustment for investing or financing activities			
Investment income	5	(992)	(636)
Interest payable	8	1,863	1,956
Endowment income	6	(30)	(100)
Profit on the sale of assets held for sale		(10,360)	(8,560)
Disposal of fixed assets		-	18
Capital grant income		(1,126)	(2,927)
Net cash inflow from operating activities		46,509	38,893
Cash flows from investing activities			
Proceeds from sales of fixed assets		4,559	10,755
Capital Grant receipts		2,239	2,927
Withdrawal of deposits		30,403	-
Investment income		954	636
Payments made to acquire fixed assets		(7,779)	(13,501)
New non-current asset investments		-	(28)
New deposits		(80,000)	(35,403)
		(49,624)	(34,614)

	Notes	2015/16 £'000	2014/15 £'000
Cash flows from financing activities			
Interest paid		(1,815)	(1,888)
Interest element of finance lease		(48)	(68)
Endowment cash received		30	100
New unsecured loans		172	193
Repayments of amounts borrowed		(2,929)	(2,625)
Capital element of finance lease		(443)	(820)
		(5,033)	(5,108)
Decrease in cash and cash equivalents in the year		(8,148)	(829)
Cash and cash equivalents at beginning of the year	23	62,273	63,102
Cash and cash equivalents at end of the year	23	54,125	62,273

Statement of Accounting Policies

for the year ended
31 July 2016



1. Statement of principal accounting policies

i) Basis of preparation

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

ii) Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016.

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

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

iii) Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when

the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

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

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

Grant funding

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance-related

conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

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

Donations and endowments

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

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

Investment income and appreciation of endowments is recorded in

income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

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

1. 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.
2. Expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

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

iv) Accounting for retirement benefits

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

Two of the principal pension schemes which

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

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

The TPS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to University members due to the mutual nature of the scheme. Therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

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

(b) Enhanced pensions

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

there is a charge against the provision for payments to the pensioners and a credit to the provision for net return on assets.

Defined Contribution Plan

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

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods.

Statement of Accounting Policies

for the year ended
31 July 2016

iv) Accounting for retirement benefits (continued)

discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

(c) Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The 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 Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has

entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The officers are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions relating to past deficits under the funding plan in existence at the date of approving the financial statements.

v) Employment benefits

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

vi) Finance leases

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

fair value and the present value of the minimum lease payments at inception of the lease.

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

vii) Operating leases

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

viii) Foreign currency

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

functional currency at foreign exchange rates ruling at the dates the fair value was determined.

ix) Fixed assets

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

- individually have a cost equal to, or greater than, £25,000, or;
- collectively have a cost equal to, or greater than, £25,000 where the

assets are functionally interdependent or are purchased together and intended to be used as a group under common management control.

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

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

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

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

added to the gross carrying amount of the fixed asset concerned.

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

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

Freehold Buildings

50 years

Subsequent Additions

10 years

Leasehold Properties

Life of the Lease
(up to maximum of 50 years)

Plant and Machinery

4 years

Fixtures and fittings and Equipment (excluding Computer Equipment and Oxford Street)

10 years

Computer Equipment

5 years

Oxford Street fixtures and fittings

Life of the lease

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

Borrowing costs are recognised as an expense in the Consolidated Statement of Income and

Statement of Accounting Policies

for the year ended
31 July 2016

Expenditure in the period in which they are incurred.

Assets held for sale are held at a valuation as at 31 July 2014 and are not depreciated.

x) Heritage assets

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

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

xi) Investments

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

xii) Stock

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

xiii) Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

xiv) Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

(a) the University has a present obligation (legal or constructive) as a result of a past event;

(b) it is probable that an outflow of economic benefits will be required to settle the obligation; and

(c) a reliable estimate can be made of the amount of the obligation.

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

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

xvi) Accounting for Jointly Controlled Operations

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

xvii) Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and, accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

xviii) Reserves

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

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

xix) Transition to 2015 SORP

The University is preparing its financial statements in accordance

with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 30.

Application of first time adoption grants certain exemption from the full requirements of 2015 SORP in the transition period. The University has chosen to measure deemed cost of freehold land and buildings, which had been subject to revaluations, at the revalued amount on the date of transition. ■



Notes to the Accounts

for the year ended
31 July 2016

1 Tuition fees and education contracts

	2015/16	2014/15
	Consolidated and University	
	£'000	£'000
Full-time home and EU students	199,129	176,146
Full-time international students	13,476	12,991
Part-time students	7,054	6,455
Short course fees	709	939
Education contracts - NHS	10,518	10,319
Education contracts - Other	2,086	2,658
	232,972	209,508

2 Funding body grants

Recurrent grant

	Consolidated and University	
	£'000	£'000
Higher Education Funding Council	21,383	24,284
Skills Funding Agency	1,244	842
National College for Teaching and Leadership	670	1,983
Capital grant	999	2,927
Specific grants		
Higher Education Funding Council	1,839	2,741
	26,135	32,777

3 Research grants and contracts

	Consolidated and University	
	£'000	£'000
Research councils	1,670	1,766
Charities	733	430
Government (UK and overseas)	3,065	2,273
Industry and commerce	206	479
Other	439	482
	6,113	5,430
Research and Development Expenditure Credit (RDEC)	-	676
	6,113	6,106

4 Other income

	2015/16		2014/15	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residences, catering and conferences	21,977	21,977	19,403	19,403
Other services rendered	4,855	4,855	4,679	4,679
Other capital grants	127	127	-	-
Other income	4,744	4,744	4,601	4,637
	31,703	31,703	28,683	28,719

5 Investment income

	Notes	2015/16	2014/15
		Consolidated and University	
		£'000	£'000
Investment income on endowments	21	3	3
Income from investments		951	633
Interest on Sale of Assets held for sale		38	-
		992	636

6 Donations and endowments

		Consolidated and University	
		£'000	£'000
New endowments	21	30	100
Donations with restrictions	22	17	13
Unrestricted donations		14	8
		61	121

7 Staff costs

	Consolidated and University	
	£'000	£'000
Salaries	126,311	119,530
Social security costs	10,911	9,517
Movement on USS provision	(25)	918
Pension costs	23,084	22,305
Total	160,281	152,270

Emoluments of the Vice-Chancellor

On the 31st 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 prior year is disclosed separately below:

	£'000	£'000
Professor M Press (from 1 June 2015)		
Salary	291	41
Performance-related pay	20	-
Benefits	2	14
	313	55

Professor J S Brooks (to 31 May 2015)

Salary	-	189
Performance-related pay	-	40
Benefits	-	1
Pension contributions	-	26
	-	256

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

	No.	No.
£100,000 to £109,999	1	2
£110,000 to £119,999	1	-
£120,000 to £129,999	2	-
£130,000 to £139,999	2	2
£140,000 to £149,999	-	-
£150,000 to £159,999	1	1
£160,000 to £169,999	-	1
£170,000 to £179,999	-	-
	7	6

Average staff numbers by major category :

	No.	No.
Academic full-time	1,501	1,437
Academic part-time	491	454
Support staff	2,146	2,077
Casual staff	692	559
	4,830	4,527

Notes to the Accounts

for the year ended
31 July 2016

7 Staff costs (continued)

Compensation for loss of office payable to senior post holders:

	£'000	£'000
Compensation payable recorded within staff costs	148	74

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Key management personnel are therefore considered to be members of the University Executive Group. Staff costs includes compensation paid to key management personnel.

	2015/16	2014/15
	£'000	£'000
Key management personnel compensation	2,426	2,196

Included in the above is £148,000 paid to key management personnel in lieu of redundancy (2014/15: £74,100).

Board of Governors Members

The University's Board of Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board of Governors, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of Board of Governors may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

No governor (all of whom are trustees to the University's charitable status) has received any remuneration from the group during the year (2014/15: £ nil).

The total expenses paid to or on behalf of 10 trustees was £9,000 (2014/15: £10,000 to 9 trustees). This represents travel and subsistence expenses incurred in attending Board of Governors meetings, Committee meetings and Charity events in their official capacity.

8 Interest and other finance costs

	2015/16	2014/15
	£'000	£'000
Loan interest	1,815	1,888
Finance lease interest	48	68
Net charge on pension schemes	4,431	4,064
	6,294	6,020

9 Analysis of total expenditure by activity

	2015/16	2014/15
	£'000	£'000
Academic and related expenditure	156,225	144,647
Administration and central services	45,208	49,981
Premises (including service concession cost)	32,571	39,475
Residences, catering and conferences	18,949	15,850
Research grants and contracts	3,959	4,152
Other expenses	12,785	13,720
	269,697	267,825

Other operating expenses include:

External auditor's remuneration in respect of audit service	58	54
External auditor's remuneration in respect of taxation services	48	-
External auditor's remuneration in respect of FRS 102 services	9	-
External auditor's remuneration in respect of TRAC advice	17	-
External auditor's remuneration in respect of other services	20	13

Operating lease rentals

Land and buildings	5,648	6,316
Other	321	229

10 Taxation

Current tax

Current tax expense	-	140
Adjustment in respect of previous years	-	8

Current tax expense

	2015/16	2014/15
	£'000	£'000
Current tax expense	-	140
Adjustment in respect of previous years	-	8
	-	148

11 Fixed Assets - Consolidated and University

	Freehold Land and Building £'000	Land and Building £'000	Assets held for sale £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Assets under Construction £'000	Heritage assets £'000	Total £'000
Cost or deemed cost								
At 1 August 2015	431,824	5,560	16,835	173	28,200	764	4,305	487,661
Additions	3,126	-	-	438	2,284	1,931	-	7,779
Disposals	-	-	(4,000)	(59)	(1,660)	-	-	(5,719)
At 31 July 2016	434,950	5,560	12,835	552	28,824	2,695	4,305	489,721
Depreciation								
At 1 August 2015	21,269	-	-	173	10,867	-	-	32,309
Charge for the year	8,991	-	-	36	3,147	-	-	12,174
Accelerated depreciation	1,720	-	-	-	-	-	-	1,720
Disposals	-	-	-	(59)	(1,660)	-	-	(1,719)
At 31 July 2016	31,980	-	-	150	12,354	-	-	44,484
Net book value								
At 31 July 2016	402,970	5,560	12,835	402	16,470	2,695	4,305	445,237
At 31 July 2015	410,555	5,560	16,835	-	17,333	764	4,305	455,352

At 31 July 2016, freehold and leasehold land and buildings included £21.6m (2015: £21.1m) in respect of freehold land which is not depreciated.

Notes to the Accounts

for the year ended
31 July 2016**11 Fixed Assets - Consolidated and University (continued)**

	Freehold Land and Building £'000	Land and Building £'000	Assets held for sale £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Assets under Construction £'000	Heritage assets £'000	Total £'000
Leased assets included within fixed asset:								
At 31 July 2016	-	-	-	-	492	-	-	492
At 31 July 2015	-	-	-	-	947	-	-	947
Fixtures, fittings and equipment include assets held under finance leases as follows:								
						2015/16	2014/15	
						Consolidated and University £'000	£'000	
Cost						2,489	2,489	
Disposals						(1,660)	-	
Accumulated depreciation						(1,542)	(701)	
Charge for year						(455)	(841)	
Depreciation released on disposals						1,660	-	
Net book value						492	947	

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

12 Heritage assets

The heritage assets consist of a specialised book collection together with chattels held in 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 both utilise them for teaching and research and to allow 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/>

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

In neither the current year nor the previous three years, have there been acquisitions of heritage assets, by way of purchase or donation.

13 Non-Current Investments

	Consolidated £'000		University £'000	
At 1 August 2015		106		1,793
Additions		-		-
Disposals		-		-
At 31 July 2016		106		1,793
The above analysis consists of:	Consolidated 2016 £'000	University 2016 £'000	Consolidated 2015 £'000	University 2015 £'000
Loans to related parties:				
Sugden Sports Trust	-	1,687	-	1,687
Other Investments:				
Manchester Science Parks Limited	32	32	32	32
CVCP Properties plc	46	46	46	46
ABD Limited	28	28	28	28
	106	1,793	106	1,793

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

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

Name	Principal Activity	Share Capital	Status
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. 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 6.5% per annum.

14 Investment in joint venture

The University holds a 50% share of Sugden Sports Trust. This is a jointly controlled entity, control over which is shared with the University of Manchester. The arrangement is treated as a joint venture and is accounted for using the equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated income and expenditure account.

	Year ended 31 July 2016		Year ended 31 July 2015	
	£'000	£'000	£'000	£'000
Income and expenditure account		279		231
Deficit before tax		(31)		(5)
Balance sheet				
Fixed assets	2,585		2,585	
Current assets	520		553	
		3,105		3,138
Creditors: amounts due within one year	(909)		(1,066)	
Creditors: amounts due after more than one year	(2,008)		(1,853)	
		(2,917)		(2,919)
Share of net assets		188		219
Initial Investment		1,687		1,687
Investment in Joint Venture		1,875		1,906

15 Investment in associates

The University has a 20% holding in The Corridor Manchester, which is a company limited by guarantee, whose principal activity is to maximise the economic potential of the city south area by harnessing the ongoing investment being made by key institutions (universities, the Health Trust and the private sector).

Notes to the Accounts

for the year ended
31 July 2016

16 Trade and other receivables

	Consolidated and University	
	2016	2015
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	4,911	4,232
Other receivables	2,930	362
Amounts due from associate companies	20	20
Prepayments and accrued income	5,007	5,463
	<u>12,868</u>	<u>10,077</u>
Amounts falling due after one year:		
Other receivables	7,085	-
	<u>19,953</u>	<u>10,077</u>

Payment for the Didsbury Campus is paid by instalments over a period of 4 years from the date of completion, which occurred in February 2016. Full payment of this debt is expected in the 2018/19 financial year, with an amount of £9,839,000 included above, of which £7,085,000 will be due after 1 year.

Contingent asset

Prior to 31 July 2016 the University had exchanged contracts for the sale of the remaining assets held for sale. A deposit of £225,000 is being held by solicitors Eversheds LLP, and deposits of £296,000 are being held by Addleshaw Goddard LLP until the sales is complete. The Sale of the Didsbury campus is split into Part A and Part B; during the year the University recognised a gain of £10,360,000 on the sale of part A, the sale of part B is expected to crystallise in future years resulting in a further payment of £4,850,000.

17 Current Investments

	Consolidated and University	
	2016	2015
	£'000	£'000
Short-term deposits	85,000	35,403
	<u>85,000</u>	<u>35,403</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the investment date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

18 Creditors: amounts falling due within one year

	Consolidated and University	
	2016	2015
	£'000	£'000
Unsecured loans	2,929	2,929
Obligations under finance leases	136	443
Trade payables	19,673	21,595
Social security and other taxation payable	3,511	3,337
Accruals and deferred income	20,512	18,427
	<u>46,761</u>	<u>46,731</u>

Deferred income

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

	Consolidated and University	
	2016	2015
	£'000	£'000
Research grants received on account	1,609	1,654
Grant income	458	291
Other income	5,101	3,970
	<u>7,168</u>	<u>5,915</u>

19 Creditors: amounts falling due after more than one year

	Consolidated and University	
	2016	2015
	£'000	£'000
Obligations under finance lease	460	596
Unsecured loans	33,374	36,132
	<u>33,834</u>	<u>36,728</u>
Analysis of secured and unsecured loans:		
Due within one year or on demand (Note 18)	2,929	2,929
Due between one and two years	2,878	2,929
Due between two and five years	5,996	7,303
Due in five years or more	24,500	25,900
	<u>33,374</u>	<u>36,132</u>
Due after more than one year	33,374	36,132
Total secured and unsecured loans	36,303	39,061
Unsecured Loans Summary:		
Barclays Bank PLC	31,500	32,900
HEFCE	4,225	5,525
Salix Finance Ltd	578	636
	<u>36,303</u>	<u>39,061</u>

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 in March 2014. The final instalment is due in December 2038.

During 2012/13 the University obtained a £6,500,000 interest-free loan from HEFCE, which is repayable by equal quarterly instalments of £325,000 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. Additional loans, with the same terms, of £193,000 were received in 2014/15, and £172,000 in 2015/16. 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 due in November 2019.

Notes to the Accounts

for the year ended
31 July 2016

20 Provisions for liabilities

Consolidated and University	Obligation to fund deficit on USS Pension	Pension enhancements on termination	Defined Benefit Obligations (Note 28)	Total Pensions Provisions
	£'000	£'000	£'000	£'000
At 1 August 2015	1,686	13,030	107,786	122,502
Movement in the Year:				
Current Service Cost	-	-	11,683	11,683
Employer's contributions	(74)	-	(9,657)	(9,731)
Payments to Pensioners	-	(1,013)	-	(1,013)
Actuarial loss / (gain)	-	-	19,136	19,136
Interest charge	45	469	3,917	4,431
Change in expected contributions	49	-	-	49
At 31 July 2016	1,706	12,486	132,865	147,057

The Defined Benefit Obligations relate 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 2016. Each year there is a charge against the provision for payments to pensioners and credit to the provision for net return on assets. Any enhancement is recognised as part of operating surplus.

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

	31 July 2016
Discount rate	3.6
Pension increase rate (CPI)	2.6

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

21 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	2016 Consolidated and University Total £'000	2015 Total £'000
Balances at 1 August 2015				
Capital	54	1,043	1,097	997
Accumulated income	17	(396)	(379)	(368)
	<u>71</u>	<u>647</u>	718	629
New endowments	-	30	30	100
Investment income	-	3	3	3
Expenditure	-	(92)	(92)	(14)
	<u>-</u>	<u>(59)</u>	(59)	(89)
At 31 July 2016	<u>71</u>	<u>588</u>	659	718
Represented by:				
Capital	54	1,073	1,127	1,097
Accumulated income	17	(485)	(468)	(379)
	<u>71</u>	<u>588</u>	659	718
Analysis by type of purpose:				
Research support	-	447	447	526
Prize funds	71	110	181	192
General	-	31	31	-
	<u>71</u>	<u>588</u>	659	718
Analysis by asset:				
Cash and cash equivalents			659	718
			<u>659</u>	<u>718</u>

Notes to the Accounts

for the year ended
31 July 2016

22 Restricted Reserves

Reserves with restrictions are as follows:

	Donations £'000	2016 Consolidated and University Total £'000	2015 Total £'000
Balances at 1 August 2015	60	60	56
New grants	-	-	-
New donations	17	17	13
Investment income	-	-	-
Capital grants utilised	-	-	-
Expenditure	(16)	(16)	(9)
	<u>(16)</u>	<u>(16)</u>	<u>(9)</u>
At 31 July 2016	61	61	60
		2016	2015
Analysis of other restricted funds/donations by type of purpose:		£'000	£'000
Prize funds		61	60

23 Cash and cash equivalents

	At 1 August 2015 £'000	Cash Flows £'000	At 31 July 2016 £'000
Consolidated and University			
Cash and cash equivalents	62,273	(8,148)	54,125
	<u>62,273</u>	<u>(8,148)</u>	<u>54,125</u>

24 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	2016 £'000	2015 £'000
Commitments contracted at 31 July	3,616	4,681
Authorised but not contracted at 31 July	10,730	8,151
	<u>14,346</u>	<u>12,832</u>

25 Obligations under Operating Leases

Total rentals payable under operating leases:

	Land and Buildings £'000	Plant and Machinery £'000	2016 Total £'000	2015 Total £'000
Payable during the year	5,648	321	5,969	5,323
Future minimum lease payments due:				
Not later than 1 year	5,648	259	5,907	5,650
Later than 1 year and not later than 5 years	12,930	216	13,146	15,697
Later than 5 years	47,172	-	47,172	48,823
Total lease payments due	<u>65,750</u>	<u>475</u>	<u>66,225</u>	<u>70,170</u>

26 Obligations under Finance Leases

The future minimum finance lease payments are as follows:

	2016 £'000	2015 £'000
Due within one year	166	483
Due between one and two years	166	166
Due between two and five years	333	500
Total gross payments	<u>665</u>	<u>1,149</u>
Less: Finance charges	(69)	(110)
Carrying amount of liability	<u>596</u>	<u>1,039</u>

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

27 Access funds and external bursaries

	2015/16 £'000	2014/15 £'000
Balance brought forward at 1 August 2015	306	526
Funding council grants and bursaries	6,111	5,697
	<u>6,417</u>	<u>6,223</u>
Disbursed to students	(5,642)	(5,917)
Balance remaining at 31 July 2016	<u>775</u>	<u>306</u>

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

Notes to the Accounts

for the year ended
31 July 2016

28 Pension Schemes

The principal pension schemes for the University's staff are the Greater Manchester Pension Fund (GMPF) which is administered by Tameside Metropolitan Borough Council in accordance with the Local Government Pension Scheme Regulations 2013, the Teachers' Pension Scheme (TPS) which is administered by the Teachers' Pension Agency and the Universities Superannuation Scheme (USS) which is administered by the trustee, the Universities Superannuation Scheme Limited. The schemes are defined benefit schemes and are contracted out of the State Earnings-Related Pension Scheme. The GMPF and USS are valued every three years with the TPS being valued every five years. This is completed by actuaries using a prospective benefits valuation method with the rates of contribution payable being determined by the pension fund on the advice of the actuaries.

Under the definitions set out in IAS 19, both the USS and the GMPF are multi-employer defined benefit pension schemes. In the case of the GMPF the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2016. For the USS a liability has been recognised on the balance sheet as at 31 July 2016.

Greater Manchester Pension Fund

The last formal valuation of the scheme was performed at 31 March 2013 by a professionally qualified actuary with subsequent valuations taking place every five years. The major assumptions utilised in calculating the year-end valuation have been detailed below:

	2016 %pa	2015 %pa
Pension increase rate	1.9	2.6
Rate of increase in salaries	3.2	3.8
Discount rate / Expected return on assets	2.4	3.6

Contribution rates are as follows:

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

	Male		Females	
	Pensioner	Future Pensioner	Pensioner	Future Pensioner
At 31 July 2015	21.4	24.0	24.0	26.6
At 31 July 2016	21.4	24.0	24.0	26.6

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

28 Pension Schemes (continued)

Scheme assets

The assets in the scheme were:

	Fair value as at		
	2016 £'000	2015 £'000	2014 £'000
Equity securities	115,131	123,495	115,281
Debt securities	26,354	29,752	29,447
Private equity	7,401	7,299	6,334
Real estate	9,327	7,964	6,628
Investment funds and unit trusts	129,750	83,038	75,382
Derivatives	780	2,150	1,272
Cash and cash equivalents	7,468	7,454	8,029
Total	296,211	261,152	242,373

	2016 £'000	2015 £'000
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Analysis of the amount shown in the balance sheet

Scheme assets	296,211	261,152
Scheme liabilities	(429,076)	(368,938)

Deficit in the scheme

	(132,865)	(107,786)
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Analysis of amount charged to staff costs

Current service cost	(11,552)	(10,421)
Past service costs	(131)	(177)

Total operating charge:	(11,683)	(10,598)
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Analysis of the amount charged to interest payable/credited to other finance income

Interest cost	(13,382)	(13,259)
Expected return on assets	9,465	9,729

Net charge to interest payable	(3,917)	(3,530)
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Analysis of other comprehensive income

Return on assets excluding amounts included in net interest	22,026	6,980
Other experience	3,872	2,172
Past service credit arising on change of pension increase assumption financial year	(45,034)	(24,136)

Total other comprehensive income	(19,136)	(14,984)
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	2015/16 £m	2014/15 £'000
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Analysis of movement in deficit

Deficit at beginning of year	107,786	87,385
Contributions or benefits paid by the University	(9,657)	(8,711)
Current service cost	11,552	10,421
Past service cost	131	177
Other finance charge	3,917	3,530
Loss recognised in other comprehensive income	19,136	14,984

Deficit at end of year	132,865	107,786
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Notes to the Accounts

for the year ended
31 July 2016

28 Pension Schemes (continued)

	2015/16 £'000	2014/15 £'000
Analysis of movement in the present value		
Present value at the start of the year	107,786	87,385
Current service cost	11,552	10,421
Past service cost	131	177
Interest cost	3,917	3,530
Employer contributions	(9,657)	(8,711)
Changes in financial assumptions	45,034	24,136
Other experience	(3,872)	(2,172)
Return on assets	(22,026)	(6,980)
Present value at the end of the year	132,865	107,786
	2015/16 £'000	2014/15 £'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	261,152	242,374
Expected return on assets	9,465	9,729
Actuarial gain on assets	22,026	6,980
Actual contributions paid by University	9,657	8,711
Actual member contributions	3,150	3,032
Estimated benefits paid	(9,239)	(9,674)
Fair value of scheme assets at the end of the year	296,211	261,152
	2015/16 £'000	2014/15 £'000
Analysis of movement in the present value of scheme liabilities		
Present value of funded liabilities at the start of the year	368,938	329,759
Current service cost	11,552	10,421
Past service cost (including curtailments)	131	177
Interest cost on defined benefit obligation	13,382	13,259
Plan participants' contribution	3,150	3,032
Benefits paid	(9,239)	(9,674)
Changes in financial assumptions	45,034	24,136
Other experience	(3,872)	(2,172)
Present value of funded liabilities at the end of the year	429,076	368,938

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

The estimate for contribution for the defined benefit scheme for the year to 31 July 2017 will be approximately £9,657,000.

The actual return on scheme assets for the year was £31,491,000 gain (2015: £16,709,000 gain).

The Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The 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 Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme.

28 Pension Schemes (continued)

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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The total cost charged to the profit and loss account is £20,000 (2015: £937,000) as shown in notes 20.

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

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

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

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

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

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

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

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

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.

Notes to the Accounts

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28 Pension Schemes (continued)

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 was agreed that these revised contributions will be implemented from 1 September 2015.

From 1 September 2015, the employer contribution rate increased 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 102 section 28.11a, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme and, accordingly, the scheme is treated as a defined contribution scheme.

Cheshire Pension Fund

A small number of former employees (15) (2015: 15) 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:

	2015/16	2014/15
Teachers' Pension Scheme: contributions paid	10,325	8,473
Local Government Pension Scheme: charge	11,683	10,598
USS Pension Scheme: charge	929	1,766
Other pension schemes: contributions paid	162	17
Enhanced pension enhancement	-	2,368
	23,099	23,222

At 31 July 2016 there was a total pension creditor of £2,646,000 (2015: £2,363,000) which was paid by 5th August 2016.

29 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The University makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net expense for pensions include the discount rates. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations. Note 28 details the actuarial assumptions used in determining the carrying amount at 31 July 2016.

30 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended July 2016, the comparative information presented in these financial statements for the year ended July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102 SORP-based Balance Sheet, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the Institution's financial position, financial performance and cash flows is set out in the following tables.

	Notes	2007 SORP £'000	1 August 2014 Effect of transition to FRS 102 £'000	FRS 102 £'000	2007 SORP £'000	31 July 2015 Effect of transition to FRS 102 £'000	FRS 102 £'000
Reconciliation of reserves							
Non-current assets							
Fixed Assets	11	437,032	21,640	458,672	457,600	(6,553)	451,047
Heritage assets	11/12	4,305	-	4,305	4,305	-	4,305
Investments	13	1,765	(1,687)	78	1,793	(1,687)	106
Investment in joint venture	14	-	1,911	1,911	-	1,906	1,906
Investments in associate	15	-	83	83	-	102	102
		<u>443,102</u>	<u>21,947</u>	<u>465,049</u>	<u>463,698</u>	<u>(6,232)</u>	<u>457,466</u>
Endowment Assets		913	(913)	-	1,016	(1,016)	-
Current assets							
Stock		135	-	135	174	-	174
Trade and other receivables	16	9,496	610	10,106	9,597	480	10,077
Assets held for sale		19,030	(19,030)	-	16,835	(16,835)	-
Investments		25,000	(25,000)	-	60,403	(25,000)	35,403
Cash and cash equivalents	23	37,189	25,913	63,102	36,257	26,016	62,273
		<u>90,850</u>	<u>(17,507)</u>	<u>73,343</u>	<u>123,266</u>	<u>(15,339)</u>	<u>107,927</u>
Less: Creditors: amounts falling due within one year	18	(37,181)	(6,091)	(43,272)	(40,767)	(5,964)	(46,731)
Net current (liabilities)/assets		<u>53,669</u>	<u>(23,598)</u>	<u>30,071</u>	<u>82,499</u>	<u>(21,303)</u>	<u>61,196</u>
Total assets less current liabilities		<u>497,684</u>	<u>(2,564)</u>	<u>495,120</u>	<u>547,213</u>	<u>(28,551)</u>	<u>518,662</u>
Creditors: amounts falling due after more than one year	19	(38,868)	(952)	(39,820)	(36,132)	(596)	(36,728)
Provisions							
Pension liability	20	(98,566)	(750)	(99,316)	(120,816)	(1,686)	(122,502)
Total net assets		<u>360,250</u>	<u>(4,266)</u>	<u>355,984</u>	<u>390,265</u>	<u>(30,833)</u>	<u>359,432</u>

30 Transition to FRS102 and the 2015 SORP (continued)

Reconciliation of reserves	Notes	1 August 2014		31 July 2015			
		2007 SORP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000	2007 SORP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
Deferred Capital Grants							
Restricted Reserves		66,479	(66,479)	-	67,923	(67,923)	-
Income and expenditure reserve - endowment reserve	21	913	(284)	629	1,016	(298)	718
Income and expenditure reserve - restricted reserve	22	-	56	56	-	60	60
Unrestricted Reserves							
Income and expenditure reserve - unrestricted		187,495	62,439	249,934	198,407	62,165	260,572
Revaluation reserve		105,363	2	105,365	122,919	(24,837)	98,082
Total Reserves		<u>360,250</u>	<u>(4,266)</u>	<u>355,984</u>	<u>390,265</u>	<u>(30,833)</u>	<u>359,432</u>

Notes to the reconciliation of reserves

Adjustments to fixed assets result from both the recognition of additional finance leases, the restatement of land and buildings to a deemed cost basis with a new economic life assessed at 50 years and the transfer of assets held for sale to fixed assets. The combined effect of these adjustments are a decrease of £6.6m on the statement of financial position as at 31 July 2015 (2014: increase £21.6m).

The leases are for multi-functional devices and computer equipment with durations of 3 to 6 years. Assets with a net book value of £1.5m were reflected in the opening balance sheet and additions of £0.4m recognised in the year ended 31 July 2015. The depreciation charge on these assets was £0.8m. A liability of £1.6m has been recognised at 1 August 2014 reducing to £1.1m by 31 July 2015. This has been split between less than and greater than one year.

The adjustment for the reclassification of assets held for sale to fixed assets was £16.8m (2014: £19.0m).

The remaining movement in fixed assets is due to recognition of assets at deemed cost from the date of transition 1 August 2014. Taking advantage of paragraph 35.10, section (d) of FRS 102 this resulted in a reduction in balance sheet cost of £23.8m but an increase in NBV of £1.1m. At 31 July 2015 under UK GAAP the University recognised a revaluation adjustment of £24.6m which has been reversed in full to align with the University's new FRS 102 accounting policies. The impact of a reduction in asset value having the effect of reducing future depreciation has been offset by also reducing the economic life of all freehold land and buildings to 50 years. The net effect on net book value of assets at 31 July 2015 as a result of all these changes is a reduction of £24.4m. This reduction in the useful economic life of assets has been reflected in the value of the transfer from revaluation to general reserves each year end. The effect at 31 July 2015 is a further movement of £0.2m.

The reduction of £1.7m in non-current asset investments at 1 August 2014 and 31 July 2015 is due to a derecognition on consolidation of the investment in the Sugden Sports Trust as per paragraph 15.3 of FRS 102; this investment meets the definition of a joint venture. The joint venture balance of £1.9m at 1 August 2014 and 31 July 2015 is made up of the £1.7m cost of the investment and £0.2m share of the joint venture's operating surplus since inception. The additional £0.1m investment in associate at 1 August 2014 and 31 July 2015 is the recognition of the University's 20% share in the Corridor, Manchester which meets the definition of an associate as per paragraph 14.3 of FRS 102.

A transfer of £25.0m as at both 1 August 2014 and 31 July 2015 from investments to cash arises as a result of a change in the definition of cash and cash equivalents as per paragraph 7.2 of FRS 102. These figures reflect the proportion of our investment balance that had a maturity date fewer than 3 months after the date of acquisition of the investment. The remaining £0.9m and £1.0m increase in the cash balance in the two respective periods arises from the recognition of endowment assets within their appropriate financial statement line items on the face of the balance sheet. As at 1 August 2014 and 31 July 2015, the entirety of our endowment asset balance was cash.

The increase in the valuation of trade and other receivables as at 31 July 2015 by £0.5m (2014: £0.6m), reflects a prepayment relating to holiday pay. FRS 102 requires short-term employee benefits to be charged to the income and expenditure account as the employee service is received. On transition to FRS 102 this has resulted in the University recognising a liability for holiday pay of £5.4m within short-term creditors in addition to the aforementioned prepayment. Previously holiday pay costs were not recognised and were charged as they were paid. In the year to 31 July 2015 an additional net charge of £0.2m was recognised in the income and expenditure account, reflecting a decrease in the value of the prepayment while the accrual increased by c. £0.1m. The cumulative effect on reserves at 31 July 2015 is £5.0m.

30 Transition to FRS102 and the 2015 SORP (continued)

The most individually significant movement within reserves balance relates to the release of the deferred capital grant grants balances as the University has selected a performance model over the previously utilised accruals model to recognise capital grants. Given that none of the capital grants received by the University were subject to performance conditions they have been recognised in full upon receipt as per paragraph 24.5, section (b) of FRS 102. The effect of the change in policy on deferred capital grants increases net assets by £66.5m and £67.9m at 1 August 2014 and 31 July 2015 respectively.

The movement in the pension liability is a result of the requirement to recognise USS pension liability to the extent we have agreed to fund the deficit. The effect on net assets is a reduction of £1.7m at 31 July 2015 (1 August 2014: £0.8m). Details of the assumptions and movement in the provision year on year are included in both note 19 and note 27 to the accounts.

Due to the criteria set out in FRS 102 the University has reviewed its treatment and classification of endowment balances. This resulted in both a write off of £0.2m through prior period reserves and a reclassification of £0.1m from endowment reserves to restricted reserves, as these funds now meet the definition of a restricted donation. The overall effect of a £0.3m reduction in the endowment reserve and a £0.1m increase in the restricted reserve is reflected in our transition balance sheet.

The £62.4m increase in unrestricted reserves is due to the adjustments detailed above and on the notes to the income statement transition from UK GAAP to FRS 102.

	Notes	2007 SORP £'000	STRGL Items* £'000	Effect of transition to 2015 SORP £'000	2015 SORP £'000
Income					
Tuition fees and education contracts	1	209,306	-	202	209,508
Funding body grants	2	31,326	-	1,451	32,777
Research grants and contracts	3	6,106	-	-	6,106
Other income	4	22,828	-	5,855	28,683
Investment income	5	1,065	-	(429)	636
Donations and endowments	6	8	-	113	121
Total income		<u>270,639</u>	<u>-</u>	<u>7,192</u>	<u>277,831</u>
Expenditure					
Staff costs	7	151,138	-	1,132	152,270
Other operating expenses		85,192	-	5,176	90,368
Depreciation		10,167	-	1,702	11,869
Accelerated depreciation		7,319	-	(21)	7,298
Interest and other finance costs	8	1,891	-	4,129	6,020
Total expenditure		<u>255,707</u>	<u>-</u>	<u>12,118</u>	<u>267,825</u>
Gain on disposal of fixed assets		8,560	-	-	8,560
Share of operating (deficit) in joint venture		-	-	(5)	(5)
Share of operating surplus in associate		-	-	19	19
Surplus before tax		<u>23,492</u>	<u>-</u>	<u>(4,912)</u>	<u>18,580</u>
Taxation	10	(148)	-	-	(148)
Surplus for the year		<u>23,344</u>	<u>-</u>	<u>(4,912)</u>	<u>18,432</u>
Actuarial (loss)/gain in respect of pension schemes	28	-	(19,457)	4,473	(14,984)
Unrealised surplus on revaluation of fixed assets		-	24,571	(24,571)	-
New endowments		-	113	(113)	-
Total comprehensive income for the year		<u>23,344</u>	<u>5,227</u>	<u>(25,123)</u>	<u>3,448</u>

* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the statement of Comprehensive Income (SoCI).

Notes to the Accounts

for the year ended
31 July 2016

30 Transition to FRS102 and the 2015 SORP (continued)

Notes to the reconciliation of surplus

The funding body grant reduction is driven by change in accounting policy from accruals to performance model for capital grants. New grants received in the period are for £2.9m which have been recognised on entitlement and fully utilised in the year. Under the accruals model £1.4m would have been recognised based on deferring the grant and releasing in line with depreciation, but this full balance was released into prior period reserves as part of the opening balance sheet adjustment. A further £7,000 reduction has been made to non-government capital grants within other income based on the policy change noted above.

Investment income reduction is largely driven by a change in the treatment of the GMPF pension. Under previous UK GAAP the company recognised an expected return on defined benefit plan assets in the income and expenditure account. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the income and expenditure account. There has been no change in the defined benefit liability at either 1 August 2014 or 31 July 2015. The effect has been to reduce the credit to the income and expenditure account by £4.5m and increase the credit in other comprehensive income by an equivalent amount. Of this £4.5m debit, £0.4m reduces the investment income line, the remaining £4.1m increases the interest charge in the year.

The increase of £0.1m in donation and endowment income is a result of the new treatment of non-exchange transactions under the performance method. On this basis new endowments in the year, which have restrictions but no performance conditions, are recognised as part of income rather than within an endowment line on the face of the balance sheet. The net impact on reserves, however, is nil.

Adjustments to staff costs are driven by changes to pension accounting under FRS 102; £1.0m increase driven by increase in USS liability. This arises as a result of the 2015 valuation undertaken which increased the agreed deficit to be funded by c. £2.4m across the sector and therefore increased proportionally the University's share of that deficit. The additional £0.1m is the impact of the year-on-year net movement in the holiday pay accrual and prepayment.

The £0.9m reduction in other operating expenses relates to the recognition of multi-functional devices and computer finance lease liabilities as outlined in the notes to the reconciliation of reserves. We have therefore replaced lease payments with imputed interest of £0.1m and depreciation of £0.8m in the income and expenditure account.

The remaining £0.9m adjustment to depreciation line and the further reduction in accelerated depreciation of £21,000 relates solely to the change in assumed economic life of land and buildings, determined as part of restatement of asset values at the date of transition to FRS102. This is covered in greater detail under the notes to the reconciliation of reserves.

The share in operating deficit in joint venture of £5,000 is the University's 50% share of the Sugden Sports Trust operating deficit for 2015. The share of associates operating surplus of £19,000 is the University's share of The Corridor Manchester operating surplus for 2015.

31 Related Party Transactions

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

	2015/16	2015/16	2014/15	2014/15
	Income	Expenditure	Income	Expenditure
	£'000	£'000	£'000	£'000
Sugden Sports Trust	89	175	111	175
Corridor Manchester	5	50	6	50
MMU Students' Union	730	1,653	429	1,675
UNIAC	-	160	-	190

	2015/16	2015/16	2014/15	2014/15
	Debtor	Creditor	Debtor	Creditor
	£'000	£'000	£'000	£'000
Sugden Sports Trust	1,724	58	1,687	58
Corridor Manchester	-	378	-	404
MMU Students' Union	3	20	9	17
UNIAC	13	-	2	-

The University also acts as an agent for UNIAC providing payroll services. At the year end £13,000 (2014/15: £2,000) was outstanding in respect of these services.

Senior Officers

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Dame D Thompson DBE (to 31 March 2016)

Lord Mandelson (from 1 April 2016)

Pro-Chancellor

V Murray OBE BA (Hons) DESEM FCIM

Vice-Chancellor

Professor M Press BSc PhD

Deputy Vice-Chancellor

Professor J N Ezingard IngDip Msc PhD FRSA

Deputy Vice-Chancellor Student Success

Dr M Guzkowska QVRM TD AKC MSc MBA DPhil FRGS FRSA (to 30 November 2015)

Pro-Vice-Chancellor for Education

Professor H Laville BA (Hons) PhD (from 1 May 2016)

Pro-Vice-Chancellor for Research and Knowledge Exchange

Professor R Greene BSc PhD MB BS MBA FHEA FAS (from 28 March 2016)

Director of Finance

J Cunningham BA (Hons) FCCA

Director of Human Resources

A Bowles BA MBA FCIPD

Registrar

Professor K Moore BSc PhD

Director of Services

P Kingsmore BA MBA PgDip FIMechE FIHEEM

Director of Marketing, Communications and Development

G Hughes BSc (Econ) MA MCIM (to 29 February 2016)

Pro-Vice-Chancellors, Provost and Deans of Faculty

Manchester School of Art

Professor D Crow BA (Hons) MA (to 10 June 2016)
P Macbeth BA MA HEA (from 1 June 2016) (Interim)

Faculty of Business and Law

Professor J Clarke BA ACA PGCHE

MMU Cheshire

Professor J Haddock-Fraser BA (Hons) Oxon MSc MBA PhD

Faculty of Education

Professor K Faulks BA PGCE PhD

Health, Psychology and Social Care

Professor A Chambers MCSP FHEA Med EdD

Hollings

C Renfrew BA (Hons) MA CertEd FRSA

Humanities, Languages and Social Science

Professor S Handley BA PhD

Science and Engineering

Professor P Wheeler GBiol MSc PhD CSci PFHEA
FSB FRGS FIEnvSc

Pro-Vice-Chancellor for Students

P Renwick MA PgDip FCPodMed FHEA DPodM MChS

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Mr K Amoah Mensah (from 1 July 2016)

Mr R Andrews

Mr L Bartlett (from 1 July 2016)

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Mrs J Dawson

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Mr N Harrison

Mr B Harwood

Ms P Macbeth (from 1 April 2016)

Mr F McDwyer (to 31 March 2016)

Professor Sir D Melville CBE

Mr E Michaels (to 30 June 2016)

Mr B Mistry

Mr S Oliver (to 31 July 2016)

Mr M Perls (from 21 March 2016)

Professor M Press

Mrs C Rigby

Mr I Roberts (from 1 April 2016)

Mrs C Roche

Mr M St John Qualter

Mr J Stephen (to 30 June 2016)

Mr J Varney

Dr D Wright (to 31 March 2016)

Ms W Wright OBE



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